SAIF POWER LIMITED

A Saif Group Company

Annual Report **2023**

Financials at a Glance

	2023	2022
	Rs. Million	
Turnover	**19,044**	22,870
Gross profit	**2,798**	3,499
Financial cost	**2,279**	1,353
Net Profit	**336**	1,951
Shareholders Equity	**12,166**	13,867
	Rs.	
Dividend per share	**4.29**	8.50

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Basic Corporate Profile

Board of Directors

Mrs. Hoor Yousafzai	Chairperson
Mr. Javed Saifullah Khan	Director
Mr. Osman Saifullah Khan	Director
Mr. Assad Saifullah Khan	Director
Mr. Asif Saifullah Khan	Director
Miss. Saima Akbar Khattak	Independent Director
Mr. Rashid Ibrahim	Independent Director

Audit Committee

Mr. Rashid Ibrahim	Chairman
Mr. Osman Saifullah Khan	Member
Mr. Asif Saifullah Khan	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. Muhammad Shakeel
Acting Chief Financial Officer

Mr. Ghias Ul Hassan
GM Power Plant

Mr. Waseemullah
Company Secretary

Auditors

Grant Thornton Anjum Rahman
302 B, 3rd Floor, Evacuee Trust Complex,
Aga Khan Road, F-5/1, Islamabad, Pakistan.
Tel: +92 51 2271906, Fax: +92 51 2273874

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
Bank Makramah 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.

Operational Analysis

Comparison of Plant Operation For Year 2023 & 2022

Parameters	Units	2023	2022
Plant Operation Hours on Gas Fuel	Hrs.	3,653	4,618
Plant Operation Hours on HSD Fuel	Hrs.	0	234
Utilization Factor	%	29	38
Load Factor	%	29	37
Complex Reliability Factor	%	100	99
Complex Start up Reliability Factor	%	98	100
Generation on HSD	MWH	0	23,705
Generation on Gas	MWH	440,208	592,993
Net Generation	MWH	440,208	616,697
Period Hours	Hrs.	8,760	8,760
Service Hours	Hrs.	3,653	4,853
Standby Hours	Hrs.	3,763	3,358
Available Hours	Hrs.	7,416	8,210
Planned Outage Hours	Hrs.	1,344	492
Unplanned Outage Hours	Hrs.	2	84
Total Outage Hours	Hrs.	1,346	576
Availability Factor	%	85	93

Chairperson's Review

Dear Shareholders

I am pleased to present the Annual Report of your Company for the financial year ended December 31, 2023.

Net Profit of your Company for the year ended December 31, 2023 stands at Rs. 336 million. (Please read para no.04 in Directors' Report). Details of financial, operational performance and other information have been described in more detail in Directors' Report to the shareholders.

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 2023 and I am pleased to report that the overall performance has 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 place on record appreciation for the continued support of lender banks, suppliers, contractors, regulatory authorities, various government functionaries and acknowledge with thanks the contributions made by the management and employees. At the same time, I would also like to acknowledge the trust shown by our shareholders in the Company.

March 28, 2024
Islamabad

Hoor Yousafzai
Chairperson

چیئرپرسن کا جائزہ

31 دسمبر 2023ء کو ختم ہونے والے سال کا مستحکم مالی بیان

حترم شیئر ہولڈرز،

جھے آپ کی کمپنی کی 31 دسمبر 2023 کو ختم ہونے والے مالی سال کی سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

31 دسمبر 2023 کو ختم ہونے والے سال کے لیے آپ کی کمپنی کا خالص منافع روپے ہے۔336 ملین (براہ کرم ڈائریکٹرز کی رپورٹ میں پیرا نمبر 04 پڑھیں)۔مالی، آپریشنل ار کردگی اور دیگر معلومات کی تفصیلات شیئر ہولڈرز کو ڈائریکٹرز کی رپورٹ میں مزید تفصیل سے بیان کی گئی ہیں۔

ورڈ اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لینے کے لیے، بورڈ نے بورڈ آف ڈائریکٹرز کی کارکردگی کا سالانہ جائزہ لینے کا طریقہ کار وضع کیا ہے۔اسی مناسبت سے، بورڈ نے سال 202 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 ہے۔

ورڈ کمپنی کے مالی بیانات کے معیار اور مناسبیت کا جائزہ لیتا ہے۔رپورٹنگ اور انکشافات کی شفافیت؛ کمپنی کی اکاؤنٹنگ پالیسیاں؛ کارپوریٹ مقصدی منصوبے اور دیگر رپورٹس۔

ورڈ کی جانب سے، میں قرض دینے والے بینکوں، سپلائرز، ٹھیکیداروں، ریگولیٹری اتھارٹیز، مختلف سرکاری اہلکاروں کی مسلسل حمایت کے لیے ریکارڈ پر تعریف کرنا چاہتی ہوں ور انتظامیہ اور ملازمین کی جانب سے کیے گئے تعاون کا شکریہ کے ساتھ اعتراف کرنا چاہتا ہوں۔اس کے ساتھ ساتھ، میں کمپنی میں ہمارے شیئر ہولڈرز کی طرف سے دکھائے گئے اعتماد کو بھی تسلیم کرتی ہوں۔

ور یوسفزئی

ئیرپرسن

اسلام آباد: 28 مارچ 2024ء

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, 2023.

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 and sale of electricity to Central Power Purchasing Agency Guarantee Limited (CPPA-G). The Company is listed on Pakistan Stock Exchange Limited.

OPERATIONS

The Company continues to follow best practices to ensure highest Reliability, Availability and best Operational Performance. During the year, reliability factor was 99.98% as compared to 98.99% in 2022 and availability factor was 84.64% (due to schedule, major maintenance of steam turbine in year 2023) as compared to 93.43% in 2022. Despatch level was 24.61% as compared to 34.53% last year.

FINANCIAL PERFORMANCE

UNCONSOLIDATED:

The Company earned a net profit of Rs. 336 million, resulting in earnings per share (EPS) of Rs. 0.87 as compared to Rs. 1,951 million and EPS Rs. 5.05 in 2022. This is due to the fact that: In the previous years, expenses against overhaul of the plant were charged annually based on the operating hours the plant operated in a particular year. This was rectified in the year 2022 considering the relevant opinion issued by the Institute of Chartered Accountants of Pakistan and relevant International Accounting Standards. Resultantly, additional expense charged in the previous years was reversed and was incurred in the current year. During the year, such interval of specific operating hours of plant operation was completed after a period of almost six years, because of which the amount of such overhaul was charged to profit and loss account, which resulted in significant increase in operation and maintenance cost as compared to the previous year. The expenses charged in the previous years, prior to rectification, had already been reversed last year which have compensated the expenses for this year; <u>there is zero effect in actual</u>.

During the year, Rs. 213 million has been transferred from unappropriated profit to maintenance reserves through statement of changes in equity for next overhaul.

REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

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

FOR THE YEAR ENDING DECEMBER	2023	2022	2021	2020	2019
	-----------------------------Rupees in million-----------------------------				
Turnover	19,044	22,870	16,394	8,925	14,910
Net Profit	336	1,951	1,959	*2,372	3,650
Property, Plant and Equipment	10,863	11,302	11,711	12,232	12,800
Investment in subsidiary	-	-	789	785	738
Net worth	12,166	13,867	16,552	15,932	14,808
Long term financing	-	-	-	-	788
Long term loan	492	-	-	-	-
Short term borrowing	11,669	15,527	7,668	6,974	5,260
Earnings per share – (in rupees)	0.87	5.05	5.07	6.14	9.44
Dispatch level- (percentages)	24.61%	34.53%	41.90%	25.80%	40.19%
Capacity Made Available-GWHs	1,789	1,786	1,785	1,786	1,782

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

CONSOLIDATED:

Consolidated net profit during the year under review is Rs. 598 million resulting in earning per share (EPS) of Rs. 1.52 (2022: Rs. 2,168 million and EPS Rs. 5.59).

PENDING ISSUES

(a) In the case against M/s Sui Northern Gas Pipelines Limited (SNGPL), after the arbitration award in Company's favor 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. The Company has already adjusted the awarded amount as above against payables to SNGPL.

SNGPL enforced another arbitration saying that Company could not adjust without a decree from the court. The arbitration tribunal has agreed with SNGPL in its decision dated April 22, 2022. SNGPL has filed a petition in the Lahore High Court. During the year, Civil Court Lahore issued decree in favor of the Company. The Honorable Court, whilst making the Award a rule of Court, modified the Award to the extent that the interest awarded by the Arbitrator would not run from August 18, 2014 and the date of Award, respectively, but from the date of Honorable Court's Order date. This modification of interest date in Award made by Civil Court, Lahore is against the arbitration rules and decisions made by high courts as well as the Supreme Court of Pakistan.

Subsequent to the year end, Company has challenged this modification made by the Honorable Civil Court Lahore only to the extent of interest date of award in Lahore High Court which is pending adjudication. Company is confident that ultimately the money will be retained by the Company.

(b) In disputes with Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) on account of 'Period Weighing Factors' (PWF) and 'Heat Rate Correction Factor', the Company has proceeded and filed request for arbitration in London Court of International Arbitration during the year. However, the Company and Power Purchaser are discussing the matter and the Arbitrator has been requested to suspend any further proceedings at the moment. In addition to this, the Company has obtained stay order against deduction on account of 'Heat Rate Correction Factor' from Civil Court, Islamabad. The same issues have also been disclosed in note 17 of these financial statements.

RECEIVABLES FROM POWER PURCHASER

The Company's total receivables were Rs. 9.2 billion (2022: Rs. 11.65 billion) at the year end.

CREDIT RATING

PACRA's rating for the Company is 'AA-' in the long term and 'A1' in the short term while the 'Outlook' has been determined as 'Stable', which denotes a low expectation of credit risk and indicate adequate capacity for timely payment of financial obligations. There is no change from last year.

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.

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 15% (Rs. 1.50per share) for the year ended December 31, 2023, to the shareholders for their approval in forthcoming Annual General Meeting in addition to interim dividends of 27.9% (Rs. 2.79 per share), making it a total dividend of 42.9% (Rs. 4.29 per share) as compared to 85% (Rs. 8.50 per share) for previous year. The dividend was paid from the amount of capacity payments received from CPPA / GOP.

At the year-end, dividend payable of Rs. 92 million (2022: Rs. 366 million) to non-resident shareholder of the Company remained unpaid due to pending State Bank of Pakistan's approval for remittance outside Pakistan.

LOAN TO SAIF TEXTILE MILLS LIMITED, an associated company

a) During the year, Board of Directors approved unsecured long term loan maximum up to Rs. 1 billion, in one or more tranches, either directly or through Corporate Guarantee through any interested lender. The same was approved by shareholders of the Company in their Extra Ordinary General Meeting held on 11 September 2023. The loan is approved for a period of 9 (nine) years including 2 (two) years grace period. The loan carries markup at the rate of 0.1% over and above the borrowing cost of the Company or KIBOR for the relevant period, whichever is higher, payable in quarterly instalments. Principal shall be repaid after end of grace period in equal quarterly instalments spread over the remaining loan period.

b) Subsequent to the year end, Board of Directors in their meeting held on March 21, 2024 have recommended to the shareholders for their approval to provide unsecured running finance facility maximum up to Rs. 1.5 billion.

INVESTMENT IN SUBSIDIARY

In 2021, the Board of Directors of the Saif Power Limited approved the proposal for sale of land and other assets of Saif Cement Limited (SCL) which was also approved by the shareholders in the Extra Ordinary General Meeting held on June 26, 2021. During the year, transaction for sale of assets of SCL was completed and related amount had been transferred to SCL's bank account.

The Board of Directors of the Company has recommended voluntary winding up of SCL which had also been approved by the shareholders in their Extra Ordinary General Meeting held on September 11, 2023. Once the winding up is completed, proceeds from liquidation will be used to pay back to Saif Power Limited.

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

The Company has invested Rs. 789.18 million.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Board of Directors

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

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

A	Male:	5
B	Female:	2

The composition of board is as follows:

A	Independent Director	2
B	Other Non-executive Director	5

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

- 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) and Islamic Financial Accounting Standards (IFAS), 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;

- There has been no trading of shares by Chief Executive Officer, Chief Financial Officer, Company Secretary, and their spouses. Shareholdings of directors is annexed to this report; and
- Information about outstanding taxes and levies is given in the notes to the financial statements.

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

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

** Subsequent to the year, Mr. Rana Muhammad Shafi has resigned as Director of the Company. Mr. Asif Saifullah Khan has been appointed as Director of the Company for the remainder period.*

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 2026 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. Rashid Ibrahim	Chairman	03/04
Mr. Osman Saifullah Khan	Member	03/04
Mr. Rana Muhammad Shafi **	Member	04/04

*** Mr. Rana Muhammad Shafi was also the member of Audit Committee and has now been replaced by Mr. Asif Saifullah Khan.*

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

Name of Directors	Status	Meetings attended
Miss. Saima Akbar Khattak	Chairperson	01/01
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 encourages directors training program even though meeting the exemption criteria, knowledge and experience.

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 directors 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. 32 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 Chairperson's Review.

RELATED PARTY TRANSACTIONS

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

PATTERN OF SHAREHOLDING

The statement of pattern of shareholding as on December 31, 2023 is enclosed with the report.

SUBSEQUENT EVENT

The Board of directors of the Company, in its Board meeting held on, March 28, 2024 has approved final cash dividend of Rs. 1.5 per share (2022: Rs. 2.50) per share.

AUDITORS

The present auditors M/s Grant Thornton Anjum Rahman, Chartered Accountants, Islamabad retire and being eligible, have offered themselves for re-appointment for next term.

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

SAIF CEMENT LIMITED

FINANCIAL PERFORMANCE AND FUTURE OUTLOOK

As explained above, SCL is in the process of winding up. The final amount of final tax at this stage is still under process with the tax department after which the net amount will be declared.

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

Transaction of sale of land and other assets has been completed and the shareholders of the Company have approved the voluntary winding of the subsidiary. SCL's Board has initiated the process of member's voluntarily winding up which will be completed in due course of time.

ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board

Sohail H. Hydari
Chief Executive Officer

Hoor Yousafzai
Director

Islamabad: March 28, 2024

بنیادی خطرات اور غیر یقینی اقدامات:

زمین اور دیگر اثاثوں کی فروخت کا لین دین مکمل ہو چکا ہے اور کمپنی کے شیئر ہولڈرز نے ذیلی کمپنی کو رضاکارانہ طور پر ختم کرنے کی منظوری دے دی ہے SCL کے بورڈ نے ممبران کے رضاکارانہ طور پر ختم ہونے کا عمل شروع کر دیا ہے جو مقررہ وقت میں مکمل ہو جائے گا۔

اعتراف:

آپ کی کمپنی کے ڈائریکٹرز اپنے کسٹمر، 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

حور یوسف زئی
ڈائریکٹر

اسلام آباد: 28 مارچ 2024

متعلقہ پارٹی (RELATED PARTY) کا لین دین

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

شیئر ہولڈنگ پیٹرن:

31 دسمبر 2023 تک شیئر ہولڈنگ کے پیٹرن کا بیان رپورٹ کے ساتھ منسلک ہے۔

سال کے بعد کا واقعہ

کمپنی کے بورڈ آف ڈائریکٹرز نے 28 مارچ 2024 کو ہونے والے اپنے بورڈ اجلاس میں 1.50 روپے فی شیئر (2022:2.50 روپے) فی شیئر کے حتمی نقد منافع کی منظوری دی ہے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس، اسلام آباد ریٹائر ہو رہے ہیں اور اہل ہیں، اس کے لیے انہوں نے خود کو اگلی مدت کے لیے دوبارہ تقرری کے لیے پیش کیا ہے۔

کمپنیز ایکٹ، 2017 کے تحت ذیلی ادارے کی معلومات کو ظاہر کرنا ضروری ہے

سیف سیمنٹ لمیٹڈ

مالی کارکردگی اور مستقبل کے امکانات:

جیسا کہ اوپر بیان کیا گیا ہے، SCL اختتام کے عمل میں ہے۔ اس مرحلے پر ٹیکس کی حتمی رقم محکمہ ٹیکس کے پاس ابھی زیر عمل ہے جس کے بعد خالص رقم کا اعلان کیا جائے گا۔

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

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 راشد ابراہیم	چیئرمین	03/03
محترم عثمان سیف اللہ خان	ممبر	03/04
محترم رانا محمد شفیع	ممبر	04/04

** جناب رانا محمد شفیع آڈٹ کمیٹی کے رکن بھی تھے اور اب ان کی جگہ جناب آصف سیف اللہ خان نے لے لی ہے۔

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
محترمہ / صائمہ اکبر خٹک	چیئرپرسن	01/01
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 کے مطابق ہے۔ کمپنی مستثنٰی کے معیار، علم اور تجربے پر پورا اترنے کے باوجود ڈائریکٹرز کے تربیتی پروگرام کی حوصلہ افزائی کرتی ہے۔

بورڈ کی کارکردگی کا خلاصہ:

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 خلاف 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 32 میں کیا گیا ہے۔

چیئرپرسن کا جائزہ:

ہمراہ چیئرپرسن کا جائزہ بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کی طرف سے ادا کیے گئے کردار کی تاثیر سے متعلق ہے۔ ڈائریکٹرز چیئرپرسن کے جائزے کے مندرجات کی توثیق کرتے ہیں۔

بورڈ کی چیئرپرسن ایک غیر ایگزیکٹو ڈائریکٹر ہے۔ چیئرمین اور چیف ایگزیکٹو آفیسر کے عہدوں پر الگ الگ افراد فائز کیے جاتے ہیں، جن کے فرائض اور ذمہ داریاں واضح طور پر کے تحت یہ مطلوب ہے کہ، تمام ڈائریکٹرز کو متعلقہ قوانین کمپنی کے 2017 بیان کی گئی ہیں۔ جیسا کہ کارپوریٹ گورننس کی درج کردہ قوانین کمپنیوں کے کوڈ اور کمپنیز ایکٹ 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۔
- اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے، اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی اچھے سے نگرانی کی گئی ہے۔
- حالیہ تشویش (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۔
- 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 پانچ اجلاس منعقد ہوئے۔ حاضری کی صورتِ حال درج ذیل رہی:

ڈائریکٹر کا نام	سٹیٹس	شرکت کردہ اجلاس کی تعداد
محترمہ حور یوسفزئی۔چیئرپرسن	منتخب	05/05
محترم جاوید سیف اللہ خان	منتخب	05/05
محترم عثمان سیف اللہ خان	منتخب	04/05
محترم اسد سیف اللہ خان	منتخب	05/05
محترم رانا محمد شفیع	منتخب	05/05
محترمہ صائمہ اکبر خٹک	منتخب	04/05
محترم راشد ابراہیم	منتخب	04/05

* سال کے بعد، جناب رانا محمد شفیع نے کمپنی کے ڈائریکٹر کے عہدے سے استعفیٰ دے دیا۔ جناب آصف سیف اللہ خان کو بقیہ مدت کے لیے کمپنی کا ڈائریکٹر مقرر کیا گیا ہے۔ غیر حاضری کی چھٹی ان ڈائریکٹر(ز) کو دی گئی جو کسی میٹنگ میں شرکت نہیں کر سکے۔ ڈائریکٹرز کی موجودہ مدت اکتوبر 2026 میں مکمل ہو جائے گی جب شیئر ہولڈرز کی جنرل میٹنگ کے ذریعے ڈائریکٹرز کی تقرری کے لیے نئے انتخابات کرائے جائیں گے

ذیلی کاروبار میں سرمایہ کاری:

2021 میں، سیف پاور لمیٹڈ کے بورڈ آف ڈائریکٹرز نے سیف سیمنٹ لمیٹڈ (SCL) کی اراضی اور دیگر اثاثوں کی فروخت کی تجویز کی منظوری دی جسے 26 جون 2021 کو ہونے والی ایکسٹرا آرڈینری جنرل میٹنگ میں شیئر ہولڈرز نے بھی منظور کیا۔ سال کے دوران SCL کے اثاثوں کی فروخت کا لین دین مکمل ہوا اور متعلقہ رقم SCL کے بینک اکاؤنٹ میں منتقل کر دی گئی۔

کمپنی کے بورڈ آف ڈائریکٹرز نے SCL کو رضاکارانہ طور پر ختم کرنے کی سفارش کی ہے جسے حصص یافتگان نے 11 ستمبر 2023 کو ہونے والی اپنی ایکسٹرا آرڈینری جنرل میٹنگ میں بھی منظور کیا تھا۔ کمپنی اور دوسرے سپانسرز کو ان کی سرمایہ کاری کے مطابق SCL کے ختم ہونے کے بعد ادائیگی کے لیے استعمال کی جائے گی۔

کمپنیوں کے ضابطہ 4(2) کے تحت معلومات

ریگولیشنز:2017 (ایسوسی ایٹڈ کمپنیوں میں سرمایہ کاری یا ایسوسی ایٹڈ انڈر ٹیکنگ)ء

کمپنی نے 789.18 ملین روپے کی سرمایہ کاری کی 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 ومقاصد اور حکمتِ عملی کو ترتیب دینے میں مدد کرتا ہے اس کے علاوہ ان اہداف ومقاصد 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

بورڈ کی تشکیل مندرجہ ذیل ہے:

اے	آزاد ڈائریکٹر	2
بی	دیگر غیر ایگزیکٹو ڈائریکٹر	5

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 پلانٹ کا ٹھیکیدار بھی ہے 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۔

اندرونی مالیاتی کنٹرول کا مناسب معیار:

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

اندرونی آڈٹ اور کنٹرول:

آڈٹ کمیٹی کو اطلاع دینے والے اہل فرد کی سربراہی میں مستقل اندرونی آڈٹ کا کام جاری ہے۔ کمپنی کے اندر اندرونی آڈٹ کی گنجائش واضح طور پر بیان کی گئی ہے جس میں اندرونی کنٹرول سسٹم کا جائزہ اور اس کی جانچ پڑتال، اثاثوں کی حفاظت، اکاؤنٹنگ ریکارڈوں کی درستگی اور تکمیل سب شامل ہیں۔

ڈیویڈنڈ (تقسیم شدہ منافع):

بورڈ نے 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے حصص یافتگان کو 27.9 فیصد (2.79 روپے فی شیئر) کے عبوری منافع کے علاوہ آئندہ سالانہ جنرل میٹنگ میں منظوری کے لیے 15 فیصد (1.50 روپے فی شیئر) کے حتمی منافع کی سفارش کی ہے۔ گزشتہ سال کے 80 فیصد (8 روپے فی حصص) کے مقابلے میں اسے 42.9 فیصد (4.29 روپے فی شیئر) کا کل ڈیویڈنڈ بنتا ہے۔ ڈیویڈنڈ CPPA/GOP سے موصول ہونے والی (CAPACITY PAYMENTS) صلاحیت کی ادائیگی کی رقم سے ادا کیا گیا تھا۔

سال کے آخر میں کمپنی کے غیر رہائشی شیئر ہولڈر کو قابل ادائیگی ڈیویڈنڈ 92 ملین روپے (2022 366 ملین روپے) اسٹیٹ بینک آف پاکستان کی جانب سے پاکستان سے باہر ترسیلات زر کی منظوری کے زیر التواء ہونے کی وجہ سے ادا نہیں کیے گئے۔

سیف ٹیکسٹائل ملز لمیٹڈ، ایک منسلک کمپنی کو قرض:

الف) سال کے دوران، بورڈ آف ڈائریکٹرز نے ایک یا زیادہ قسطوں میں زیادہ سے زیادہ 1 بلین روپے تک کے غیر محفوظ طویل مدتی قرض یا تو براہ راست کارپوریٹ گارنٹی کے ذریعے یا کسی بھی دلچسپی رکھنے والے قرض دہندہ کے ذریعے کی منظوری دی۔ اسی کی منظوری کمپنی کے شیئر ہولڈرز نے 11 ستمبر 2023 کو ہونے والی اپنی ایکسٹرا آرڈینری جنرل میٹنگ میں دی تھی۔ یہ قرض 9 (نو) سال کی مدت کے لیے منظور کیا گیا ہے جس میں 2 (دو) سال کی رعایتی مدت بھی شامل ہے۔ یہ قرض متعلقہ مدت کے لیے کمپنی یا KIBOR کی قرض لینے کی لاگت سے 0.1 فیصد سے زیادہ کی شرح سے سود رکھتا ہے، جو بھی زیادہ ہو، سہ ماہی قسطوں میں قابل ادا ہے۔ پرنسپل کو رعایتی مدت کے اختتام کے بعد قرض کی باقی مدت میں برابر سہ ماہی اقساط میں ادا کیا جائے گا۔

ب) سال کے اختتام کے بعد، بورڈ آف ڈائریکٹرز نے 21 مارچ 2024 کو ہونے والی اپنی میٹنگ میں زیادہ سے زیادہ 1.5 بلین روپے تک غیر محفوظ چلنے والی مالیاتی سہولت منظوری کے لیے شیئر ہولڈرز کو سفارش کی ہے۔

سے دیا جانے والا سود بالترتیب 18 اگست 2014 اور ایوارڈ کی تاریخ سے نہیں بلکے معزز عدالت کے حکم کی تاریخ سے چلے گا، سود کی تاریخ میں تبدیلی سول کورٹ، لاہور کی جانب سے ایوارڈ میں سود کی تاریخ میں یہ تبدیلی ہائی کورٹس کے ساتھ ساتھ سپریم کورٹ آف پاکستان کے ثالثی کے قوانین اور فیصلوں کے خلاف ہے۔

سال کے اختتام کے بعد، کمپنی نے معزز سول کورٹ لاہور کی طرف سے کی گئی اس ترمیم کو صرف سود کی تاریخ کی حد تک لاہور ہائی کورٹ میں چیلنج کیا ہے جو زیر التوا ہے۔ کمپنی کو یقین ہے کہ بالآخر رقم کمپنی کے پاس ہی رہے گی۔

(b) سنٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) کے ساتھ 'پیریڈ ویجنگ فیکٹرز' (PWF) اور 'ہیٹ ریٹ کریکشن فیکٹر' کی وجہ سے تنازعات میں، کمپنی نے آگے بڑھ کر بین الاقوامی ثالثی کی لندن کورٹ میں ثالثی کی درخواست دائر کی ہے۔ سال کے دوران. تاہم، کمپنی اور پاور خریدار اس معاملے پر بات کر رہے ہیں اور ثالث سے درخواست کی گئی ہے کہ وہ اس وقت مزید کارروائی کو معطل کر دیں۔ اس کے علاوہ، کمپنی نے سول کورٹ، اسلام آباد سے 'ہیٹ ریٹ کریکشن فیکٹر' کی وجہ سے کٹوتی کے خلاف حکم امتناعی حاصل کیا ہے۔ ان مالیاتی بیانات کے نوٹ 17 میں بھی انہی مسائل کا انکشاف کیا گیا ہے۔

بجلی خریدار کی طرف سے وصولی:

کمپنی کی کل وصولی سال کے آخر میں 9.2 ارب روپے (2022 11.65 ارب روپے) تھی۔

کریڈٹ ریٹنگ:

کمپنی کے لیے PACRA کی ریٹنگ طویل مدت میں '-AA' 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۔ اس میں پچھلے سال سے کوئی تبدیلی نہیں 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 ٹیف کے ذریعے پورے کیے جاتے ہیں۔ تاہم، لیکویڈیٹی کا خطرہ، کمپنی کے قابلِ بھروسہ کاموں کے لیے، غیر یقینی صورتحال میں سے ایک ہے۔ اس خطرے کو، جیسا کہ اوپر بیان کیا گیا ہے، مختلف

سال کے دوران، 213 ملین روپے اگلی اوورہال کے لیے ایکویٹی میں تبدیلیوں کے بیان کے ذریعے غیر مناسب منافع سے دیکھ بھال کے ذخائر میں منتقل کر دیے گئے ہیں۔

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

دسمبر میں ختم ہونے والے سال کے لیے	2023ء	2022ء	2021ء	2020ء	2019ء
کاروبار	19,044	22,870	16,394	8,925	14,910
خالص منافع	336	1,951	1,959	*2,373	3,650
پراپرٹی، پلانٹ اور آلات	10,863	11,302	11,711	12,232	12,800
ذیلی کاروبار میں سرمایہ کاری	-	-	789	785	738
نیٹ مالیت	12,166	13,867	16,552	15,932	14,808
طویل مدتی فنانسنگ	-	-	-	-	788
طویل مدتی قرض	492	-	-	-	-
مختصر مدت کے قرضوں کے حصول	11,669	15,527	7,668	6,974	5,260
فی شیئر آمدنی۔(روپوں میں)	0.87	5.05	5.07	6.14	9.44
ترسیل کا لیول۔(فیصد میں)	24.61	34.53	41.90	25.80	40.19
دستیاب صلاحیت۔GWHs	1,789	1,786	1,785	1,786	1,782

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

مستحکم:

سال کے دوران مجموعی مستحکم خالص منافع 598 ملین روپے رہا جس کے نتیجے میں فی شیئر آمدن 1.52 روپے رہی (جب کہ سال 2022ء میں یہی خالص منافع 2,168 ملین روپے تھا اور فی شیئر آمدن 5.59 روپے تھی)۔

زیر التواء مسائل:

میسرز سوئی ناردرن گیس پائپ لائنز لمیٹڈ (SNGPL) کے خلاف مقدمے میں کمپنی کے حق میں ثالثی کے فیصلے کے بعد 270.66 ملین روپے کی رقم (متنازعہ رقم 239.68 ملین روپے اور متعلقہ اخراجات 30.98 ملین روپے)، کمپنی نے ثالثی کے ایوارڈ کے عوض قابلِ نفاذ حکم نامہ حاصل کرنے کے لیے سول کورٹ لاہور میں درخواست بھی درج کر رکھی ہے۔ کمپنی نے سوئی ناردرن گیس پائپ لائن کو قابلِ ادا رقوم کے معاملے میں یہ رقم پہلے ہی ایڈجسٹ کر دی ہے۔

(a) سوئی ناردرن گیس پائپ لائنز لمیٹڈ (SNGPL) نے ثالثی نافذ کرتے ہوئے کہا کہ کمپنی عدالت کے حکم نامے کے بغیر ایڈجسٹ نہیں کر سکتی۔ ثالثی ٹربیونل نے 22 اپریل 2022 کے اپنے فیصلے میں سوئی ناردرن گیس پائپ لائنز لمیٹڈ سے اتفاق کیا ہے۔ سوئی ناردرن گیس پائپ لائنز لمیٹڈ نے لاہور ہائی کورٹ میں درخواست دائر کی ہے۔ سال کے دوران سول کورٹ لاہور نے کمپنی کے حق میں حکم نامہ جاری کیا۔ معزز عدالت نے، ایوارڈ کو عدالت کا اصول بناتے ہوئے، ایوارڈ میں اس حد تک ترمیم کی کہ ثالث کی طرف

حصص کنندگان کے لیے بورڈ آف ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کو سیف پاور لمیٹڈ ("کمپنی") کی 31 دسمبر 2023 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، اسے چلانا اور قابل عمل رکھنا ہے نیز بجلی پیدا کرنے کا کاروبار کرنا اور سینٹرل پاور پرچیزنگ ایجنسی گارنٹی لمیٹڈ (CPPA-G) کو بجلی فروخت کرنا ہے۔ کمپنی پاکستان اسٹاک ایکسچینج لمیٹڈ میں رجسٹرڈ ہے۔

کارکردگی:

کمپنی اعلیٰ ترین اعتبار، دستیابی اور بہترین آپریشنل کارکردگی کو یقینی بنانے کے لیے بہترین طریقوں پر عمل پیرا ہے۔ سال کے دوران، 2022 میں 99.98 فیصد کے مقابلے میں قابل اعتماد عنصر 98.99 فیصد تھا اور 2022 میں 93.43 فیصد کے مقابلے میں دستیابی کا عنصر 84.64 فیصد تھا (سال 2023 میں سٹیم ٹربائن کا طے شدہ بڑے مرمتی کام کی وجہ سے)۔ ترسیل کی سطح گزشتہ سال 34.53 فیصد کے مقابلے میں 24.61 فیصد تھی۔

مالیاتی کارکردگی

غیر مستحکم:

کمپنی نے 336 ملین روپے کا خالص منافع کمایا, جس کے نتیجے میں فی حصص آمدنی (EPS) 0.87 روپے رہی اور اس کے مقابلے میں 2022 میں 1,951 ملین اور EPS 5.05 روپے تھی۔

اس پر اثر انداز ہونے کی وجہ پچھلے سالوں میں، پلانٹ کے اوورہال کے اخراجات ایک خاص سال میں پلانٹ کے چلانے کے اوقات کار کی بنیاد پر سالانہ چارج کیے جاتے تھے۔ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کی جانب سے جاری کردہ متعلقہ رائے اور متعلقہ بین الاقوامی اکاؤنٹنگ معیارات کو مدنظر رکھتے ہوئے سال 2022 میں اس کی اصلاح کی گئی۔ سال کے دوران، پلانٹ کے آپریشن کے مخصوص اوقات کار کا وقفہ تقریباً چھ سال کے عرصے کے بعد مکمل ہوا، جس کی وجہ سے اس طرح کے اوورہال کی رقم موجودہ سال میں نفع و نقصان کے کھاتے میں چارج کی گئی، جس کے نتیجے میں آپریشن اور دیکھ بھال کی لاگت کے موازنہ سال کے مقابلے میں نمایاں طور پر بڑھ گئی۔ پچھلے سالوں میں چارج کیے گئے اخراجات، اصلاح سے پہلے، پچھلے سال پہلے ہی تبدیل کر دیے گئے تھے جس سے اس سال کے اخراجات کی تلافی ہو گئی ہے۔ جس کا اثر اصل میں صفر ہے۔

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

Saif Power Limited

Year ended December 31, 2023

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 Director*	Mr. Rashid Ibrahim 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 not warrant the appointment of third independent director*

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

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

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

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

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

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

9. Four directors had attended training program in preceding years, two directors are meeting the exemption criteria, hence are exempt from Directors’ training program. For the remaining director, female executive and head of department, the company will take adequate measures to encourage and arrange training programs (as required under non-mandatory provision of Regulation 19(1) and 19(3).

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. Rashid Ibrahim	Chairman
• Mr. Osman Saifullah Khan	Member
• Mr. Rana Muhammad Shafi	Member

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

• Miss. Saima Akbar Khattak	Chairperson
• 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.

19. With reference to explanation for non-compliance of the non-mandatory requirements of the regulations 29 and 30, the responsibility of Nomination Committee and the Risk Management Committee are fulfilled by the Board and the Audit Committee, respectively. Therefore, establishment of above mentioned committees are not required.

Sohail H. Hydari
Chief Executive Officer

Hoor Yousafzai
Chairperson

Islamabad
March 28, 2024

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 Board of Directors of Saif Power Limited (the Company) for the year ended December 31, 2023 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 provision 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 controls, the Company's corporate governance procedures and risks.

The Regulation 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 and also ensure compliance with the requirement of section 208 of the Companies Act, 2017. 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 the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respect, with the requirement contained in the Regulations as applicable to the Company for the year ended December 31, 2023.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Islamabad
Date: March 29, 2024
UDIN: CR202310209eqZXSIDYW

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 December 31, 2023, 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 material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, 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 December 31, 2023 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue Recognition** *(Refer to note 24 to the financial statements)* The Company has generated net revenue from sale of electricity to Central Power Purchasing Agency- Guarantee (CPPA-G) amounting to Rs. 19.043 billion for the year ended December 31, 2023. We considered revenue recognition as a key audit matter due to existence of presumed risk of fraud in revenue recognition and revenue being one of the key performance indicator of Company.	Our audit procedures in relation to the matter, amongst others included the following: • Obtained an understanding of business processes related to revenue recognition and understanding of relevant internal controls over the Company's system which governs revenue recognition; • Evaluated the appropriateness of Company's accounting policies related to revenue in accordance with applicable accounting standards; • Tested revenue recorded during the year with underlying supporting documents i.e. invoices, agreements, tariff notifications and acknowledgements;

Sr No.	Key audit matters	How the matters were addressed in our audit
		• Performed cut off procedures to ensure revenue has been recorded in the correct accounting period; and • Assessed the adequacy of related disclosures in the financial statements in accordance with applicable accounting and reporting standards and Companies Act, 2017 (XIX of 2017).
2.	**Long term loan** *(Refer to note 16 to the financial statements)* The Company has granted loan to a related party during the year having an outstanding balance of Rs. 492 million as at December 31, 2023. We considered it as a key audit matter because of significant amount of loan, inherent risk in transactions with related parties and involvement of estimates in the assessment of recoverability of amount.	Our audit procedures in relation to the matter, amongst others included the following: • Obtained and reviewed loan agreement between the companies to understand the terms and conditions including interest rate, repayment terms; • Checked minutes of board of directors' meetings and shareholders' meetings for approval of terms and conditions; • Checked the accuracy of interest computation as per terms of agreement; • Evaluated the judgments made and assumptions used by management when assessing the need for possible impairment; • Obtained confirmation directly from related party about the loan balance and reconciled the confirmed balances to the accounting records; and • Assessed the adequacy of related disclosures in the financial statements in accordance with applicable accounting and reporting standards and Companies Act, 2017 (XIX of 2017).

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, 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 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 accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Waqas Waris

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Islamabad
Date: March 29, 2024
UDIN: AR202310209YcL5bVazP

STATEMENT OF FINANCIAL POSITION
As at December 31, 2023

	Note	2023	2022
		Rupees	
Share capital and reserves			
Share capital	4	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		8,087,810,847	9,001,248,625
Maintenance reserve	5	213,728,363	1,001,140,025
Total equity		12,166,257,000	13,867,106,440
Liabilities			
Subordinated loan	6	-	260,866,789
Lease liabilities	7	9,436,235	21,093,221
Non-current liabilities		9,436,235	281,960,010
Trade and other payables	8	411,968,780	308,712,514
Short term borrowings	9	11,669,326,413	15,526,546,088
Current portion of non-current liabilities	10	737,321,324	605,195,974
Markup accrued	11	1,390,558,249	1,054,652,926
Unclaimed and unpaid dividend	12	118,163,748	388,752,232
Current liabilities		14,327,338,514	17,883,859,734
Total liabilities		14,336,774,749	18,165,819,744
Total equity and liabilities		26,503,031,749	32,032,926,184
Contingencies and commitments	13		
Assets			
Property, plant and equipment	14	10,862,567,248	11,302,149,549
Right of use assets	15	24,098,636	44,570,395
Long term loan	16	492,300,000	-
Non-current assets		11,378,965,884	11,346,719,944
Stock in trade - HSD		399,899,817	400,211,550
Trade debts	17	9,159,264,055	11,647,458,624
Other receivables	18	678,076,008	505,647,636
Advances	19	1,923,347	1,525,773
Advance income tax		9,771,832	8,072,924
Trade deposits and prepayments	20	128,239,903	88,070,192
Short term investments	21	3,956,220,043	7,242,386,646
Bank balances	22	1,492,220	3,654,255
		14,334,887,225	19,897,027,600
Assets classified as held for sale	23	789,178,640	789,178,640
Current assets		15,124,065,865	20,686,206,240
Total assets		26,503,031,749	32,032,926,184

The annexed notes 1 to 40 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, 2023

	Note	2023	2022
		Rupees	
Turnover - net	24	**19,043,730,581**	22,869,649,801
Cost of sales	25	**(16,245,697,172)**	(19,371,137,022)
Gross profit		**2,798,033,409**	3,498,512,779
Other income	26	**36,360,480**	12,589,294
Administrative expenses	27	**(219,213,293)**	(207,446,325)
Finance cost	28	**(2,279,076,981)**	(1,352,996,791)
Profit for the year		**336,103,615**	1,950,658,957
Earnings per share - basic and diluted	29	**0.87**	5.05

The annexed notes 1 to 40 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, 2023

	Note	2023	2022
		Rupees	
Profit for the year		**336,103,615**	1,950,658,957
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability	8.3.2	**7,482,658**	1,878,732
Total comprehensive income for the year		**343,586,273**	1,952,537,689

The annexed notes 1 to 40 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, 2023

	Note	2023	2022
		Rupees	
Cash flows from operating activities			
Profit for the year		336,103,615	1,950,658,957
Adjustments for non-cash income and expenses:			
Provision for staff retirement benefits - gratuity	8.3.2	11,366,862	8,683,989
Depreciation - property, plant and equipment	14.1	635,308,463	619,044,496
Depreciation - right of use assets	15	11,800,455	14,283,420
Finance cost	28	2,279,076,981	1,352,996,791
Gain on disposal of property, plant and equipment	26	(2,677,907)	(407,145)
Profit on deposit accounts	26	(1,112,644)	(1,480,146)
Return on investments	26	(32,227,189)	(10,406,933)
		3,237,638,636	3,933,373,429
Changes in working capital:			
Stock in trade		311,733	(154,118,761)
Trade debts	17	2,488,194,569	1,008,735,846
Other receivable	18	(172,428,372)	(41,134,783)
Advances	19	(397,574)	3,438,583
Trade deposits and prepayments	20	(40,169,711)	(20,700,064)
Trade and other payables	8	106,177,316	(844,439,505)
Cash generated from operations		5,619,326,597	3,885,154,745
Income taxes paid		(1,698,908)	(771,819)
Finance cost paid		(1,943,755,668)	(998,346,685)
Payment to staff retirement fund	8.3.2	(6,805,257)	(11,730,746)
Net cash from operating activities		3,667,066,764	2,874,305,495
Cash flows from investing activities			
Acquisition of property, plant and equipment	14	(736,000)	(2,483,009)
Acquisition of right of use assets		-	(1,392,268)
Change in long term deposits		-	3,103,150
Proceeds from sale of property, plant and equipment		6,501,945	538,524
Long term loan	16	(492,300,000)	-
Insurance claim received		63,000	233,000
Profit on deposit accounts	26	1,112,644	1,480,146
Return on investments - receipt	26	32,227,189	10,406,933
Net cash (used in) / generated from investing activities		(453,131,222)	11,886,476
Cash flows from financing activities			
Repayment of long term financing	6	(312,446,433)	(230,009,783)
Dividend paid		(2,315,024,197)	(4,264,825,986)
Short term borrowings - net	9	(3,857,219,675)	7,858,953,514
Lease liabilities paid		(17,573,875)	(21,319,863)
Net cash (used in) / generated from financing activities		(6,502,264,180)	3,342,797,882
Net increase in cash and cash equivalents		(3,288,328,638)	6,228,989,853
Cash and cash equivalents at beginning of the year		7,246,040,901	1,017,051,048
Cash and cash equivalents at end of the year	36	3,957,712,263	7,246,040,901

The annexed notes 1 to 40 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, 2023

	Share capital	Unappropriated profit - revenue reserve	Maintenance reserve	Total equity
	Rupees			
Balance as at January 1, 2022	3,864,717,790	12,687,512,310	-	16,552,230,100
Profit for the year	-	1,950,658,957	-	1,950,658,957
Other comprehensive income for the year	-	1,878,732	-	1,878,732
Total comprehensive income for the year	-	1,952,537,689	-	1,952,537,689
Transfer from unappropriated profit to maintenance reserve	-	(1,001,140,025)	1,001,140,025	-
Transaction with owners of the Company				
Distributions				
2nd interim dividend - 2021 @ Rs. 5 per share	-	(1,932,358,895)	-	(1,932,358,895)
Final dividend - 2021 @ Rs. 1 per share	-	(386,471,779)	-	(386,471,779)
1st interim dividend - 2022 @ Rs. 4.5 per share	-	(1,739,123,006)	-	(1,739,123,006)
2nd interim dividend - 2022 @ Rs. 1.5 per share	-	(579,707,669)	-	(579,707,669)
Total distributions	-	(4,637,661,349)	-	(4,637,661,349)
Balance as at December 31, 2022	3,864,717,790	9,001,248,625	1,001,140,025	13,867,106,440
Balance as at January 1, 2023	**3,864,717,790**	**9,001,248,625**	**1,001,140,025**	**13,867,106,440**
Profit for the year	**-**	**336,103,615**	**-**	**336,103,615**
Other comprehensive income for the year	**-**	**7,482,658**	**-**	**7,482,658**
Total comprehensive income for the year	**-**	**343,586,273**	**-**	**343,586,273**
Transaction with owners of the Company				
Distributions				
Final dividend - 2022 @ Rs. 2.50 per share	**-**	**(966,179,448)**	**-**	**(966,179,448)**
1st interim dividend - 2023 @ Rs. 1.29 per share	**-**	**(498,548,595)**	**-**	**(498,548,595)**
2nd interim dividend - 2023 @ Rs. 1.50 per share	**-**	**(579,707,670)**	**-**	**(579,707,670)**
	-	**(2,044,435,713)**	**-**	**(2,044,435,713)**
Transfer from unappropriated profit to maintenance reserve	**-**	**(493,939,034)**	**493,939,034**	**-**
Transfer to unappropriated profit from maintenance reserve	**-**	**1,281,350,696**	**(1,281,350,696)**	**-**
	-	**787,411,662**	**(787,411,662)**	**-**
Balance as at December 31, 2023	**3,864,717,790**	**8,087,810,847**	**213,728,363**	**12,166,257,000**

The annexed notes 1 to 40 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 Dispatch Company (NTDC) has been replaced with CPPA-G as Power Purchaser. Saif Holdings Limited, major share holder of the Company, holds 23.01% shareholding 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;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; 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 Rupee, 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 affected. 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 are discussed in ensuing paragraphs:

(a) Property, plant and equipment

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

(b) 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 31 December 2024. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

(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 33 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 had 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. During the year, SECP through S.R.O 67(I)/2023, has further extended the exemption till 31 December 2024.

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:

	2023	2022
	Rupees	
Decrease in unappropriated profit at January 01	(2,412,584,279)	(2,314,971,461)
Increase / (decrease) in profit for the year	603,528,493	(97,612,818)
Decrease in unappropriated profit at December 31	(1,809,055,786)	(2,412,584,279)

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 MATERIAL ACCOUNTING POLICIES

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

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 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, 2023. The details of actuarial valuation are given in note 8.3 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 Pak Rupees 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.

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 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 loan;
- 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.

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable 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.

3.10 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 includes 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.

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

3.17 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 he right to direct he 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 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 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.

Payment associated with short-term and low value leases are recognised on straight line basis and charged to profit or loss from the period.

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 Initial application of standards, amendments or interpretations to exisitng accounting and reporting standards

3.19.1 Amendments to exisitng accounting and reporting standards that become effective during the year

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments provide guidance and examples to help the companies apply materiality judgements to accounting policy disclosures. The amendments aim to help the companies provide accounting policy disclosure that are more useful by replacing the requirement for the companies to disclose their significant accounting policies with a requirement to disclose their material accounting policies and adding guidance on how the companies apply the concept of materially in making decisions about accounting policy decisions.

The amendment has had an impact on the Company's disclosure of accounting policies but not on the measurement and recognition or presentation of any item in the Company's financial statements.

There are certain other amendments to existing accounting and reporting standards that are applicable for the financial year beginning on January 1, 2023 but do not have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

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

The following amendments and interpretations to International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after 1 January 2024 thus having no effect on the financial statements for the year ended December 31, 2023:

◆ Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified 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's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend 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.

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

	2023	2022
4 SHARE CAPITAL	Rupees	

4.1 Authorised share capital

	2023	2022
405,000,000 (2022: 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

	2023	2022
386,471,779 (2022: 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 88,909,517 i.e., 23.01% (December 31, 2022: 88,909,517 i.e., 23.01%) ordinary shares of Rs.10 each at the reporting date. Further, 44,425,774 (December 31, 2022: 44,384,774) and 65,698,880 (December 31, 2022: 65,694,980) ordinary shares of Rs. 10 each are held by directors and related parties respectively. Orastar Limited holds 66,022,504 (December 31, 2022: 66,022,504) ordinary shares of the Company.

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

5 MAINTENANCE RESERVE

Overhauls of the complex are at certain intervals based on Factored Fired Hours (operating hours) as per terms and details of the O&M Agreement. The amount of such overhauls has been calculated on the basis of operating hours as in the above sentence and such amount has been appropriated to Maintenance Reserve through statement of changes in equity. After completion of specific operating hours, the amount will be transferred from maintenance reserve and the same amount will be charged to cost of sales. During the year, Rs. 1.28 billion has been charged to cost of sales after completion of specific operating hours.

6 SUBORDINATED LOAN - UNSECURED	Note	2023	2022
		Rupees	
Balance at January 01		**847,818,615**	869,505,348
Exchange loss capitalised	6.1	**195,147,385**	208,323,050
Repayment during the year		**(312,446,433)**	(230,009,783)
	6.2	**730,519,567**	847,818,615
Current portion of subordinated loan		**(730,519,567)**	(586,951,826)
Balance at December 31		**-**	260,866,789

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

6.2 This represents remaining balance of US $ 2,586,829 (2022: US $ 3,736,529) 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.

7 LEASE LIABILITIES

	2023	2022
	Rupees	
Lease liabilities	**16,237,992**	39,337,369
Less: current portion	**(6,801,757)**	(18,244,148)
Non current portion	**9,436,235**	21,093,221

Movement of lease liabilities under IFRS 16 is as follows:

	Vehicles	Building	Total
	------------------ Rupees ------------------		
Balance at January 01, 2022	25,439,346	21,795,413	47,234,759
Addition during the year	14,064,573	-	14,064,573
Adjustment / disposal during the year	(642,100)	-	(642,100)
Interest	4,269,775	1,290,142	5,559,917
Payments during the year	(16,449,404)	(10,430,376)	(26,879,780)
Balance at December 31, 2022	**26,682,190**	**12,655,179**	**39,337,369**
Addition during the year	**-**	**-**	**-**
Adjustment / disposal during the year	**(3,051,093)**	**(2,474,409)**	**(5,525,502)**
Interest	**4,991,502**	**461,757**	**5,453,259**
Payments during the year	**(12,384,607)**	**(10,642,527)**	**(23,027,134)**
Balance at December 31, 2023	**16,237,992**	**-**	**16,237,992**

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

	Note	2023	2022
		Rupees	
Less than one year		**9,471,188**	23,176,485
One to two years		**7,515,939**	10,589,313
Two to three years		**3,732,649**	8,970,950
Three to four years		**868,342**	5,019,411
Four to five years		**-**	1,394,427
More than five years		**-**	1,230,408
		21,588,118	50,380,994
Amounts recognized in profit and loss			
Short term leases		**1,000,991**	478,509

8 TRADE AND OTHER PAYABLES

	Note	2023	2022
Creditors	8.1	**329,186,478**	153,744,021
Accrued liabilities		**51,245,422**	40,263,185
Withholding tax payable		**2,020,579**	3,453,248
Workers' Profit Participation Fund (WPPF) payable	8.2	**16,805,181**	97,532,948
Payable to Saif Power Limited - Staff Gratuity Fund	8.3	**3,884,204**	6,805,257
Other payables		**8,826,916**	6,913,855
		411,968,780	308,712,514

8.1 This includes Rs. 9 million (2022: Nil) payable to Sui Northern Gas Pipelines Limited (SNGPL), a related party, on account of procurement of supplies.

8.2 This represent 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	2023	2022
			Rupees	
8.3	**Payable to Saif Power Limited - Staff gratuity fund**			
	The amount recognised in the statement of financial position is as follows:			
	Present value of defined benefit obligation	8.3.1	**125,147,685**	125,706,008
	Less: Fair value of plan assets	8.3.2	**(121,263,481)**	(118,900,751)
	Net defined benefit liability		**3,884,204**	6,805,257

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

	2023	2022
Balance at January 01	**125,706,008**	106,898,493
Included in profit or loss		
Current service cost	**10,890,878**	9,941,570
Past service cost (credit)	**-**	(2,001,047)
Interest cost	**15,967,984**	12,432,311
	26,858,862	20,372,834
Included in other comprehensive income		
Remeasurement loss:		
Actuarial loss	**3,506,815**	617,865
Others		
Benefits paid	**(30,924,000)**	(2,183,184)
Balance at December 31	**125,147,685**	125,706,008

8.3.2 The movement in fair value of plan assets is as follows:

	2023	2022
Balance at January 01	**118,900,751**	94,243,747
Included in profit or loss		
Interest income	**15,492,000**	11,688,845
Included in other comprehensive income		
Return on plan assets excluding interest income	**10,989,473**	2,496,597
Others		
Contribution to gratuity fund	**6,805,257**	12,654,746
Benefits paid	**(30,924,000)**	(2,183,184)
Balance at December 31	**121,263,481**	118,900,751

Breakup of plan assets is as follows:

	2023	2022
Cash at bank	**1,094,513**	22,028
Cash balance in CDC account	**3,343**	2,595
Treasury Bills	**105,118,283**	103,837,806
Term Finance Certificates	**15,047,342**	15,038,322
	121,263,481	118,900,751

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

	2023	2022
Opening liability	**6,805,257**	12,654,746
Expense for the year	**11,366,862**	8,683,989
Remeasurement gain recognized in other comprehensive income during the year	**(7,482,658)**	(1,878,732)
Payments to the fund during the year	**(6,805,257)**	(12,654,746)
Closing liability	**3,884,204**	6,805,257

Allocation of gratuity expense is as follows:

	Note	2023	2022
Cost of sales	25.1	**8,096,287**	5,079,137
Administrative expenses	27.1	**3,270,575**	3,604,852
		11,366,862	8,683,989

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, 2023 using projected unit credit method. Expected gratuity expense for the next financial year is Rs. 11,217,336. 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	**2023**	2022
Discount rate used for interest cost	**14.50%**	11.75%
Discount rate used for year end obligation	**15.50%**	14.50%
Future salary growth	**14.50%**	13.50%
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	**6 years**	6 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;

- For the year ended 31 December 2023	**Increase**	**Decrease**
Discount rate (1% movement) - Rupees	119,529,916	131,131,141
Future salary growth (1% movement) - Rupees	131,267,143	119,319,500
- For the year ended 31 December 2022		
Discount rate (1% movement) - Rupees	118,372,861	134,228,429
Future salary growth (1% movement) - Rupees	134,405,140	118,094,004

Maturity analysis	2023	2022
	Rupees	
Within one year	**27,167,011**	23,876,915
Two to five years	**98,827,625**	100,854,256
Six to ten years	**48,536,896**	50,704,423
More than ten years	**1,783,661,148**	1,701,889,934
Weighted average duration	5 years	6 years

9 SHORT TERM BORROWINGS	Note	2023	2022
		Rupees	
Short term borrowings from banking companies			
Working capital facilities - secured	9.1	**6,470,186,896**	10,886,157,581
Short term musharakah facilities - secured	9.2	**5,199,139,517**	4,640,388,507
		11,669,326,413	15,526,546,088

9.1 The Company has obtained working capital facilities amounting to Rs. 13.03 billion (2022: Rs. 12.73 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2024. Effective markup rates during the year on these facilities range between 17.18% to 23.71% (2022: 8.00% to 17.33%) 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. 22.88 billion (2022: Rs.17.44 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 (2022: Rs.1.21 billion).

9.2 The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 6.3 billion (2022: Rs. 5.8 billion). Effective variable markup rate during the year on these facilities ranges between 16.31% to 23.51% (2022: 8.38% to 17.28%) per annum and are secured by pari passu / ranking charge on fuel stock and energy purchase price receivables of the Company up to Rs. 9.02 billion (2022: Rs. 7.69 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company up to Rs. 0.42 billion (2022: Rs. 0.42 billion).

9.3 The Company also has Ijarah (Direct) facility amounting to Rs. 50 million (2022: 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. 2 billion (2022: Rs. 3.92 billion) are available to the Company which were fully utilized at the year end (2022: unutilized amount Rs. 1.92 billion). These facilities are secured against the ranking charge over all present and future fixed assets amounting to Rs. 6.18 billion (2022: Rs. 6.18 billion). The said guarantee is being issued in favour of Sui Northern Gas Pipeline Limited (SNGPL), a related party.

10 CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2023	2022
		Rupees	
Current portion of sub-ordinated loan	6	**730,519,567**	586,951,826
Current portion of lease liabilities	7	**6,801,757**	18,244,148
		737,321,324	605,195,974

11 MARKUP ACCRUED

Markup on short term financing	**468,098,005**	355,052,756
Markup on sub-ordinated loan	**922,460,244**	699,600,170
	1,390,558,249	1,054,652,926

12 UNCLAIMED AND UNPAID DIVIDEND

Non-resident shareholder of the Company was entitled to receive dividend amounting to Rs. 324 million (2022: Rs. 732 million) out of which Rs. 92 million (2022: Rs. 366 million) is payable at the year-end due to pending State Bank of Pakistan's ('SBP') approval for remittance outside Pakistan. During the year, Rs. 598 million has been paid to non-resident shareholder on account of dividend.

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 on 25 March 2014, 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 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. On 09 December 2017, 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 favor 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 which is pending adjudication.

13.1.3 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. On 30 June 2021, Commissioner (Appeals) remanded the case back to assessing officer and also passed an order order to reduce the tax charged on salaries by Rs. 0.25 million to the extent related thereto.

13.1.4 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 favor 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.

13.1.5 Sui Northern Gas Pipelines Limited (SNGPL) has claimed an amount of Rs. 124.52 million (2022: Rs. 114.48 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.

13.1.6 On 26 January 2023, tax department issued show cause notice to the company seeking the company's response on account of inadmissibility of input tax in relation to plant operator, insurance, banking services and security services. The company submitted the response in due time however, after multiple hearings, order was issued by Officer Inland Revenue against the Company on 24 May 2023 raising tax demand of Rs. 136 million along with default surcharge of Rs. 16 million and penalty of Rs. 7 million under Sales Tax Act, 1990. On 23 June 2023, against the said order, the Company has filed an appeal with Commissioner (Appeals) against which decision has been passed in favour of the Company subsequent to the year end on 07 March 2024.

13.2 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.

14 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
	Rupees										
Cost											
Balance at January 1, 2022	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
Additions	-	-	-	1,456,779	1,026,230	-	-	-	-	-	2,483,009
Transfers	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	(307,433)	(266,220)	-	-	-	-	-	(573,653)
Effect of exchange loss (Refer note 6.1)	-	-	208,323,050	-	-	-	-	-	-	-	208,323,050
Balance at December 31, 2022	43,890,600	2,352,888,758	15,283,370,062	12,824,765	6,947,810	6,883,198	327,553	15,931,566	626,230	511,038,581	18,234,729,123
Balance at January 1, 2023	**43,890,600**	**2,352,888,758**	**15,283,370,062**	**12,824,765**	**6,947,810**	**6,883,198**	**327,553**	**15,931,566**	**626,230**	**511,038,581**	**18,234,729,123**
Additions	-	-	-	**417,000**	**292,000**	**27,000**	-	-	-	-	**736,000**
Transfers	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	**(123,750)**	**(334,500)**	-	-	-	-	-	**(458,250)**
Effect of exchange loss (Refer note 6.1)	-	-	**195,147,385**	-	-	-	-	-	-	-	**195,147,385**
Balance at December 31, 2023	**43,890,600**	**2,352,888,758**	**15,478,517,447**	**13,118,015**	**6,905,310**	**6,910,198**	**327,553**	**15,931,566**	**626,230**	**511,038,581**	**18,430,154,258**
DEPRECIATION											
Balance at January 1, 2022	-	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
Charge for the year	-	78,574,721	539,086,825	595,946	400,153	386,851	-	-	-	-	619,044,496
Transfers	-	-	-	-	-	-	-	-	-	-	-
On disposals	-	-	-	(176,054)	(266,220)	-	-	-	-	-	(442,274)
Balance at December 31, 2022	-	1,003,220,237	5,894,253,980	10,557,922	5,784,552	5,063,846	327,553	12,745,254	626,230	-	6,932,579,574
Balance at January 1, 2023	-	**1,003,220,237**	**5,894,253,980**	**10,557,922**	**5,784,552**	**5,063,846**	**327,553**	**12,745,254**	**626,230**	-	**6,932,579,574**
Charge for the year	-	**78,574,720**	**555,176,690**	**565,990**	**604,683**	**386,380**	-	-	-	-	**635,308,463**
Transfers	-	-	-	-	-	-	-	-	-	-	-
On disposals	-	-	-	**(80,278)**	**(220,749)**	-	-	-	-	-	**(301,027)**
Balance at December 31, 2023	-	**1,081,794,957**	**6,449,430,670**	**11,043,634**	**6,168,486**	**5,450,226**	**327,553**	**12,745,254**	**626,230**	-	**7,567,587,010**
Carrying amounts											
At January 1, 2022	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
At December 31, 2022	43,890,600	1,349,668,521	9,389,116,082	2,266,843	1,163,258	1,819,352	-	3,186,312	-	511,038,581	11,302,149,549
At December 31, 2023	**43,890,600**	**1,271,093,801**	**9,029,086,777**	**2,074,381**	**736,824**	**1,459,972**	-	**3,186,312**	-	**511,038,581**	**10,862,567,248**
Rate of depreciation per annum (%)	-	3.33%	3.33% to 5.8%	10 % to 33.33%	33.33%	10%	20%	20%	10%	-	

	Note	2023	2022
		Rupees	
14.1 The depreciation charge for the year has been allocated as follows:			
Cost of sales	25	**633,751,410**	617,661,546
Administrative expenses	27	**1,557,053**	1,382,950
		635,308,463	619,044,496

14.2 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.

15 RIGHT OF USE ASSETS

	Vehicles	Building	Total
	Rupees		
COST			
Balance at January 1, 2022	37,512,785	40,417,382	77,930,167
Additions	15,443,555	-	15,443,555
Disposal / transferred	(4,718,574)	-	(4,718,574)
Balance at December 31, 2022	48,237,766	40,417,382	88,655,148
Additions	**-**	**-**	**-**
Disposal / transferred	**(4,725,134)**	**(3,946,170)**	**(8,671,304)**
Balance at December 31, 2023	**43,512,632**	**36,471,212**	**79,983,844**
DEPRECIATION			
Balance at January 01, 2022	10,593,337	22,140,756	32,734,093
Charge for the year	6,903,168	7,380,252	14,283,420
Disposal / transferred	(2,932,760)	-	(2,932,760)
Balance at December 31, 2022	14,563,745	29,521,008	44,084,753
Charge for the year	**7,242,122**	**6,792,793**	**14,034,915**
Disposal / transferred	**(1,323,037)**	**(911,423)**	**(2,234,460)**
Balance at December 31, 2023	**20,482,830**	**35,402,378**	**55,885,208**
Carrying amount			
- 31 December 2022	33,674,021	10,896,374	44,570,395
- 31 December 2023	23,029,802	1,068,834	24,098,636
Rate of depreciation per annum (%)	10% to 20%	10% to 20%	

	2023	2022
	Rupees	
16 LONG TERM LOAN - unsecured		
Saif Textile Mills Limited - an associated company	**492,300,000**	-

During the year, shareholders of the Company in their Extra Ordinary General Meeting held on 11 September 2023 approved unsecured long term loan maximum up to Rs. 1 billion in favor of Saif Textile Mills Limited, an associated company. The loan is approved for a period of 9 (nine) years including 2 (two) years grace period. The loan carries markup at the rate of 0.1% over and above the borrowing cost of the Company or KIBOR for the relevant period, which ever is higher, payable in quarterly instalments. Principal shall be repaid after end of grace period in equal quarterly instalments spread over the remaining loan period.

17	TRADE DEBTS	Note	2023	2022
			Rupees	
	Central Power Purchasing Agency-Guarantee (CPPA-G)	17.1	**9,159,264,055**	11,647,458,624

17.1 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). With reference to Report on the Power Sector issued by Government of Pakistan (GoP) on March 16, 2020 and, subsequent discussions with negotiating committee (as submitted earlier many times), an Arbitration is to be conducted through Permanent Court of Arbitration (PCA) on any extra profits earned by the IPPs. The Company has already denied and claimed that it has no extra profits in the books and the Company is confident about this statement. 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. Trade debts include unbilled receivable amount of Rs. 0.989 billion (2022: Rs. 1.336 billion) at the year end.

17.2 The Company had won the original arbitration case against Sui Northern Gas Pipelines Limited (SNGPL) on March 09, 2016 for an amount of Rs. 239.68 million as SNGPL could not supply gas to the Company from March 2011 to May 2011 and Power Purchaser deducted Company's capacity amount to that extent.

Subsequently, Company set-off that amount against payables to SNGPL.

SNGPL enforced another arbitration saying that the company could not adjust without a decree from the court. The arbitration tribunal has agreed with SNGPL in its decision dated April 22, 2022. SNGPL has filed a petition in the Lahore High Court. During the year, Civil Court Lahore issued decree on 16 October 2023 in favor of the Company. The Honourable Court, whilst making the Award a rule of Court, modified the Award to the extent that the interest awarded by the Arbitrator would not run from August 18, 2014 and the date of Award, respectively, but from the date of Honourable Court's Order date. This modification of interest date in Award made by Civil Court, Lahore is against the arbitration rules and decisions made by high courts as well as the Supreme Court of Pakistan. Subsequent to the year end, The company has challenged this modification made by the Honourable Civil Court Lahore only to the extent of interest date of award in Lahore High Court which is pending adjudication. The company is confident that ultimately the money will be retained by the Company.

17.3 Trade debts include Rs. 344.67 million (December 31, 2022: Rs. 344.67 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. Further, the Company has also obtained stay order against these deductions from Civil Court, Islamabad on October 06, 2022. On 31 January 2023, the Company has filed request for arbitration in London Court of International Arbitration. Based on the advice of legal counsel, the management is confident regarding the favourable resolution of the matter and has accordingly recognized revenue in respect of unilateral withheld amounts.

17.4 CPPA-G has incorrectly applied period weighing factors (PWF) on capacity purchase price invoices which has resulted in capacity loss of Rs. 97.48 million to the Company. This application of PWF on capacity invoices resulted in shortfall of the Company's entitled capacity which is contrary to the relevant provisions of the PPA. Based on management assessment, the management is confident regarding the favourable resolution of the matter and has accordingly recognized such shortfall of Rs. 97.48 million in the year 2022 as revenue. On 31 January 2023, the Company has filed request for arbitration in London Court of International Arbitration.

17.5 For aging of receivable from CPPA-G at the reporting date, refer to note 31.5.

18	OTHER RECEIVABLES	Note	2023	2022
			Rupees	
	WPPF receivable		113,708,264	184,955,872
	Sales tax receivable - net		529,921,980	305,818,423
	Others	18.1	34,445,764	14,873,341
			678,076,008	505,647,636

18.1 This includes Rs. 359,207 and Rs. 316,463 receivable from Saif Textile Mills Limited and Kohat Textile Mills Limited, related parties of the Company, on account of payments made on behalf of these related parties. This also includes Rs. 13.8 million receivable from Saif Textile Mills Limited, a related party, on account of interest accrued on long term loan.

19	ADVANCES - considered good	Note	2023	2022
			Rupees	
	Advances to supplier		1,439,422	488,525
	Advances to employees		483,925	1,037,248
			1,923,347	1,525,773
20	**TRADE DEPOSITS AND PREPAYMENTS**			
	Prepayments	20.1	126,404,903	86,237,192
	Security deposit		1,835,000	1,833,000
			128,239,903	88,070,192

20.1 This includes Rs. 122 million (2022: Rs. 83 million) and Rs. 4 million (2022: Rs. 3 million) on account of prepayment of insurance premium and NEPRA licensing fee respectively.

21	SHORT TERM INVESTMENTS	Note	2023	2022
			Rupees	
	T-Bill investments	21.1	27,420,043	7,242,386,646
	Term Deposit Receipts	21.2	3,928,800,000	-
			3,956,220,043	7,242,386,646

21.1 These carry interest rate of 15.75% to 21.80% (2022: 15.85% to 16.12%) per annum having maturity up to January 04, 2024.

21.2 This carry interest rate of 22.45% (2022: Nil) per annum having maturity up to January 02, 2024.

22	BANK BALANCES	Note	2023	2022
			Rupees	
	Current accounts			
	- Local currency		425,888	1,248,293
	Deposit accounts			
	- Local currency		504,147	1,957,140
	- Foreign currency	22.1	562,185	448,822
		22.2	1,066,332	2,405,962
			1,492,220	3,654,255

22.1 This represents an amount of USD 1,994 (2022: USD 1,982) in US Dollar deposit account.

22.2 These carry markup ranging from 15.03% to 21.55% (2022: 13.96% to 14.50%) per annum for Rupee denominated balances while 1% (2022: 1%) per annum for US Dollar denominated balances.

23	ASSETS CLASSIFIED AS HELD FOR SALE	Note	2023	2022
			Rupees	
	Asset classified as held for sale	23.1	**789,178,640**	789,178,640

Particulars of Investment:
Name of party: Saif Cement Limited (SCL)
Place of business: APTMA House, Tehkal Payan, Jamrud Road, Peshawar.
Ownership: 96.59%
Method of accounting: Classified as 'assets held for sale'

23.1 In year 2021, 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. 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.

During the year, sale transaction of assets of SCL has been completed and sale proceeds has been transferred to SCL's bank account. The Board of Directors of the Company has also recommended the voluntary winding up of SCL. Once liquidation is completed after approval of shareholders, proceeds from liquidation will be used to payback to the Company and other sponsors according to their investment.

24	TURNOVER - NET	Note	2023	2022
			Rupees	
	Gross Energy Purchase Price		**15,501,811,764**	21,200,277,950
	Less: sales tax		**(2,359,567,624)**	(2,940,433,163)
			13,142,244,140	18,259,844,787
	Capacity Purchase Price		**5,901,486,441**	4,609,805,014
			19,043,730,581	22,869,649,801

25	COST OF SALES	Note	2023	2022
	Raw material consumed		**12,440,723,011**	17,370,136,098
	Operation and maintenance		**2,657,429,183**	1,005,036,485
	Salaries and other benefits	25.1	**92,604,986**	81,859,900
	Electricity charges		**85,254,348**	62,240,282
	Insurance expense		**327,951,948**	229,223,002
	Depreciation	14.1	**633,751,410**	617,661,546
	Office expenses		**3,924,977**	2,485,964
	Travelling, conveyance and entertainment		**3,768,790**	2,306,034
	Repair and maintenance		**185,065**	93,659
	Communication		**103,454**	94,052
			16,245,697,172	19,371,137,022

25.1 These include Rs. 8,096,287 (2022: Rs. 5,079,137) charged in respect of staff retirement benefits - gratuity.

		2023	2022
		Rupees	
26 OTHER INCOME			
Income from financial assets			
Profit on deposit accounts		1,112,644	1,480,146
Return on investments		32,227,189	10,406,933
		33,339,833	11,887,079
Income from non financial assets			
Gain on disposal of property, plant and equipment		2,677,907	407,145
Scrap sales		342,740	295,070
		3,020,647	702,215
		36,360,480	12,589,294

27 ADMINISTRATIVE EXPENSES

		2023	2022
Salaries and other benefits	27.1	102,769,859	92,097,735
Traveling and conveyance		417,656	1,666,870
Rent, rates and taxes		2,102,768	1,543,392
Security services		19,604,335	16,163,698
Office expenses		6,938,796	5,514,466
Fees and subscriptions		16,152,127	12,373,041
Legal and professional		17,812,076	31,601,677
Repair and maintenance		12,761,451	9,540,999
Utilities		6,475,033	4,833,022
Insurance		3,536,032	3,320,713
Depreciation - property, plant and equipment	14.1	1,557,053	1,382,950
Depreciation - right of use assets	15	14,034,915	14,283,420
Auditors' remuneration	27.2	3,641,430	3,050,400
Donations	27.3	10,965,000	9,920,000
Advertisements		444,762	153,942
		219,213,293	207,446,325

27.1 These include Rs. 3,270,575 (2022: Rs. 3,604,852) charged in respect of staff retirement benefits - gratuity.

	2023	2022
	Rupees	
27.2 Auditors' remuneration		
Annual audit fee	1,319,080	1,227,050
Half yearly review fee	729,390	678,500
Consolidation	427,740	397,900
Certifications	1,028,588	619,850
Out of pocket expenses	136,633	127,100
	3,641,431	3,050,400

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

	Name of Donee	Address	Name of Director	Nature of interest in donee	2023 Rupees	2022 Rupees
a)	Akbar Kare Institute	House 6-B, Sec-3, Near Sui, Gas Office, Phase 5, Hayatabad, Peshawar.	Mrs. Hoor Yousafzai Mr. Rana Muhammad Shafi	Director Director	**8,400,000**	7,200,000
b)	Wadaan Foundation	Kulsum Plaza, 42 West, Blue Area, Islamabad	Mr. Osman Saifullah Khan Mr. Rana Muhammad Shafi	Chief Executive Officer Director	**1,665,000**	2,220,000
c)	Teach for Pakistan	House No 163, Street 70, E11, Islamabad	Mr. Osman Saifullah Khan	Director	**500,000**	500,000

28 FINANCE COST

	2023 Rupees	2022 Rupees
Markup on short term borrowings - from conventional banking	**1,141,026,973**	553,810,570
Markup on short term borrowings - from islamic mode of financing	**875,789,409**	373,387,237
Markup on sub-ordinated loan	**71,260,562**	42,120,092
Guarantee commission	**12,999,996**	12,999,996
Interest on lease liabilities	**5,453,259**	5,559,917
Bank charges	**1,921,163**	1,455,425
Loss on disposal of Pakistan Investment Bonds and Government Ijarah Sukuks	**-**	45,347,194
Exchange loss - net	**170,625,619**	318,316,360
	2,279,076,981	1,352,996,791

29 EARNINGS PER SHARE

	2023	2022
Profit for the year (Rupees)	**336,103,615**	1,950,658,957
Weighted average number of shares (Numbers)	**386,471,779**	386,471,779
Earnings per share - basic (Rupees)	**0.87**	5.05

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

30 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 24.

The Company's only customer is Central Power Purchasing Agency Guarantee Limited, a Government owned entity to which it sells electricity. The Company's overall net revenue is Rs 19,043,730,581 (2022: Rs. 22,869,649,801).

31 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

31.1 The following table shows the carrying amounts of financial assets and financial liabilities as at December 31, 2023;

		Carrying Amount		
	Note	Amortised cost	Fair value	Total
December 31, 2023		Rupees		
Financial assets	31.2			
Long term loan		492,300,000	-	492,300,000
Trade debts		9,159,264,055	-	9,159,264,055
Other receivables	31.3	148,154,028	-	148,154,028
Advances to employees		483,925	-	483,925
Security deposits		1,835,000	-	1,835,000
Bank balances		1,492,220	-	1,492,220
Short term investments		3,956,220,043	-	3,956,220,043
Total		13,759,749,271	-	13,759,749,271

	Note	Carrying Amount		
		Amortised cost	Fair value	Total
		Rupees		
Financial liabilities	31.2			
Sub-ordinated loan		**730,519,567**	**-**	**730,519,567**
Lease liabilities		**9,436,235**	**-**	**9,436,235**
Trade and other payables	31.4	**393,143,020**	**-**	**393,143,020**
Short term borrowings		**11,669,326,413**	**-**	**11,669,326,413**
Markup accrued		**1,390,558,249**	**-**	**1,390,558,249**
Unclaimed and unpaid dividend		**118,163,748**	**-**	**118,163,748**
Total		**14,311,147,232**	**-**	**14,311,147,232**
December 31, 2022				
Financial assets not measured at fair value	31.2			
Long term loan		-	-	-
Trade debts		11,647,458,624	-	11,647,458,624
Other receivables		199,829,213	-	199,829,213
Advances to employees		1,037,248	-	1,037,248
Security deposits		1,833,000	-	1,833,000
Bank balances		3,654,255	-	3,654,255
Short term investments		7,242,386,646	-	7,242,386,646
Total		19,096,198,986	-	19,096,198,986
Financial liabilities not measured at fair value	31.2			
Sub-ordinated loan		847,818,615	-	847,818,615
Lease liabilities		39,337,369	-	39,337,369
Trade and other payables	31.4	207,726,318	-	207,726,318
Short term borrowings		15,526,546,088	-	15,526,546,088
Markup accrued		1,054,652,926	-	1,054,652,926
Unclaimed and unpaid dividend		388,752,232	-	388,752,232
Total		18,064,833,548	-	18,064,833,548

31.2 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.

31.3 This excludes sales tax receivable.

31.4 This excludes withholding tax payable and WPPF 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.

31.5 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	2023	2022
		Rupees	
Long term loan	16	492,300,000	-
Trade debts	17	9,159,264,055	11,647,458,624
Other receivables	18	148,154,028	199,829,213
Advances to employees	19	483,925	1,037,248
Security deposits	20	1,835,000	1,833,000
Short term investments	21	3,956,220,043	7,242,386,646
Bank balances	22	1,492,220	3,654,255
		13,759,749,271	19,096,198,986

Credit risk is minimum as the bank accounts are maintained with reputable banks having good credit ratings. Further, as disclosed in note 17 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 2.5.1 and 3.9 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 debtor to fail to meet its 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	2023	2022
	Rupees	
Counterparties without external credit ratings	9,159,264,055	11,647,458,624

Impairment losses

The aging of trade debts at the reporting date was:

	2023		2022	
	Gross	Impairment	Gross	Impairment
	Rupees			
Not past due	1,764,730,961	-	1,542,868,354	-
Past due 0 - 60 days	1,242,667,845	-	1,052,310,144	-
Past due 61 - 120 days	2,831,143,177	-	5,479,238,976	-
Past due 121 - 180 days	3,320,722,072	-	3,573,041,150	-
181 days and above	-	-	-	-
	9,159,264,055	-	11,647,458,624	-

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.

	2023	2022
Security deposits	Rupees	
Counterparties without external credit ratings	1,835,000	1,833,000
Other receivables		
Counterparties without external credit ratings	148,154,028	199,829,213
Long term loan		
Saif Textile Mills Limited - external credit ratings - (A-)	492,300,000	-
Advances to employees		
Counterparties without external credit ratings	483,925	1,037,248

Bank balances and short term investment

The Company held cash at bank and short term investments amounting to Rs. 3,951,712,263 as at December 31, 2023 (December 31, 2022: Rs. 7,246,040,901). Cash at bank and short term investment is held with banks and financial institution counter parties, which are rated A1+ (2022: AA+) and A1+ respectively based on JCR-VIS and PACRA ratings.

31.6 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		
2023					
Sub-ordinated loan	**730,519,567**	**730,519,567**	**730,519,567**	**-**	**-**
Lease liabilities	**9,436,235**	**21,588,118**	**9,471,188**	**12,116,930**	**-**
Trade and other payables	**393,143,020**	**393,143,020**	**393,143,020**	**-**	**-**
Short term borrowing	**11,669,326,413**	**11,669,326,413**	**11,669,326,413**	**-**	**-**
Markup accrued	**1,390,558,249**	**1,390,558,249**	**1,390,558,249**	**-**	**-**
Unclaimed and unpaid dividend	**118,163,748**	**118,163,748**	**118,163,748**	**-**	**-**
	14,311,147,232	**14,323,299,115**	**14,311,182,185**	**12,116,930**	**-**
2022					
Sub-ordinated loan	847,818,615	869,317,345	603,206,412	266,110,933	-
Lease liabilities	39,337,369	50,380,994	23,176,485	25,974,101	1,230,408
Trade and other payables	207,726,318	207,726,318	207,726,318	-	-
Short term borrowing	15,526,546,088	15,526,546,088	15,526,546,088	-	-
Markup accrued	1,054,652,926	1,054,652,926	1,054,652,926	-	-
Unclaimed and unpaid dividend	388,752,232	388,752,232	388,752,232	-	-
	18,064,833,548	18,097,375,903	17,804,060,461	292,085,034	1,230,408

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.

31.7 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.

31.8 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:

	2023	2022	2023	2022
	Rupees		USD	
Sub-ordinated loan	**730,519,567**	847,818,615	**2,586,826**	3,736,530
Accrued markup on sub-ordinated loan	**922,460,244**	699,600,170	**3,266,502**	3,083,297
Trade and other payables	**196,391,974**	104,407,808	**695,439**	460,149
Bank balances	**(562,185)**	(448,822)	**(1,994)**	(1,982)
	1,848,809,600	1,651,377,771	**6,546,773**	7,277,994

The following significant exchange rates have been applied:

	Average Rate		Reporting Date Rate	
	2023	2022	2023	2022
US Dollars	**280.35**	204.90	**282.40**	226.90

Foreign Currency Sensitivity Analysis

A 5% strengthening of the functional currency against USD at December 31, 2023 would have increased profit by Rs. 55.91 million (2022: Rs. 40.18 million). A 5% weakening of the functional currency against USD at December 31, 2023 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. These loans have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) . 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:

	2023	2022
	Rupees	
Fixed rate instruments		
Financial assets	**3,957,286,375**	7,244,792,608
Variable rate instruments		
Financial assets	**7,886,833,094**	10,104,590,270
Financial liabilities	**(12,416,083,972)**	(16,413,702,072)

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. 45.29) million (2022: Rs. 63.09 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 2022.

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.

31.9 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.

32 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

32.1 No remuneration has been paid to the directors of the Company, except for meeting fee.

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

	2023	2022
	Rupees	
	Chief executive officer	
Managerial remuneration - Gross	37,008,960	32,963,520
Staff retirement benefit	4,995,160	3,170,825
Bonus	6,168,160	5,493,920
Other reimbursable expenses	371,614	312,449
	48,543,894	41,940,714
Number of persons	1	1
	Executives	
Managerial remuneration - Gross	98,238,344	82,621,944
Staff retirement benefit	4,800,718	4,056,643
Bonus	12,219,764	9,770,324
Other reimbursable expenses	5,200,537	3,560,521
	120,459,363	100,009,432
Number of persons including those who worked part of the year	13	9

32.3 Executive means any employee whose basic salary exceeds Rs. 1,200,000 (2022: Rs. 1,200,000) per year.

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

33 RELATED PARTY TRANSACTIONS

Related parties comprise of Saif Holdings 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, 6, 11 and 12 to the financial statements. Transactions and balances with related parties other than those disclosed in note 8, 16, 18, 23 and 27.3 to these financial statements are as follows:

	2023	2022
	Rupees	
Dividend paid during the period:		
- Saif Holdings Limited, an associated company	470,331,346	1,343,584,675
- Saif Textile Mills Limited, an associated company	529	1,200
- Directors of the Company	235,009,847	419,037,746
- Other related parties of the Company	347,494,035	615,188,888
Meeting Fees paid during the period:		
- Directors of the Company	1,075,000	1,200,000
Payment against procurement of supplies:		
- Sui Northern Gas Pipelines Limited	83,469,188	-
Procurement of supplies:		
- Sui Northern Gas Pipelines Limited	553,940	-
Remunerations paid during the period:		
- Key management personnel of the Company	87,399,172	80,038,182
Other transaction:		
- Remuneration and reimbursable expenses	28,381,114	24,000,000
- Contribution paid to Saif Power Limited - Staff Gratuity Fund	6,805,257	12,654,746

33.1 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, medical facility and health insurance coverage as per the Company's policy.

33.2 The related parties with whom the company has entered into transactions or had arrangements / agreements in place during the year have been disclosed below along with their basis of relationship:

Name of Related Party / Associated Company	Nature of Relationship	Aggregate % of shareholding in the Company
Saif Holdings Limited	Common Directorship	23.01%
Saif Textile Mills Limited	Common Directorship	0.000026%
Kohat Textile Mills Limited	Common Directorship	Nil
Sui Northern Gas Pipelines Limited	Common Directorship	Nil
Orastar Limited (Refer note 2.4(i))	Investor	17.08%
Wadaan Foundation	Common Directorship	Nil
Akbar Kare Institute	Common Directorship	Nil
Teach for Pakistan	Common Directorship	Nil
Directors of the Company	Directors	11.50%
Other related parties	Relatives of Directors	17.00%
Key management personnel	Key management personnel	Nil
Saif Power Limited - Staff Gratuity Fund	Post employment benefit	Nil

33.3 Transactions with related parties have been carried out on mutually agreed terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

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

	Liabilities			Equity		
	Sub-ordinated loan	Short term borrowings	Lease liabilities	Share Capital	Un appropriated profit - revenue reserve	Total
	Rupees					
Balance at January 01, 2023	847,818,615	15,526,546,088	39,337,369	3,864,717,790	388,752,232	20,667,172,094
Changes from financing cash flows						
Proceeds from short-term borrowings - net	-	(3,857,219,675)	-	-	-	(3,857,219,675)
Repayments of long term financing	(312,446,433)	-	-	-	-	(312,446,433)
Lease liabilities paid	-	-	(17,573,875)	-	-	(17,573,875)
Dividend declared	-	-	-	-	2,044,435,713	2,044,435,713
Dividend paid	-	-	-	-	(2,315,024,197)	(2,315,024,197)
Total changes from financing cash flows	(312,446,433)	(3,857,219,675)	(17,573,875)	-	(270,588,484)	(4,457,828,467)
Effect of changes in foreign exchange rates	195,147,385	-	-	-	-	195,147,385
Other changes						
Liability related						
Lease of new vehicles	-	-	-	-	-	-
Disposal of leased vehicles	-	-	(5,525,502)	-	-	(5,525,502)
Total liability related other changes	-	-	(5,525,502)	-	-	(5,525,502)
Balance at December 31, 2023	**730,519,567**	**11,669,326,413**	**16,237,992**	**3,864,717,790**	**118,163,748**	**16,398,965,510**
Balance at January 01, 2022	869,505,348	7,667,592,574	47,234,759	3,864,717,790	15,916,869	12,464,967,340
Changes from financing cash flows						
Proceeds from short-term borrowings - net	-	7,858,953,514	-	-	-	7,858,953,514
Repayments of long term financing	(230,009,783)	-	-	-	-	(230,009,783)
Lease liabilities paid	-	-	(21,319,863)	-	-	(21,319,863)
Dividend declared	-	-	-	-	4,637,661,349	4,637,661,349
Dividend paid	-	-	-	-	(4,264,825,986)	(4,264,825,986)
Total changes from financing cash flows	(230,009,783)	7,858,953,514	(21,319,863)	-	372,835,363	7,980,459,231
Effect of changes in foreign exchange rates	208,323,050	-	-	-	-	208,323,050
Other changes						
Liability related						
Lease of new vehicles	-	-	14,064,573	-	-	14,064,573
Disposal of leased vehicles	-	-	(642,100)	-	-	(642,100)
Total liability related other changes	-	-	13,422,473	-	-	13,422,473
Balance at December 31, 2022	847,818,615	15,526,546,088	39,337,369	3,864,717,790	388,752,232	20,667,172,094

35 DISCLOSURE REQUIREMENT FOR SHARIAH COMPLIANT COMPANIES

As per the requirements of the fourth schedule to the Companies Act 2017, shariah compliant companies and companies listed on the Islamic Index shall disclose the following:

	2023	2022
	Rupees	
Short term running finance facilites - as per islamic mode	5,199,139,517	4,640,388,507
Finance cost on islamic mode of financing	875,789,409	373,387,237

For profit earned and finance cost on conventional loans, refer to note - 26 and 28

The Company maintains bank accounts with Meezan Bank Limited, Faysal Bank Limited, Dubai Islamic Bank Limited, Bank Islami Pakistan Limited and Bank Alfalah (Islamic) Limited.

	Note	2023	2022
		Rupees	
36 CASH AND CASH EQUIVALENTS			
Bank balances	22	1,492,220	3,654,255
Short term investments	21	3,956,220,043	7,242,386,646
		3,957,712,263	7,246,040,901

37 NUMBER OF EMPLOYEES

	2023	2022
At year end - number	40	42
Average during the year - number	41	42

38 CAPACITY AND PRODUCTION

	2023	2022
Installed capacity based on hours 8,760 (2022: 8,760) – Megawatt hours	1,788,663	1,786,223
Actual energy delivered – Megawatt hours	440,208	616,697

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

39 NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of directors of the Company, in its Board meeting held on March 28, 2024 has approved final cash dividend of Rs. 1.50 per share.

40 DATE OF APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors in their meeting held on March 28, 2024.

Chief Financial Officer | Chief Executive Officer | Director

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Grant Thornton

INDEPENDENT AUDITORS' REPORT
To the Members of Saif Power Limited

Opinion

We have audited the annexed consolidated financial statements of Saif Power Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, 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 material accounting policy information 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 December 31, 2023, 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 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 this matter.

Following are the key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue Recognition** *(Refer to note 24 to the consolidated financial statements)* The Group has generated net revenue from sale of electricity to Central Power Purchasing Agency- Guarantee (CPPA-G) amounting to Rs. 19.043 billion for the year ended December 31, 2023. We considered revenue recognition as a key audit matter due to existence of presumed risk of fraud in revenue recognition and revenue being one of the key performance indicator of Group.	Our audit procedures in relation to the matter, amongst others included the following: • Obtained an understanding of business processes related to revenue recognition and understanding of relevant internal controls over the Group's system which governs revenue recognition; • Evaluated the appropriateness of Group's accounting policies related to revenue in accordance with applicable accounting standards; • Tested revenue recorded during the year with underlying supporting documents i.e. invoices, agreements, tariff notifications and acknowledgements;

Sr No.	Key audit matters	How the matters were addressed in our audit
		• Performed cut off procedures to ensure revenue has been recorded in the correct accounting period; and • Assessed the adequacy of related disclosures in the financial statements in accordance with applicable accounting and reporting standards and Companies Act, 2017 (XIX of 2017).
2.	**Loan to related party** *(Refer to note 16 to the consolidated financial statements)* The Group has granted loan to a related party during the year having an outstanding balance of Rs. 492 million as at December 31, 2023. We considered it as a key audit matter because of significant amount of loan, inherent risk in transactions with related parties and involvement of estimates in the assessment of recoverability of amount.	Our audit procedures in relation to the matter, amongst others included the following: • Obtained and reviewed loan agreement between the companies to understand the terms and conditions including interest rate, repayment terms; • Checked minutes of board of directors' meetings and shareholders' meetings for approval of terms and conditions; • Checked the accuracy of interest computation as per terms of agreement; • Evaluated the judgments made and assumptions used by management when assessing the need for possible impairment; • Obtained confirmation directly from related party about the loan balance and reconciled the confirmed balances to the accounting records; and • Assessed the adequacy of related disclosures in the financial statements in accordance with applicable accounting and reporting standards and Companies Act, 2017 (XIX of 2017).

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

Management is responsible for the other information. Other information comprises the information included in the annual report, but does not include the financial statements and consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of 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 accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 (XIX of 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditor's 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 auditor's 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Islamabad
Date: March 29, 2024
UDIN: AR202310209vZq65kHRV

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2023

	Note	2023	2022
		Rupees	
Share capital and reserves			
Share capital	4	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		8,539,475,369	9,199,811,049
Maintenance reserve	5	213,728,363	1,001,140,025
Equity attributable to the owners of the Company		12,617,921,522	14,065,668,864
Non controlling interest		46,099,525	36,608,196
Total equity		12,664,021,047	14,102,277,060
Liabilities			
Subordinated loan	6	-	260,866,789
Lease liabilities	7	9,436,235	21,093,221
Non-current liabilities		9,436,235	281,960,010
Trade and other payables	8	411,968,780	308,712,514
Short term borrowings	9	11,669,326,413	15,526,546,088
Current portion of non-current liabilities	10	737,321,324	605,195,974
Markup accrued	11	1,390,558,249	1,054,652,926
Unclaimed and unpaid dividend	12	118,163,748	388,752,232
		14,327,338,514	17,883,859,734
Liabilities directly associated with the asset held for sale	13	92,702,974	91,711,296
Current liabilities		14,420,041,488	17,975,571,030
Total liabilities		14,429,477,723	18,257,531,040
Total equity and liabilities		27,093,498,770	32,359,808,100
Contingencies and commitments	14		
Assets			
Property, plant and equipment	15	10,862,567,248	11,302,149,549
Right of use assets	16	24,098,636	44,570,395
Long term loan	17	492,300,000	-
Non-current assets		11,378,965,884	11,346,719,944
Stock in trade - HSD		399,899,817	400,211,550
Trade debts	18	9,159,264,055	11,647,458,624
Other receivables	19	678,076,008	505,647,636
Advances	20	1,923,347	1,525,773
Advance income tax		9,771,832	8,072,924
Trade deposits and prepayments	21	128,239,903	88,070,192
Short term investments	22	3,956,220,043	7,242,386,646
Bank balances	23	1,492,220	3,654,255
		14,334,887,225	19,897,027,600
Assets held for sale	13	1,379,645,661	1,116,060,556
Current assets		15,714,532,886	21,013,088,156
Total assets		27,093,498,770	32,359,808,100

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended December 31, 2023

	Note	2023	2022
		Rupees	
Continuing operations			
Turnover - net	24	**19,043,730,581**	22,869,649,801
Cost of sales	25	**(16,245,697,172)**	(19,371,137,022)
Gross profit		**2,798,033,409**	3,498,512,779
Other income	26	**36,360,480**	12,589,294
Administrative expenses	27	**(219,213,293)**	(207,446,325)
Finance cost	28	**(2,279,076,981)**	(1,352,996,791)
Profit for the year - from continuing operations		**336,103,615**	1,950,658,957
Discontinued operations			
Profit for the year - from discontinued operations		**262,593,427**	217,059,577
Profit for the year		**598,697,042**	2,167,718,534
Profit attributable to:			
Profit from continuing operations			
- Owners of the Company		**336,103,615**	1,950,658,957
Profit from discontinued operations			
- Owners of the Company		**253,102,098**	209,214,050
- Non-controlling interest		**9,491,329**	7,845,527
		262,593,427	217,059,577
		598,697,042	2,167,718,534
Earnings per share - basic and diluted			
- continuing operations		**0.87**	5.05
- discontinuing operations		**0.65**	0.54
	29	**1.52**	5.59

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2023

	Note	2023	2022
		Rupees	
Profit for the year		**598,697,042**	1,950,658,957
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability	8.3.1 & 8.3.2	**7,482,658**	1,878,732
Total comprehensive income for the year		**606,179,700**	1,952,537,689
Total comprehensive income / (loss) attributable to:			
- Owners of the Company		**596,688,371**	2,161,751,739
- Non-controlling interests		**9,491,329**	7,845,527
		606,179,700	2,169,597,266
Total comprehensive income / (loss) arises from:			
- Continued operations		**343,586,273**	1,952,537,689
- Discontinued operations		**262,593,427**	217,059,577
		606,179,700	2,169,597,266

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	Note	2023	2022
		Rupees	
Cash flows from operating activities			
Profit for the year		**336,103,615**	1,950,658,957
Adjustments for non-cash income and expenses:			
Provision for staff retirement benefits - gratuity	8.3.2	**11,366,862**	8,683,989
Depreciation - property, plant and equipment	15.1	**635,308,463**	619,044,496
Depreciation - right of use assets	16	**11,800,455**	14,283,420
Finance cost	28	**2,279,076,981**	1,352,996,791
Gain on disposal of property, plant and equipment	26	**(2,677,907)**	(407,145)
Profit on deposit accounts	26	**(1,112,644)**	(1,480,146)
Return on investments	26	**(32,227,189)**	(10,406,933)
		3,237,638,636	3,933,373,429
Changes in working capital:			
Stock in trade		**311,733**	(154,118,761)
Trade debts	18	**2,488,194,569**	1,008,735,846
Other receivable	19	**(172,428,372)**	(41,134,783)
Advances	20	**(397,574)**	3,438,583
Trade deposits and prepayments	21	**(40,169,711)**	(20,700,064)
Trade and other payables	8	**106,177,318**	(844,439,505)
Discontinued operations	13	**(62,570,849)**	(16,811,034)
Cash generated from operations		**5,556,755,750**	3,868,343,711
Income taxes paid		**(1,698,908)**	(771,819)
Finance cost paid		**(1,943,755,672)**	(998,346,685)
Payment to staff retirement fund	8.3.2	**(6,805,257)**	(11,730,747)
Net cash from operating activities		**3,604,495,913**	2,857,494,460
Cash flows from investing activities			
Acquisition of property, plant and equipment	15	**(736,000)**	(2,483,009)
Acquisition of right of use assets		**-**	(1,392,268)
Change in long term deposits		**-**	3,103,150
Proceeds from sale of property, plant and equipment		**6,501,945**	538,524
Long term loan	17	**(492,300,000)**	-
Insurance claim received		**63,000**	233,000
Profit on deposit accounts	26	**1,112,644**	1,480,146
Return on investments - receipt	26	**32,227,189**	10,406,933
Discontinued operations		**748,652,728**	636,071,300
Net cash generated from investing activities		**295,521,506**	647,957,776
Cash flows from financing activities			
Repayment of long term financing	6	**(312,446,433)**	(230,009,783)
Dividend paid		**(2,315,024,197)**	(4,264,825,986)
Short term borrowings - net	9	**(3,857,219,675)**	7,858,953,514
Lease liabilities paid		**(17,573,875)**	(21,319,863)
Discontinued operations		**(55,439,483)**	30,664,800
Net cash (used in) / generated from financing activities		**(6,557,703,663)**	3,373,462,682
Net increase in cash and cash equivalents		**(2,657,686,244)**	6,878,914,918
Cash and cash equivalents at beginning of the year		**7,908,335,920**	1,029,421,002
Cash and cash equivalents at end of the year	36	**5,250,649,676**	7,908,335,920

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

	Share capital	Unappropriated profit - revenue reserve	Maintenance reserve	Non-Controlling interest	Total equity
			Rupees		
Balance as at January 1, 2022	3,864,717,790	12,676,860,684	-	28,762,669	16,570,341,143
Profit for the year	-	2,159,873,007	-	7,845,527	2,167,718,534
Other comprehensive income for the year	-	1,878,732	-	-	1,878,732
Total comprehensive income for the year	-	2,161,751,739	-	7,845,527	2,169,597,266
Transfer from unappropriated profit to maintenance reserve	-	(1,001,140,025)	1,001,140,025	-	-
Transaction with owners of the Company					
Distributions					
2nd interim dividend - 2021 @ Rs. 5 per share	-	(1,932,358,895)	-	-	(1,932,358,895)
Final dividend - 2021 @ Rs. 1 per share	-	(386,471,779)	-	-	(386,471,779)
1st interim dividend - 2022 @ Rs. 4.5 per share	-	(1,739,123,006)	-	-	(1,739,123,006)
2nd interim dividend - 2022 @ Rs. 1.5 per share	-	(579,707,669)	-	-	(579,707,669)
Total distributions	-	(4,637,661,349)	-	-	(4,637,661,349)
Balance as at December 31, 2022	3,864,717,790	9,199,811,049	1,001,140,025	36,608,196	14,102,277,060
Balance as at January 1, 2023	**3,864,717,790**	**9,199,811,049**	**1,001,140,025**	**36,608,196**	**14,102,277,060**
Profit for the year	**-**	**589,205,713**	**-**	**9,491,329**	**598,697,042**
Other comprehensive income for the year	**-**	**7,482,658**	**-**	**-**	**7,482,658**
Total comprehensive income for the year	**-**	**596,688,371**	**-**	**9,491,329**	**606,179,700**
Transaction with owners of the Company					
Distributions					
Final dividend - 2022 @ Rs. 2.50 per share	**-**	**(966,179,448)**	**-**	**-**	**(966,179,448)**
1st interim dividend - 2023 @ Rs. 1.29 per share	**-**	**(498,548,595)**	**-**	**-**	**(498,548,595)**
2nd interim dividend - 2023 @ Rs. 1.50 per share	**-**	**(579,707,670)**	**-**	**-**	**(579,707,670)**
	-	**(2,044,435,713)**	**-**	**-**	**(2,044,435,713)**
Transfer from unappropriated profit to maintenance reserve	**-**	**(493,939,034)**	**493,939,034**	**-**	**-**
Transfer to unappropriated profit from maintenance reserve	**-**	**1,281,350,696**	**(1,281,350,696)**	**-**	**-**
	-	**787,411,662**	**(787,411,662)**	**-**	**-**
Balance as at December 31, 2023	**3,864,717,790**	**8,539,475,369**	**213,728,363**	**46,099,525**	**12,664,021,047**

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

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 CPPA-G as Power Purchaser. Saif Holdings Limited, major share holder of the Company, holds 23.01% shareholding 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 (2021: 96.39%) in the 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-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.

- 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;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and

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

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

2.2 Basis of measurement and preparation

These consolidated financial statements have been prepared under the historical cost convention except for 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 2021 , 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. As of today, the SCL is in the process of being sold. 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 Subsidiary

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 13 to the consolidated financial statements.

2.3.3 Non-controlling interest

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 Pak Rupee (Rs.), which is the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest of Rupee, 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 affected. 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 are discussed in ensuing paragraphs:

(a) Property, plant and equipment

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

(b) 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 31 December 2024. 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 Group 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 Group 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.

(f) Provision for inventory obsolescence

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

(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 Group exercises judgements when determining the lease term of contract with renewal and termination options. The Group 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 Group 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 Group 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 Group'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 33 irrespective of the absence of significant influence and the fact that the companies are not associated under the 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 1177 (I)/2021 dated September 13, 2021 had 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. During the year, SECP through S.R.O 67(I)/2023, has further extended the exemption till 31 December 2024.

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 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:

	2023	2022
	Rupees	
Decrease in unappropriated profit at January 01	(2,412,584,279)	(2,314,971,461)
Increase / (decrease) in profit for the year	603,528,493	(97,612,818)
Decrease in unappropriated profit at December 31	(1,809,055,786)	(2,412,584,279)

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 MATERIAL ACCOUNTING POLICIES

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

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 15, 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 Group operates a funded gratuity scheme covering all permanent employees completing the minimum qualifying period of service, for which liability is recognised in the Group’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 Group as at December 31, 2023. The details of actuarial valuation are given in note 8.3 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.

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 Pak Rupees 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.

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. 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 Group'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 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 Group 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 2.6.1. For financial assets that are subject to ECL, the Group uses general 3-stage approach 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 loan;
- 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).

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 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 includes 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.

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

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 16.

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'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.

Payment associated with short-term and low value leases are recognised on straight line basis and charged to profit or loss from the period.

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 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 Initial application of standards, amendments or interpretations to exisitng accounting and reporting standards

3.20.1 Amendments to existing accounting and reporting standards that become effective during the year

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments provide guidance and examples to help the companies apply materiality judgements to accounting policy disclosures. The amendments aim to help the companies provide accounting policy disclosure that are more useful by replacing the requirement for the companies to disclose their significant accounting policies with a requirement to disclose their material accounting policies and adding guidance on how the companies apply the concept of materially in making decisions about accounting policy decisions.

The amendment has had an impact on the Company's disclosure of accounting policies but not on the measurement and recognition or presentation of any item in the Company's financial statements.

There are certain other amendments to existing accounting and reporting standards that are applicable for the financial year beginning on January 1, 2023 but do not have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

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

The following amendments and interpretations to International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after 1 January 2024 thus having no effect on the financial statements for the year ended December 31, 2023:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified 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's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

◆ Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

◆ Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

◆ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend 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.

◆ Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

	2023	2022
4 SHARE CAPITAL	Rupees	
4.1 Authorised share capital		
405,000,000 (2022: 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 (2022: 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 88,909,517 i.e., 23.01% (December 31, 2022: 88,909,517 i.e., 23.01%) ordinary shares of Rs.10 each at the reporting date. Further, 44,425,774 (December 31, 2022: 44,384,774) and 65,698,880 (December 31, 2022: 65,694,980) ordinary shares of Rs. 10 each are held by directors and related parties respectively. Orastar Limited holds 66,022,504 (December 31, 2022: 66,022,504) ordinary shares of the Company.

4.4 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

5 MAINTENANCE RESERVE

Overhauls of the complex are at certain intervals based on Factored Fired Hours (operating hours) as per terms and details of the O&M Agreement. The amount of such overhauls has been calculated on the basis of operating hours as in the above sentence and such amount has been appropriated to Maintenance Reserve through statement of changes in equity. After completion of specific operating hours, the amount will be transferred from maintenance reserve and the same amount will be charged to cost of sales. During the year, Rs. 1.28 billion has been charged to cost of sales after completion of specific operating hours.

	Note	2023	2022
6 SUBORDINATED LOAN - UNSECURED		Rupees	
Balance at January 01		**847,818,615**	869,505,348
Exchange loss capitalised	6.1	**195,147,385**	208,323,050
Repayment during the year		**(312,446,433)**	(230,009,783)
	6.2	**730,519,567**	847,818,615
Current portion of subordinated loan		**(730,519,567)**	(586,951,826)
Balance at December 31		**-**	260,866,789

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

6.2 This represents remaining balance of US $ 2,586,829 (2022: US $ 3,736,529) 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.

7 LEASE LIABILITIES

	2023	2022
	Rupees	
Lease liabilities	16,237,992	39,337,369
Less: current portion	(6,801,757)	(18,244,148)
Non current portion	9,436,235	21,093,221

Movement of lease liabilities under IFRS 16 is as follows:

	Vehicles	Building	Total
	------------------ Rupees ------------------		
Balance at January 01, 2022	25,439,346	21,795,413	47,234,759
Addition during the year	14,064,573	-	14,064,573
Adjustment / disposal during the year	(642,100)	-	(642,100)
Interest	4,269,775	1,290,142	5,559,917
Payments during the year	(16,449,404)	(10,430,376)	(26,879,780)
Balance at December 31, 2022	26,682,190	12,655,179	39,337,369
Addition during the year	-	-	-
Adjustment / disposal during the year	(3,051,093)	(2,474,409)	(5,525,502)
Interest	4,991,502	461,757	5,453,259
Payments during the year	(12,384,607)	(10,642,527)	(23,027,134)
Balance at December 31, 2023	16,237,992	-	16,237,992

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

	Note	2023	2022
		Rupees	
Less than one year		9,471,188	23,176,485
One to two years		7,515,939	10,589,313
Two to three years		3,732,649	8,970,950
Three to four years		868,342	5,019,411
Four to five years		-	1,394,427
More than five years		-	1,230,408
		21,588,118	50,380,994
Amounts recognized in profit and loss			
Short term leases		1,000,991	478,509

8 TRADE AND OTHER PAYABLES

	Note	2023	2022
Creditors	8.1	329,186,478	153,744,021
Accrued liabilities		51,245,422	40,263,185
Withholding tax payable		2,020,579	3,453,248
Workers' Profit Participation Fund (WPPF) payable	8.2	16,805,181	97,532,948
Payable to Saif Power Limited - Staff Gratuity Fund	8.3	3,884,204	6,805,257
Other payables		8,826,916	6,913,855
		411,968,780	308,712,514

8.1 This includes Rs. 9 million (2022: Nil) payable to Sui Northern Gas Pipelines Limited (SNGPL), a related party, on account of procurement of supplies.

8.2 This represent 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	2023	2022
			Rupees	
8.3	**Payable to Saif Power Limited - Staff gratuity fund**			
	The amount recognised in the statement of financial position is as follows:			
	Present value of defined benefit obligation	8.3.1	125,147,685	125,706,008
	Less: Fair value of plan assets	8.3.2	(121,263,481)	(118,900,751)
	Net defined benefit liability		3,884,204	6,805,257

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

	2023	2022
Balance at January 01	125,706,008	106,898,493
Included in profit or loss		
Current service cost	10,890,878	9,941,570
Past service cost (credit)	-	(2,001,047)
Interest cost	15,967,984	12,432,311
	26,858,862	20,372,834
Included in other comprehensive income		
Remeasurement loss:		
Actuarial loss	3,506,815	617,865
Others		
Benefits paid	(30,924,000)	(2,183,184)
Balance at December 31	125,147,685	125,706,008

8.3.2 The movement in fair value of plan assets is as follows:

	2023	2022
Balance at January 01	118,900,751	94,243,747
Included in profit or loss		
Interest income	15,492,000	11,688,845
Included in other comprehensive income		
Return on plan assets excluding interest income	10,989,473	2,496,597
Others		
Contribution to gratuity fund	6,805,257	12,654,746
Benefits paid	(30,924,000)	(2,183,184)
Balance at December 31	121,263,481	118,900,751

Breakup of plan assets is as follows:

	2023	2022
Cash at bank	1,094,513	22,028
Cash balance in CDC account	3,343	2,595
Treasury Bills	105,118,283	103,837,806
Term Finance Certificates	15,047,342	15,038,322
	121,263,481	118,900,751

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

	2023	2022
Opening liability	6,805,257	12,654,746
Expense for the year	11,366,862	8,683,989
Remeasurement gain recognized in other comprehensive income during the year	(7,482,658)	(1,878,732)
Payments to the fund during the year	(6,805,257)	(12,654,746)
Closing liability	3,884,204	6,805,257

Allocation of gratuity expense is as follows:

	Note	2023	2022
Cost of sales	25.1	8,096,287	5,079,137
Administrative expenses	27.1	3,270,575	3,604,852
		11,366,862	8,683,989

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, 2023 using projected unit credit method. Expected gratuity expense for the next financial year is Rs. 11,217,336. 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	2023	2022
Discount rate used for interest cost	**14.50%**	11.75%
Discount rate used for year end obligation	**15.50%**	14.50%
Future salary growth	**14.50%**	13.50%
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	**6 years**	6 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;

- For the year ended 31 December 2023	Increase	Decrease
Discount rate (1% movement) - Rupees	119,529,916	131,131,141
Future salary growth (1% movement) - Rupees	131,267,143	119,319,500

- For the year ended 31 December 2022		
Discount rate (1% movement) - Rupees	118,372,861	134,228,429
Future salary growth (1% movement) - Rupees	134,405,140	118,094,004

Maturity analysis	2023	2022
	Rupees	
Within one year	**27,167,011**	23,876,915
Two to five years	**98,827,625**	100,854,256
Six to ten years	**48,536,896**	50,704,423
More than ten years	**1,783,661,148**	1,701,889,934
Weighted average duration	5 years	6 years

9 SHORT TERM BORROWINGS

	Note	2023	2022
		Rupees	
Short term borrowings from banking companies			
Working capital facilities - secured	9.1	**6,470,186,896**	10,886,157,581
Short term musharakah facilities - secured	9.2	**5,199,139,517**	4,640,388,507
		11,669,326,413	15,526,546,088

9.1 The Company has obtained working capital facilities amounting to Rs. 13.03 billion (2022: Rs. 12.73 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2024. Effective markup rates during the year on these facilities range between 17.18% to 23.71% (2022: 8.00% to 17.33%) 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. 22.88 billion (2022: Rs.17.44 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 (2022: Rs.1.21 billion).

9.2 The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 6.3 billion (2022: Rs. 5.8 billion). Effective variable markup rate during the year on these facilities ranges between 16.31% to 23.51% (2022: 8.38% to 17.28%) per annum and are secured by pari passu / ranking charge on fuel stock and energy purchase price receivables of the Company up to Rs. 9.02 billion (2022: Rs. 7.69 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company up to Rs. 0.42 billion (2022: Rs. 0.42 billion).

9.3 The Company also has Ijarah (Direct) facility amounting to Rs. 50 million (2022: 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. 2 billion (2022: Rs. 3.92 billion) are available to the Company which were fully utilized at the year end (2022: unutilized amount Rs. 1.92 billion). These facilities are secured against the ranking charge over all present and future fixed assets amounting to Rs. 6.18 billion (2022: Rs. 6.18 billion). The said guarantee is being issued in favour of Sui Northern Gas Pipeline Limited (SNGPL), a related party.

10 CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2023	2022
		Rupees	
Current portion of sub-ordinated loan	6	**730,519,567**	586,951,826
Current portion of lease liabilities	7	**6,801,757**	18,244,148
		737,321,324	605,195,974

11 MARKUP ACCRUED

	2023	2022
Markup on short term financing	**468,098,005**	355,052,756
Markup on sub-ordinated loan	**922,460,244**	699,600,170
	1,390,558,249	1,054,652,926

12 UNCLAIMED AND UNPAID DIVIDEND

Non-resident shareholder of the Company was entitled to receive dividend amounting to Rs. 324 million (2022: Rs. 732 million) out of which Rs. 92 million (2022: Rs. 366 million) is payable at the year-end due to pending State Bank of Pakistan's ('SBP') approval for remittance outside Pakistan. During the year, Rs. 598 million has been paid to non-resident shareholder on account of dividend.

13 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.

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

	2023	2022
	Rupees	
Liabilities directly associated with the asset held for sale;		
Gratuity payable	-	1,323,813
Loan from related party	-	55,826,961
Trade and other payables	-	34,560,522
Provision for taxation	92,702,974	-
	92,702,974	91,711,296
Assets held for sale;		
Property, plant and equipment	-	407,444,950
Project transaction costs	-	11,253,607
Advance tax	75,177,330	22,665,029
Other receivable	-	871,033
Short term investment	1,292,161,647	10,526,316
Cash and bank balances	775,766	651,768,703
Goodwill	11,530,918	11,530,918
	1,379,645,661	1,116,060,556
Profit for the year - from discontinued operations		
Other income	390,269,645	235,371,510
Administrative expenses	(29,842,508)	(2,341,915)
Finance cost	(5,877,858)	(6,526,992)
Provision for taxation	(91,955,852)	(9,443,026)
Profit for the year	262,593,427	217,059,577
Other comprehensive income / (loss) for the year - from discontinued operations		
Profit for the year	262,593,427	217,059,577
Remeasurement of defined benefit liability	-	-
Total comprehensive income	262,593,427	217,059,577
Cash flows from / (used in) - from discontinued operations		
Net cash used in operating activities	(62,570,849)	(16,811,034)
Net cash generated from investing activities	748,652,728	636,071,300
Net cash used in financing activities	(55,439,483)	30,664,800
Net cashflows for the year	630,642,396	649,925,066

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies:

14.1.1 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.

14.1.2 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. On 09 December 2017, 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 favor 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 which is pending adjudication.

14.1.3 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. On 30 June 2021, Commissioner (Appeals) remanded the case back to assessing officer and also passed an order to reduce the tax charged on salaries by Rs. 0.25 million to the extent related thereto.

14.1.4 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 favor 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.

14.1.5 Sui Northern Gas Pipelines Limited (SNGPL) has claimed an amount of Rs. 124.52 million (2022: Rs. 114.48 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.

14.1.6 On 26 January 2023, tax department issued show cause notice to the company seeking the company's response on account of inadmissibility of input tax in relation to plant operator, insurance, banking services and security services. The company submitted the response in due time however, after multiple hearings, order was issued by Officer Inland Revenue against the Company on 24 May 2023 raising tax demand of Rs. 136 million along with default surcharge of Rs. 16 million and penalty of Rs. 7 million under Sales Tax Act, 1990. On 23 June 2023, against the said order, the Company has filed an appeal with Commissioner (Appeals) against which decision has been passed in favour of the Company subsequent to the year end on 07 March 2024.

14.2 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, 2023

15 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
	Rupees										
Cost											
Balance at January 1, 2022	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
Additions	-	-	-	1,456,779	1,026,230	-	-	-	-	-	2,483,009
Transfers	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	(307,433)	(266,220)	-	-	-	-	-	(573,653)
Effect of exchange loss (Refer note 6.1)	-	-	208,323,050	-	-	-	-	-	-	-	208,323,050
Balance at December 31, 2022	43,890,600	2,352,888,758	15,283,370,062	12,824,765	6,947,810	6,883,198	327,553	15,931,566	626,230	511,038,581	18,234,729,123
Balance at January 1, 2023	**43,890,600**	**2,352,888,758**	**15,283,370,062**	**12,824,765**	**6,947,810**	**6,883,198**	**327,553**	**15,931,566**	**626,230**	**511,038,581**	**18,234,729,123**
Additions	-	-	-	**417,000**	**292,000**	**27,000**	-	-	-	-	**736,000**
Transfers	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	**(123,750)**	**(334,500)**	-	-	-	-	-	**(458,250)**
Effect of exchange loss (Refer note 6.1)	-	-	**195,147,385**	-	-	-	-	-	-	-	**195,147,385**
Balance at December 31, 2023	**43,890,600**	**2,352,888,758**	**15,478,517,447**	**13,118,015**	**6,905,310**	**6,910,198**	**327,553**	**15,931,566**	**626,230**	**511,038,581**	**18,430,154,258**
DEPRECIATION											
Balance at January 1, 2022	-	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
Charge for the year	-	78,574,721	539,086,825	595,946	400,153	386,851	-	-	-	-	619,044,496
Transfers	-	-	-	-	-	-	-	-	-	-	-
On disposals	-	-	-	(176,054)	(266,220)	-	-	-	-	-	(442,274)
Balance at December 31, 2022	-	1,003,220,237	5,894,253,980	10,557,922	5,784,552	5,063,846	327,553	12,745,254	626,230	-	6,932,579,574
Balance at January 1, 2023	-	**1,003,220,237**	**5,894,253,980**	**10,557,922**	**5,784,552**	**5,063,846**	**327,553**	**12,745,254**	**626,230**	-	**6,932,579,574**
Charge for the year	-	**78,574,720**	**555,176,690**	**565,990**	**604,683**	**386,380**	-	-	-	-	**635,308,463**
Transfers	-	-	-	-	-	-	-	-	-	-	-
On disposals	-	-	-	**(80,278)**	**(220,749)**	-	-	-	-	-	**(301,027)**
Balance at December 31, 2023	-	**1,081,794,957**	**6,449,430,670**	**11,043,634**	**6,168,486**	**5,450,226**	**327,553**	**12,745,254**	**626,230**	-	**7,567,587,010**
Carrying amounts											
At January 1, 2022	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
At December 31, 2022	43,890,600	1,349,668,521	9,389,116,082	2,266,843	1,163,258	1,819,352	-	3,186,312	-	511,038,581	11,302,149,549
At December 31, 2023	**43,890,600**	**1,271,093,801**	**9,029,086,777**	**2,074,381**	**736,824**	**1,459,972**	-	**3,186,312**	-	**511,038,581**	**10,862,567,248**
Rate of depreciation per annum (%)	-	3.33%	3.33% to 5.8%	10 % to 33.33%	33.33%	10%	20%	20%	10%	-	

	Note	2023	2022
15.1 The depreciation charge for the year has been allocated as follows:		Rupees	
Cost of sales	25	**633,751,410**	617,661,546
Administrative expenses	27	**1,557,053**	1,382,950
		635,308,463	619,044,496

15.2 Particulars of the Group's immovable fixed assets

(a) 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.

(b) The subsidiary company's immovable fixed assets consist of land measuring 4,410 kanals and 4 marlas, located at Sadiwali village Tehsil Paharpur, District Dera Ismail Khan, Khyber Pakhtunkhwa.

15 RIGHT OF USE ASSETS

	Vehicles	Building	Total
	------------------ Rupees ------------------		
COST			
Balance at January 1, 2022	37,512,785	40,417,382	77,930,167
Additions	15,443,555	-	15,443,555
Disposal / transferred	(4,718,574)	-	(4,718,574)
Balance at December 31, 2022	48,237,766	40,417,382	88,655,148
Additions	**-**	**-**	**-**
Disposal / transferred	**(4,725,134)**	**(3,946,170)**	**(8,671,304)**
Balance at December 31, 2023	**43,512,632**	**36,471,212**	**79,983,844**
DEPRECIATION			
Balance at January 01, 2022	10,593,337	22,140,756	32,734,093
Charge for the year	6,903,168	7,380,252	14,283,420
Disposal / transferred	(2,932,760)	-	(2,932,760)
Balance at December 31, 2022	14,563,745	29,521,008	44,084,753
Charge for the year	**7,242,122**	**6,792,793**	**14,034,915**
Disposal / transferred	**(1,323,037)**	**(911,423)**	**(2,234,460)**
Balance at December 31, 2023	**20,482,830**	**35,402,378**	**55,885,208**
Carrying amount			
- 31 December 2022	33,674,021	10,896,374	44,570,395
- 31 December 2023	23,029,802	1,068,834	24,098,636
Rate of depreciation per annum (%)	10% to 20%	10% to 20%	

	2023	2022
	Rupees	
17 LONG TERM LOAN - unsecured		
Saif Textile Mills Limited - an associated company	**492,300,000**	-

During the year, shareholders of the Company in their Extra Ordinary General Meeting held on 11 September 2023 approved unsecured long term loan maximum up to Rs. 1 billion in favor of Saif Textile Mills Limited, an associated company. The loan is approved for a period of 9 (nine) years including 2 (two) years grace period. The loan carries markup at the rate of 0.1% over and above the borrowing cost of the Company or KIBOR for the relevant period, which ever is higher, payable in quarterly installments. Principal shall be repaid after end of grace period in equal quarterly installments spread over the remaining loan period.

		2023	2022
18 TRADE DEBTS	**Note**	**Rupees**	
Central Power Purchasing Agency-Guarantee (CPPA-G)	18.1	**9,159,264,055**	11,647,458,624

18.1 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). With reference to Report on the Power Sector issued by Government of Pakistan (GoP) on March 16, 2020 and, subsequent discussions with negotiating committee (as submitted earlier many times), an Arbitration is to be conducted through Permanent Court of Arbitration (PCA) on any extra profits earned by the IPPs. The Company has already denied and claimed that it has no extra profits in the books and the Company is confident about this statement. 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. Trade debts include unbilled receivable amount of Rs. 0.989 billion (2022: Rs. 1.336 billion) at the year end.

18.2 The Company had won the original arbitration case against Sui Northern Gas Pipelines Limited (SNGPL) on March 09, 2016 for an amount of Rs. 239.68 million as SNGPL could not supply gas to the Company from March 2011 to May 2011 and Power Purchaser deducted Company's capacity amount to that extent.

Subsequently, Company set-off that amount against payables to SNGPL.

SNGPL enforced another arbitration saying that the company could not adjust without a decree from the court. The arbitration tribunal has agreed with SNGPL in its decision dated April 22, 2022. SNGPL has filed a petition in the Lahore High Court. During the year, Civil Court Lahore issued decree on 16 October 2023 in favor of the company. The Honorable Court, whilst making the Award a rule of Court, modified the Award to the extent that the interest awarded by the Arbitrator would not run from August 18, 2014 and the date of Award, respectively, but from the date of Honorable Court's Order date. This modification of interest date in Award made by Civil Court, Lahore is against the arbitration rules and decisions made by high courts as well as the Supreme Court of Pakistan. Subsequent to the year end, the company has challenged this modification made by the Honorable Civil Court Lahore only to the extent of interest date of award in Lahore High Court which is pending adjudication. The company is confident that ultimately the money will be retained by the Company.

18.3 Trade debts include Rs. 344.67 million (December 31, 2022: Rs. 344.67 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. Further, the Company has also obtained stay order against these deductions from Civil Court, Islamabad on October 06, 2022. On 31 January 2023, the Company has filed request for arbitration in London Court of International Arbitration. 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.

18.4 CPPA-G has incorrectly applied period weighing factors (PWF) on capacity purchase price invoices which has resulted in capacity loss of Rs. 97.48 million to the Company. This application of PWF on capacity invoices resulted in shortfall of the Company's entitled capacity which is contrary to the relevant provisions of the PPA. Based on management assessment, the management is confident regarding the favorable resolution of the matter and has accordingly recognized such shortfall of Rs. 97.48 million in the year 2022 as revenue. On 31 January 2023, the Company has filed request for arbitration in London Court of International Arbitration.

18.5 For aging of receivable from CPPA-G at the reporting date, refer to note 31.5.

		Note	2023	2022
			Rupees	
19	**OTHER RECEIVABLES**			
	WPPF receivable		**113,708,264**	184,955,872
	Sales tax receivable - net		**529,921,980**	305,818,423
	Others	19.1	**34,445,764**	14,873,341
			678,076,008	505,647,636

19.1 This includes Rs. 359,207 and Rs. 316,463 receivable from Saif Textile Mills Limited and Kohat Textile Mills Limited, related parties of the Company, on account of payments made on behalf of these related parties. This also includes Rs. 13.8 million receivable from Saif Textile Mills Limited, a related party, on account of interest accrued on long term loan.

		Note	2023	2022
			Rupees	
20	**ADVANCES - considered good**			
	Advances to supplier		**1,439,422**	488,525
	Advances to employees		**483,925**	1,037,248
			1,923,347	1,525,773
21	**TRADE DEPOSITS AND PREPAYMENTS**			
	Prepayments	21.1	**126,404,903**	86,237,192
	Security deposit		**1,835,000**	1,833,000
			128,239,903	88,070,192

21.1 This includes Rs. 122 million (2022: Rs. 83 million) and Rs. 4 million (2022: Rs. 3 million) on account of prepayment of insurance premium and NEPRA licensing fee respectively.

		Note	2023	2022
			Rupees	
22	**SHORT TERM INVESTMENTS**			
	T-Bill investments	22.1	**27,420,043**	7,242,386,646
	Term Deposit Receipts	22.2	**3,928,800,000**	-
			3,956,220,043	7,242,386,646

22.1 These carry interest rate of 15.75% to 21.80% (2022: 15.85% to 16.12%) per annum having maturity up to January 04, 2024.

22.2 This carry interest rate of 22.45% (2022: Nil) per annum having maturity up to January 02, 2024.

		Note	2023	2022
			Rupees	
23	**BANK BALANCES**			
	Current accounts			
	- Local currency		**425,888**	1,248,293
	Deposit accounts			
	- Local currency		**504,147**	1,957,140
	- Foreign currency	23.1	**562,185**	448,822
		23.2	**1,066,332**	2,405,962
			1,492,220	3,654,255

23.1 This represents an amount of USD 1,994 (2022: USD 1,982) in US Dollar deposit account.

23.2 These carry markup ranging from 15.03% to 21.55% (2022: 13.96% to 14.50%) per annum for Rupee denominated balances while 1% (2022: 1%) per annum for US Dollar denominated balances.

24 TURNOVER - NET

	Note	2023 Rupees	2022 Rupees
Gross Energy Purchase Price		**15,501,811,764**	21,200,277,950
Less: sales tax		**(2,359,567,624)**	(2,940,433,163)
		13,142,244,140	18,259,844,787
Capacity Purchase Price		**5,901,486,441**	4,609,805,014
		19,043,730,581	22,869,649,801

25 COST OF SALES

	Note	2023	2022
Raw material consumed		**12,440,723,011**	17,370,136,098
Operation and maintenance		**2,657,429,183**	1,005,036,485
Salaries and other benefits	25.1	**92,604,986**	81,859,900
Electricity charges		**85,254,348**	62,240,282
Insurance expense		**327,951,948**	229,223,002
Depreciation	15.1	**633,751,410**	617,661,546
Office expenses		**3,924,977**	2,485,964
Travelling, conveyance and entertainment		**3,768,790**	2,306,034
Repair and maintenance		**185,065**	93,659
Communication		**103,454**	94,052
		16,245,697,172	19,371,137,022

25.1 These include Rs. 8,096,287 (2022: Rs. 5,079,137) charged in respect of staff retirement benefits - gratuity.

26 OTHER INCOME

	2023 Rupees	2022 Rupees
Income from financial assets		
Profit on deposit accounts	**1,112,644**	1,480,146
Return on investments	**32,227,189**	10,406,933
	33,339,833	11,887,079
Income from non financial assets		
Gain on disposal of property, plant and equipment	**2,677,907**	407,145
Scrap sales	**342,740**	295,070
	3,020,647	702,215
	36,360,480	12,589,294

27 ADMINISTRATIVE EXPENSES

	Note	2023	2022
Salaries and other benefits	27.1	**102,769,859**	92,097,735
Traveling and conveyance		**417,656**	1,666,870
Rent, rates and taxes		**2,102,768**	1,543,392
Security services		**19,604,335**	16,163,698
Office expenses		**6,938,796**	5,514,466
Fees and subscriptions		**16,152,127**	12,373,041
Legal and professional		**17,812,076**	31,601,677
Repair and maintenance		**12,761,451**	9,540,999
Utilities		**6,475,033**	4,833,022
Insurance		**3,536,032**	3,320,713
Depreciation - property, plant and equipment	15.1	**1,557,053**	1,382,950
Depreciation - right of use assets	16	**14,034,915**	14,283,420
Auditors' remuneration	27.2	**3,641,430**	3,050,400
Donations	27.3	**10,965,000**	9,920,000
Advertisements		**444,762**	153,942
		219,213,293	207,446,325

27.1 These include Rs. 3,270,575 (2022: Rs. 3,604,852) charged in respect of staff retirement benefits - gratuity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	Rupees	
27.2 Auditors' remuneration		
Annual audit fee	**1,319,080**	1,227,050
Half yearly review fee	**729,390**	678,500
Consolidation	**427,740**	397,900
Certifications	**1,028,588**	619,850
Out of pocket expenses	**136,633**	127,100
	3,641,431	3,050,400

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

	Name of Donee	Address	Name of Director	Nature of interest in donee	2023	2022
					Rupees	
a)	Akbar Kare Institute	House 6-B, Sec-3, Near Sui, Gas Office, Phase 5, Hayatabad, Peshawar.	Mrs. Hoor Yousafzai Mr. Rana Muhammad Shafi	Director Director	**8,400,000**	7,200,000
b)	Wadaan Foundation	Kulsum Plaza, 42 West, Blue Area, Islamabad	Mr. Osman Saifullah Khan Mr. Rana Muhammad Shafi	Chief Executive Officer Director	**1,665,000**	2,220,000
c)	Teach for Pakistan	House No 163, Street 70, E11, Islamabad	Mr. Osman Saifullah Khan	Director	**500,000**	500,000

	2023	2022
28 FINANCE COST	Rupees	
Markup on short term borrowings - from conventional banking	**1,141,026,973**	553,810,570
Markup on short term borrowings - from islamic mode of financing	**875,789,409**	373,387,237
Markup on sub-ordinated loan	**71,260,562**	42,120,092
Guarantee commission	**12,999,996**	12,999,996
Interest on lease liabilities	**5,453,259**	5,559,917
Bank charges	**1,921,163**	1,455,425
Loss on disposal of Pakistan Investment Bonds and Government Ijarah Sukuks	**-**	45,347,194
Exchange loss - net	**170,625,619**	318,316,360
	2,279,076,981	1,352,996,791

29 EARNINGS PER SHARE

Basic Earnings per share has been calculated by dividing the profit attributable to equity holders of the Group by wieghted average number of ordinary shares in issue during the year .

As at December 31, 2023, there is no dilutive effect on the basic earnings per share of the Group.

	2023	2022
	Rupees	
Profit for the year, attributable to :		
- continuing operations	336,103,615	1,950,658,957
- discontinued operations	253,102,098	209,214,050
	589,205,713	2,159,873,007
Weighted average number of shares (Numbers)	386,471,779	386,471,779
Earnings per share in rupees - Basic and Diluted		
- continuing operations	0.87	5.05
- discontinued operations	0.65	0.54
	1.33	5.59

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

30 OPERATING SEGMENT

As mentioned in note 3.15, there are two operating segments of the Group. However, for management purposes, the activities of the Group are organized into a single reporting 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 percent or more of the greater, in absolute amount, of the combnined reported profit of all operating segments.
- Its assets are not 10 per cents or more of the combined assets of all operating segments.

The Company's only customer is Central Power Purchasing Agency Guarantee Limited, a Government owned entity to which it sells electricity. The Company's overall net revenue is Rs 19,043,730,581 (2022: Rs. 22,869,649,801).

31 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

31.1 The following table shows the carrying amounts of financial assets and financial liabilities as at December 31, 2023;

	Note	Carrying Amount		
		Amortised cost	Fair value	Total
December 31, 2023		Rupees		
Financial assets	31.2			
Long term loan		492,300,000	-	492,300,000
Trade debts		9,159,264,055	-	9,159,264,055
Other receivables	31.3	148,154,028	-	148,154,028
Advances to employees		483,925	-	483,925
Security deposits		1,835,000	-	1,835,000
Bank balances		1,492,220	-	1,492,220
Short term investments		3,956,220,043	-	3,956,220,043
Total		13,759,749,271	-	13,759,749,271
Financial Liabilities	31.2			
Sub-ordinated loan		730,519,567	-	730,519,567
Lease liabilities		9,436,235	-	9,436,235
Trade and other payables	31.4	393,143,020	-	393,143,020
Short term borrowings		11,669,326,413	-	11,669,326,413
Markup accrued		1,390,558,249	-	1,390,558,249
Unclaimed and unpaid dividend		118,163,748	-	118,163,748
Total		14,311,147,232	-	14,311,147,232
December 31, 2022				
Financial assets not measured at fair value	31.2			
Long term loan		-	-	-
Trade debts		11,647,458,624	-	11,647,458,624
Other receivables		199,829,213	-	199,829,213
Advances to employees		1,037,248	-	1,037,248
Security deposits		1,833,000	-	1,833,000
Bank balances		3,654,255	-	3,654,255
Short term investments		7,242,386,646	-	7,242,386,646
Total		19,096,198,986	-	19,096,198,986
Financial liabilities not measured at fair value	31.2			
Sub-ordinated loan		847,818,615	-	847,818,615
Lease liabilities		39,337,369	-	39,337,369
Trade and other payables	31.4	207,726,318	-	207,726,318
Short term borrowings		15,526,546,088	-	15,526,546,088
Markup accrued		1,054,652,926	-	1,054,652,926
Unclaimed and unpaid dividend		388,752,232	-	388,752,232
Total		18,064,833,548	-	18,064,833,548

31.2 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.

31.3 This excludes sales tax receivable.

31.4 This excludes withholding tax payable and WPPF 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.

31.5 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	2023	2022
		Rupees	
Long term loan	17	**492,300,000**	-
Trade debts	18	**9,159,264,055**	11,647,458,624
Other receivables	19	**148,154,028**	199,829,213
Advances to employees	20	**483,925**	1,037,248
Security deposits	21	**1,835,000**	1,833,000
Short term investments	22	**3,956,220,043**	7,242,386,646
Bank balances	23	**1,492,220**	3,654,255
		13,759,749,271	19,096,198,986

Credit risk is minimum as the bank accounts are maintained with reputable banks having good credit ratings. Further, as disclosed in note 18 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 2.5.1 and 3.9 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 debtor to fail to meet its 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	2023	2022
	Rupees	
Counterparties without external credit ratings	**9,159,264,055**	11,647,458,624

Impairment losses

The aging of trade debts at the reporting date was:

	2023		2022	
	Gross	Impairment	Gross	Impairment
	Rupees			
Not past due	**1,764,730,961**	**-**	1,542,868,354	-
Past due 0 - 60 days	**1,242,667,845**	**-**	1,052,310,144	-
Past due 61 - 120 days	**2,831,143,177**	**-**	5,479,238,976	-
Past due 121 - 180 days	**3,320,722,072**	**-**	3,573,041,150	-
181 days and above	**-**	**-**	-	-
	9,159,264,055	**-**	11,647,458,624	-

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.

Security deposits	2023	2022
	Rupees	
Counterparties without external credit ratings	**1,835,000**	1,833,000
Other receivables		
Counterparties without external credit ratings	**148,154,028**	199,829,213
Long term loan		
Saif Textile Mills Limited - external credit ratings - (A-)	**492,300,000**	-
Advances to employees		
Counterparties without external credit ratings	**483,925**	1,037,248

Bank balances and short term investment

The Company held cash at bank and short term investments amounting to Rs. 3,951,712,263 as at December 31, 2023 (December 31, 2022: Rs. 7,246,040,901). Cash at bank and short term investment is held with banks and financial institution counter parties, which are rated A1+ (2022: AA+) and A1+ respectively based on JCR-VIS and PACRA ratings.

31.6 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				
2023					
Sub-ordinated loan	**730,519,567**	**730,519,567**	**730,519,567**	**-**	**-**
Lease liabilities	**9,436,235**	**21,588,118**	**9,471,188**	**12,116,930**	**-**
Trade and other payables	**393,143,020**	**393,143,020**	**393,143,020**	**-**	**-**
Short term borrowing	**11,669,326,413**	**11,669,326,413**	**11,669,326,413**	**-**	**-**
Markup accrued	**1,390,558,249**	**1,390,558,249**	**1,390,558,249**	**-**	**-**
Unclaimed and unpaid dividend	**118,163,748**	**118,163,748**	**118,163,748**	**-**	**-**
	14,311,147,232	**14,323,299,115**	**14,311,182,185**	**12,116,930**	**-**
2022					
Sub-ordinated loan	847,818,615	869,317,345	603,206,412	266,110,933	-
Lease liabilities	39,337,369	50,380,994	23,176,485	25,974,101	1,230,408
Trade and other payables	207,726,318	207,726,318	207,726,318	-	-
Short term borrowing	15,526,546,088	15,526,546,088	15,526,546,088	-	-
Markup accrued	1,054,652,926	1,054,652,926	1,054,652,926	-	-
Unclaimed and unpaid dividend	388,752,232	388,752,232	388,752,232	-	-
	18,064,833,548	18,097,375,903	17,804,060,461	292,085,034	1,230,408

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.

31.7 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.

31.8 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:

	2023	2022	2023	2022
	Rupees		USD	
Sub-ordinated loan	**730,519,567**	847,818,615	**2,586,826**	3,736,530
Accrued markup on sub-ordinated loan	**922,460,244**	699,600,170	**3,266,502**	3,083,297
Trade and other payables	**196,391,974**	104,407,808	**695,439**	460,149
Bank balances	**(562,185)**	(448,822)	**(1,994)**	(1,982)
	1,848,809,600	1,651,377,771	**6,546,773**	7,277,994

The following significant exchange rates have been applied:

	Average Rate		Reporting Date Rate	
	2023	2022	2023	2022
US Dollars	**280.35**	204.90	**282.40**	226.90

Foreign Currency Sensitivity Analysis

A 5% strengthening of the functional currency against USD at December 31, 2023 would have increased profit by Rs. 55.91 million (2022: Rs. 40.18 million). A 5% weakening of the functional currency against USD at December 31, 2023 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. These loans have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) . 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:

	2023	2022
	Rupees	
Fixed rate instruments		
Financial assets	**3,957,286,375**	7,244,792,608
Variable rate instruments		
Financial assets	**7,886,833,094**	10,104,590,270
Financial liabilities	**(12,416,083,972)**	(16,413,702,072)

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. 45.29) million (2022: Rs. 63.15 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 2022.

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.

31.9 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.

32 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

32.1 No remuneration has been paid to the directors of the Company, except for meeting fee.

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

	2023	2022
	Rupees	
	Chief executive officer	
Managerial remuneration - Gross	37,008,960	32,963,520
Staff retirement benefit	4,995,160	3,170,825
Bonus	6,168,160	5,493,920
Other reimbursable expenses	371,614	312,449
	48,543,894	41,940,714
Number of persons	1	1
	Executives	
Managerial remuneration - Gross	98,238,344	82,621,944
Staff retirement benefit	4,800,718	4,056,643
Bonus	12,219,764	9,770,324
Other reimbursable expenses	5,200,537	3,560,521
	120,459,363	100,009,432
Number of persons including those who worked part of the year	13	9

32.3 Executive means any employee whose basic salary exceeds Rs. 1,200,000 (2022: Rs. 1,200,000) per year.

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

33 RELATED PARTY TRANSACTIONS

Related parties comprise of Saif Holdings 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, 6, 11 and 12 to the financial statements. Transactions and balances with related parties other than those disclosed in note 8, 13, 17, 19 and 27.3 to these financial statements are as follows:

	2023	2022
- Transactions of Saif Power Limited	Rupees	
Dividend paid during the period:		
- Saif Holdings Limited, an associated company	**470,331,346**	1,343,584,675
- Saif Textile Mills Limited, an associated company	**529**	1,200
- Directors of the Company	**235,009,847**	419,037,746
- Other related parties of the Company	**347,494,035**	615,188,888
Meeting Fees paid during the period:		
- Directors of the Company	**1,075,000**	1,200,000
Payment against procurement of supplies:		
- Sui Northern Gas Pipelines Limited	**83,469,188**	-
Procurement of supplies:		
- Sui Northern Gas Pipelines Limited	**553,940**	-
Remunerations paid during the period:		
- Key management personnel of the Company	**87,399,172**	80,038,182
Other transaction:		
- Remuneration and reimbursable expenses	**28,381,114**	24,000,000
- Contribution paid to Saif Power Limited - Staff Gratuity Fund	**6,805,257**	12,654,746
- Transactions of Saif Cement Limited:		
a) With Saif Holdings Limited, an associated company		
Nature of relationship: Common Directorship		
Aggregate shareholding: 3.40%		
- Draw down of loan	**8,800,000**	38,080,000
- Interest accrued on loan	**5,877,858**	6,265,336
- Repayment of Principal and interest on loan	**70,504,819**	-

33.1 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, medical facility and health insurance coverage as per the Company's policy.

33.2 The related parties with whom the company has entered into transactions or had arrangements / agreements in place during the year have been disclosed below along with their basis of relationship:

Name of Related Party / Associated Company	Nature of Relationship	Aggregate % of shareholding in the Company
Saif Holdings Limited	Common Directorship	23.01%
Saif Textile Mills Limited	Common Directorship	0.000026%
Kohat Textile Mills Limited	Common Directorship	Nil
Sui Northern Gas Pipelines Limited	Common Directorship	Nil
Orastar Limited (Refer note 2.4(i))	Investor	17.08%
Wadaan Foundation	Common Directorship	Nil
Akbar Kare Institute	Common Directorship	Nil
Teach for Pakistan	Common Directorship	Nil
Directors of the Company	Directors	11.50%
Other related parties	Relatives of Directors	17.00%
Key management personnel	Key management personnel	Nil
Saif Power Limited - Staff Gratuity Fund	Post employment benefit	Nil

33.3 Transactions with related parties have been carried out on mutually agreed terms and conditions.

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

	Liabilities			Equity		
	Sub-ordinated loan	Short term borrowings	Lease liabilities	Share Capital	Un appropriated profit - revenue reserve	Total
	Rupees					
Balance at January 01, 2023	847,818,615	15,526,546,088	39,337,369	3,864,717,790	388,752,232	20,667,172,094
Changes from financing cash flows						
Proceeds from short-term borrowings - net	-	(3,857,219,675)	-	-	-	(3,857,219,675)
Repayments of long term financing	(312,446,433)	-	-	-	-	(312,446,433)
Lease liabilities paid	-	-	(17,573,875)	-	-	(17,573,875)
Dividend declared	-	-	-	-	2,044,435,713	2,044,435,713
Dividend paid	-	-	-	-	(2,315,024,197)	(2,315,024,197)
Total changes from financing cash flows	(312,446,433)	(3,857,219,675)	(17,573,875)	-	(270,588,484)	(4,457,828,467)
Effect of changes in foreign exchange rates	195,147,385	-	-	-	-	195,147,385
Other changes						
Liability related						
Lease of new vehicles	-	-	-	-	-	-
Disposal of leased vehicles	-	-	(5,525,502)	-	-	(5,525,502)
Total liability related other changes	-	-	(5,525,502)	-	-	(5,525,502)
Balance at December 31, 2023	**730,519,567**	**11,669,326,413**	**16,237,992**	**3,864,717,790**	**118,163,748**	**16,398,965,510**
Balance at January 01, 2022	869,505,348	7,667,592,574	47,234,759	3,864,717,790	15,916,869	12,464,967,340
Changes from financing cash flows						
Proceeds from short-term borrowings - net	-	7,858,953,514	-	-	-	7,858,953,514
Repayments of long term financing	(230,009,783)	-	-	-	-	(230,009,783)
Lease liabilities paid	-	-	(21,319,863)	-	-	(21,319,863)
Dividend declared	-	-	-	-	4,637,661,349	4,637,661,349
Dividend paid	-	-	-	-	(4,264,825,986)	(4,264,825,986)
Total changes from financing cash flows	(230,009,783)	7,858,953,514	(21,319,863)	-	372,835,363	7,980,459,231
Effect of changes in foreign exchange rates	208,323,050	-	-	-	-	208,323,050
Other changes						
Liability related						
Lease of new vehicles	-	-	14,064,573	-	-	14,064,573
Disposal of leased vehicles	-	-	(642,100)	-	-	(642,100)
Total liability related other changes	-	-	13,422,473	-	-	13,422,473
Balance at December 31, 2022	847,818,615	15,526,546,088	39,337,369	3,864,717,790	388,752,232	20,667,172,094

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

35 DISCLOSURE REQUIREMENT FOR SHARIAH COMPLIANT COMPANIES

As per the requirements of the fourth schedule to the Companies Act 2017, shariah compliant companies and companies listed on the Islamic Index shall disclose the following:

	2023	2022
	Rupees	
Short term running finance facilites - as per islamic mode	**5,199,139,517**	4,640,388,507
Finance cost on islamic mode of financing	**875,789,409**	373,387,237

For profit earned and finance cost on conventional loans, refer to note - 26 and 28

The Company maintains bank accounts with Meezan Bank Limited, Faysal Bank Limited, Dubai Islamic Bank Limited, Bank Islami Pakistan Limited and Bank Alfalah (Islamic) Limited.

	Note	2023	2022
		Rupees	
36 CASH AND CASH EQUIVALENTS			
Bank balances	23	**2,267,986**	655,422,958
Short term investments	22	**5,248,381,690**	7,252,912,962
		5,250,649,676	7,908,335,920

37 NUMBER OF EMPLOYEES

	2023	2022
At year end - number	**40**	42
Average during the year - number	**41**	42

38 CAPACITY AND PRODUCTION

	2023	2022
Installed capacity based on hours 8,760 (2022: 8,760) – Megawatt hours	**1,788,663**	1,786,223
Actual energy delivered – Megawatt hours	**440,208**	616,697

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

39 NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of directors of the Company, in its Board meeting held on March 28, 2024 has approved final cash dividend of Rs. 1.50 per share.

40 DATE OF APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors in their meeting held on March 28, 2024.

Chief Financial Officer | Chief Executive Officer | Director

Pattern of Shareholding

Saif Power Limited
As at December 31, 2023

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
255	1	100	7,620	0.0020
2545	101	500	1,244,344	0.3220
1128	501	1,000	1,095,286	0.2834
1428	1,001	5,000	4,068,772	1.0528
515	5,001	10,000	4,113,009	1.0642
191	10,001	15,000	2,474,636	0.6403
147	15,001	20,000	2,719,585	0.7037
103	20,001	25,000	2,399,500	0.6209
66	25,001	30,000	1,878,426	0.4860
41	30,001	35,000	1,357,924	0.3514
35	35,001	40,000	1,350,400	0.3494
21	40,001	45,000	905,000	0.2342
42	45,001	50,000	2,064,500	0.5342
11	50,001	55,000	590,500	0.1528
13	55,001	60,000	758,500	0.1963
12	60,001	65,000	749,500	0.1939
12	65,001	70,000	820,500	0.2123
9	70,001	75,000	662,150	0.1713
16	75,001	80,000	1,261,500	0.3264
6	80,001	85,000	489,100	0.1266
5	85,001	90,000	444,000	0.1149
6	90,001	95,000	555,500	0.1437
25	95,001	100,000	2,490,000	0.6443
13	100,001	105,000	1,336,500	0.3458
5	105,001	110,000	538,956	0.1395
6	110,001	115,000	672,000	0.1739
3	115,001	120,000	348,500	0.0902
4	120,001	125,000	493,000	0.1276
3	125,001	130,000	386,000	0.0999
1	130,001	135,000	130,500	0.0338
8	145,001	150,000	1,196,000	0.3095
4	150,001	155,000	613,500	0.1587
1	155,001	160,000	160,000	0.0414
2	160,001	165,000	326,000	0.0844
3	165,001	170,000	507,000	0.1312
1	170,001	175,000	175,000	0.0453
1	175,001	180,000	176,000	0.0455
1	180,001	185,000	185,000	0.0479
1	190,001	195,000	192,000	0.0497
5	195,001	200,000	994,500	0.2573
1	200,001	205,000	203,500	0.0527
1	215,001	220,000	220,000	0.0569
1	220,001	225,000	225,000	0.0582
1	225,001	230,000	226,500	0.0586
1	230,001	235,000	232,500	0.0602
1	245,001	250,000	250,000	0.0647
2	250,001	255,000	505,500	0.1308
1	255,001	260,000	260,000	0.0673
1	260,001	265,000	265,000	0.0686
1	270,001	275,000	275,000	0.0712
1	285,001	290,000	290,000	0.0750
2	295,001	300,000	600,000	0.1553
1	310,001	315,000	314,000	0.0812
1	315,001	320,000	320,000	0.0828

Pattern of Shareholding

Saif Power Limited

As at December 31, 2023

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
1	320,001	325,000	323,500	0.0837
2	345,001	350,000	700,000	0.1811
1	350,001	355,000	354,000	0.0916
1	355,001	360,000	359,500	0.0930
1	380,001	385,000	381,000	0.0986
1	385,001	390,000	390,000	0.1009
1	395,001	400,000	400,000	0.1035
1	405,001	410,000	408,000	0.1056
1	445,001	450,000	450,000	0.1164
1	455,001	460,000	457,500	0.1184
6	495,001	500,000	2,999,500	0.7761
1	500,001	505,000	503,500	0.1303
1	560,001	565,000	565,000	0.1462
1	565,001	570,000	569,500	0.1474
2	585,001	590,000	1,173,500	0.3036
1	605,001	610,000	609,000	0.1576
1	660,001	665,000	662,216	0.1713
1	685,001	690,000	687,500	0.1779
1	695,001	700,000	696,500	0.1802
1	710,001	715,000	714,000	0.1847
1	1,015,001	1,020,000	1,019,500	0.2638
1	1,130,001	1,135,000	1,132,500	0.2930
1	1,295,001	1,300,000	1,300,000	0.3364
1	1,995,001	2,000,000	2,000,000	0.5175
1	2,105,001	2,110,000	2,110,000	0.5460
1	3,245,001	3,250,000	3,248,000	0.8404
1	3,660,001	3,665,000	3,660,354	0.9471
1	4,445,001	4,450,000	4,449,500	1.1513
1	4,935,001	4,940,000	4,935,882	1.2772
2	6,995,001	7,000,000	14,000,000	3.6225
1	7,000,001	7,005,000	7,000,313	1.8113
1	10,235,001	10,240,000	10,237,000	2.6488
1	10,335,001	10,340,000	10,340,000	2.6755
1	10,370,001	10,375,000	10,370,122	2.6833
1	11,295,001	11,300,000	11,299,226	2.9237
1	11,330,001	11,335,000	11,332,520	2.9323
1	13,885,001	13,890,000	13,889,000	3.5938
1	15,345,001	15,350,000	15,350,000	3.9718
2	21,670,001	21,675,000	43,344,417	11.2154
1	66,020,001	66,025,000	66,022,504	17.0834
1	88,905,001	88,910,000	88,909,517	23.0054
6,760			**386,471,779**	**100.0000**

CATEGORY OF SHAREHOLDER	NO OF FOLIO	SHARES	PERCENTAGE
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN	13	44,431,274	11.4966
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	18	154,602,997	40.0038
BANKS, DFI AND NBFI	7	46,430,854	12.0140
INSURANCE COMPANIES	2	5,439,382	1.4074
MODARBAS AND MUTUAL FUNDS	4	195,000	0.0505
GENERAL PUBLIC (LOCAL)	6,174	52,635,292	13.6194
GENERAL PUBLIC (FOREIGN)	504	6,842,874	1.7706
OTHERS	38	75,894,106	19.6377
Total	**6,760**	**386,471,779**	**100**

Pattern of Shareholding

Saif Power Limited

As at December 31, 2023

DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN	SHARES	PERCENTAGE
Mrs. HOOR YOUSAFZAI	314	0.0001
Mr. JAVED SAIFULLAH KHAN	21,678,207	5.6092
Mr. OSMAN SAIFULLAH KHAN	11,408,182	2.9518
Mr. ASSAD SAIFULLAH KHAN	11,333,520	2.9326
Mr. RANA MUHAMMAD SHAFI	5,500	0.0014
Mr. RASHID IBRAHIM	1	-
Miss. SAIMA AKBAR KHATTAK	50	-
Mrs. NASREEN BEGUM	5,500	0.0014
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
SAIF HOLDINGS LIMITED	88,909,517	23.0054
SAIF TEXTILE MILLS LIMITED	100	-
JSK HOLDINGS (PRIVATE) LIMITED	1,019,500	0.2638
JSK SECURITIES LIMITED	609,000	0.1575
Mr. HUMAYUN SAIFULLAH KAHN	21,672,210	5.6077
Mr. ANWAR SAIFULLAH KHAN	10,373,837	2.6842
Mr. SALIM SAIFULLAH KHAN	10,340,000	2.6754
Mr. IQBAL SAIFULLAH KHAN	672,207	0.1739
Mr. JEHANGIR SAIFULLAH KHAN	4,313	0.0011
Mr. ASIF SAIFULLAH KHAN	7,000,313	1.8113
Mr. FAISAL SAIFULLAH KHAN	7,000,000	1.8112
Mr. HAIDER SAIFULLAH KHAN	7,000,000	1.8112
Mrs. SALMA SHOAIB	1,000	0.0003
Mrs. JEHANNAZ SAIFULLAH KHAN	1,000	0.0003
BANKS, FI AND NBFI		
ALLIED BANK LIMITED	13,889,000	3.5938
HABIB BANK LIMITED-TREASURY DIVISION	3,660,354	0.9471
BANK AL HABIB LIMITED	3,248,000	0.8404
UNITED BANK LIMITED - TRADING PORTFOLIO	10,237,000	2.6488
MCB BANK LIMITED – TREASURY	15,350,000	3.9718
NETWORTH SECURITIES LIMITED	25,000	0.0065
AHSAM SECURITIES (PRIVATE) LIMITED	21,500	0.0056
INSURANCE COMPANIES		
UBL INSURERS LIMITED	503,500	0.1303
ADAMJEE INSURANCE COMPANY LIMITED	4,935,882	1.2772
GENERAL PUBLIC (LOCAL)		
GENERAL PUBLIC (LOCAL)	52,635,292	13.6194
GENERAL PUBLIC (FOREIGN)	6,842,874	1.7706
OTHERS (Joint Stock Companies, Charitable Trust, foreign companies, various funds etc.)	11,132,102	2.8804
HOLDING MORE THAN TEN PERCENTAGE		
SAIF HOLDINGS LIMITED	88,909,517	23.0054
ORASTAR LIMITED	66,022,504	17.0834

Pattern of Shareholding

Saif Cement Limited

As at December 31, 2023

PATTERN OF SHAREHOLDING OF SUBSIDIARY COMPANY

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

CATEGORY OF SHAREHOLDERS OF SUBSIDIARY COMPANY

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

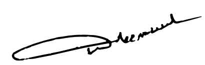
Notice of 20th Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting (AGM) of Shareholders of Saif Power Limited ("the Company") will be held on Monday, April 29, 2024, at 11:00 am at the Company's registered office, Kashmir Commercial Complex building 4th floor, Fazal-Ul-Haq Road, Block E, Blue Area, Islamabad.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company (standalone and consolidated) for the year ended December 31, 2023 together with Directors' and Auditors' reports thereon.
2. To consider and approve the final cash dividend of Rs.1.5 per share i.e. 15% for the year ended December 31, 2023 as recommended by the Board of Directors. This is in addition to interim cash dividend of Rs. 2.79 per share i.e. 27.9 % already paid.
3. To appoint auditors of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration. The retiring auditors Grant Thornton Anjum Rahman (GTAR) Chartered Accountants, Islamabad, have offered themselves for re-appointment. The Board of Directors has recommended the reappointment of retiring auditors for the next term.
4. To transact any other business with permission of the Chair.

By Order Of The Board



Islamabad
April 08, 2024

Waseemullah
Company Secretary

Notes:

i. Share Transfer Books of the Company shall remain closed from April 23, 2024 to April 29, 2024 (both days inclusive). Transfers received at M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan, the Registrar and Share Transfer Agent of the Company, by the close of the business on April 22, 2024 will be treated in time for the purpose of the above entitlement.

ii. A shareholder entitled to attend and vote at this AGM is entitled to appoint a person as a proxy to attend and vote for and on his/her behalf. The instrument appointing a proxy and the power of attorney/Board Resolution or other authority (if any) under which it is signed or a notarized certified copy of the power or authority shall be deposited at the office be received at the Company's Registered Office not later than 48 hours before the time of holding of the meeting.

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. 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.

iii. Shareholders are requested to immediately notify their change in address, if any to share registrar.

Notice of 20th Annual General Meeting

SPECIAL NOTES TO SHAREHOLDERS:

1. Availability and Transmission of Annual Audited Fianacial Statement:

In accordance with the provision of Section 223 of the Companies Act, 2017, the audited financial statements of the Company for the year ended December 31, 2023 are available on the Company's website i.e www.Saifpower.com. Members can request a hard copy of the same on the standard request form available on the website of the Company or through email at info.spl@saifgroup.com.

Pursuant to SECP's S.R.O. 389 (I)/2023, dated 21st March, 2023 and after members approval in general meeting, annual audited financial statements for the year ended December 31, 2023 encompassing balance sheets, profit and loss accounts, auditor's reports, directors' reports, and other relevant financial information have been made available through the following QR enabled code. The same will also be transmitted through email in cases where email address has been provided by the member to the Company.

https://saifpower.com/wp-content/uploads/2024/04/Annual-Report-2023.pdf

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 AGM 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

Shareholders, who for any reason, could not claim their dividend, are advised to contact our Share 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 and collect/ enquire about their unclaimed dividend.

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 Company's 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 22, 2024, 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. 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. 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.

8. Participation of Shareholders through online Facility:

To facilitate and ensure the safety and health of the shareholders, the Company will also be providing the online platform / facility to participate in the AGM in the shape of webinar/WebEx/zoom after completing all the formalities required for the verification and identification of the shareholders. The login facility will be opened at 10:50 a.m. on April 29, 2024 enabling the participants to join the proceedings which will start at 11:00 a.m. sharp. 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.

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 April 29, 2024 Monday at 11:00 am or any adjournment thereof.

Signed this ____________ day of ________ 2024.

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, Kashmir Commercial Complex, Block E, Fazal-ul-Haq Road, Blue Area, not later than 48 hours before the time of holding the Annual General Meeting.
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 پاورلمیٹڈ کاممبراور حامل--------------------------

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(حصص کی تعداد)

عمومی حصص کے مطابق رجسٹرفولیونمبر-------------------------------------اور/یاسی ڈی سی حصہ لینے والا I.D نمبراور

------------------------------------ذیلی اکاؤنٹ نمبر--تقرری

------------------------------------کا/ کی--یااس کی ناکامی

کا/کی--

میری طرف سے میرامختار/نائب کی حیثیت سے 29 اپریل 2024 کو بروزسوموار 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-------------------بتاریخ-------------------2024

گواہان

۱)دستخط--------------------------

نام--------------------------

پتہ--------------------------

شناختی کارڈ/پاسپورٹ نمبر------------------

اس پر 50 روپے مالیت کاٹکٹ 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 حتیٰ 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، بلیوایریا اسلام آباد میں واقعہ ہے۔ اور یہ اجلاس سے اڑتالیس (48) گھنٹے قبل موصول ہونے چاہیں۔

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 کی/مختارنامہ 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 S RO 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 Ac count Number: ____

Email Add ress: ____

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/Sha reholder
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

Saif Group

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