

PAKGEN POWER LIMITED



SECY/STOCKEXC/ 58

April 03, 2023

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

SUB: **SUBMISSION OF ANNUAL AUDITED ACCOUNTS
FOR THE PERIOD ENDED DECEMBER 31, 2022**

Dear Sir,

In compliance with the provisions of Section 237 of the Companies Act 2017, read with PSX Notice No. PSX/N-4207 dated July 13, 2018 and PSX/N-4952 dated August 29, 2018, we are pleased to submit electronically through PUCARS Annual Audited Financial Statements of Pakgen Power Limited ("the Company") for the year ended December 31, 2022.

Further please find attached Statement of Free Float of Shares along with Independent Reasonable Assurance Report on Statement of Free Float of Shares dated February 24, 2023 issued by M/s. Riaz Ahmad & Co., Chartered Accountants, the external auditors of the Company.

Thanking you,

Yours truly,


KHALID MAHMOOD CHOCHAN
COMPANY SECRETARY

HEAD OFFICE

: 1-B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL: +92-42-35717090-96, 35717159-63, FAX: 92-42-35717239, WEBSITE: www.pakgenpower.com, E-MAIL: pakgen@alpir.com

REGISTERED OFFICE

: NISHAT HOUSE, 53/A, LAWRENCE ROAD, LAHORE. TEL: 111-113-333 FAX: +92-42-36367414

POWER STATIONS

: LALPIR THERMAL POWER STATIONS, P.O. BOX NO. 89, MUZAFFARGARH. PC-34200, PAKISTAN. TEL: 92-66-2300030, FAX: 92-66-2300260, www.pakgenpower.com

INDEPENDENT REASONABLE ASSURANCE REPORT ON STATEMENT
OF FREE FLOAT OF SHARES

To the Chief Executive of Pakgen Power Limited

1. Introduction

We have been engaged to perform a reasonable assurance engagement on the named Statement of Free Float of Shares ("the Statement") of Pakgen Power Limited ("the Company") as of 31 March 2022, 30 June 2022, 30 September 2022 and 31 December 2022.

2. Applicable Criteria

PAKGEN POWER LIMITED

is a public company listed on the Pakistan Stock Exchange Limited Regulators ("PSX regulators") which requires every listed company to submit directly to Pakistan Stock Exchange ("PSX") an Annual Free Float Certificate duly verified by the auditor along with the annual audited accounts as prescribed under regulation 5.4.9(a) of the PSX Regulations.

STATEMENT OF FREE FLOAT OF SHARES

Management is responsible for the preparation of the Statement as of 31 March 2022, 30 June 2022, 30 September 2022 and 31 December 2022 in accordance with the applicable criteria. This responsibility includes maintaining adequate records and controls necessary to determine the free float of the company. Each item is free from material misstatement, whether due to fraud or error.

3. Our Independence and Quality Control

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

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

INDEPENDENT REASONABLE ASSURANCE REPORT ON STATEMENT OF FREE FLOAT OF SHARES

To the Chief Executive of Pakgen Power Limited

1. Introduction

We have been engaged to perform a reasonable assurance engagement on the annexed Statement of Free Float of Shares ("the Statement") of Pakgen Power Limited, ("the Company") as of 31 March 2022, 30 June 2022, 30 September 2022 and 31 December 2022.

2. Applicable Criteria

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

3. Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement as of 31 March 2022, 30 June 2022, 30 September 2022 and 31 December 2022 in accordance with the applicable criteria. This responsibility includes maintaining adequate records and internal controls as determined necessary to enable the preparation of the Statement such that it is free from material misstatement, whether due to fraud or error.

4. Our Independence and Quality Control

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

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

5. Our Responsibility and Summary of the Work Performed

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

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

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

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

With respect to identification of associates of an individual as defined in section 2 (ii) (a) of the Securities Act, 2015, we have obtained and relied on management's representations that are based on written declarations from individuals (i.e. directors, sponsors and senior management officers of the Company) about their associates.

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

Riaz Ahmad & Company

Chartered Accountants

6. Opinion

In our opinion, the Statement as of 31 March 2022, 30 June 2022, 30 September 2022 and 31 December 2022 is prepared, in all material respects, in accordance with the PSX Regulations.

7. Restriction on Use and Distribution

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Atif Anjum

Date: 24 February 2023

LAHORE

PAKGEN POWER LIMITED



PAKGEN POWER LIMITED

STATEMENT OF FREE FLOAT OF SHARES

	As of 31 March 2022	As of 30 June 2022	As of 30 September 2022	As of 31 December 2022
Total Outstanding Shares	372,081,591	372,081,591	372,081,591	372,081,591
Less: Government Holdings	-	-	-	-
Less: Shares held by Directors / Sponsors / Senior Management Officers and their associates (Note 1)	(79,410,794)	(14,635,840)	(14,635,840)	(14,971,840)
Less: Shares in Physical Form	(371,003)	(370,503)	(370,503)	(350,503)
Less: Shares held by Associate companies / Group Companies (Cross holdings)	(136,141,651)	(134,562,705)	(134,562,705)	(135,799,705)
Less: Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in normal course	-	-	-	-
Less: Treasury shares	-	-	-	-
Less: Any other category that are barred from selling at the review date	-	-	-	-
	(215,923,448)	(149,569,048)	(149,569,048)	(151,122,048)
Free Float	156,158,143	222,512,543	222,512,543	220,959,543

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

Note 1: "Sponsors" has the same meaning as defined in The Companies (Issue of Capital) Rules, 1996. "Senior Management Officers" and "Associates" have the same meaning as defined in the Securities Act, 2015.

Company Secretary



Chief Executive





NISHAT

PAKGEN POWER LIMITED

ANNUAL REPORT
2022

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A NEW VISION FOR CONTINUED
GROWTH



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COMPANY PROFILE

THE COMPANY

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

BOARD OF DIRECTORS

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

CHIEF EXECUTIVE OFFICER

Mian Hassan Mansha

AUDIT COMMITTEE

Mr. Farrukh Ifzal Chairman
Dr. Arif Bashir
Mr. Shahid Malik

HUMAN RESOURCE & REMUNERATION (HR &R) COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Tanvir Khalid

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

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

AUDITOR OF THE COMPANY

Riaz Ahmad & Co.
Chartered Accountants

LEGAL ADVISOR OF THE COMPANY

Mr. M. Aurangzeb Khan
Advocate High Court

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

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

PLANT

Mehmood Kot, Muzaffargarh,
Punjab - Pakistan.



VISION & MISSION STATEMENT

VISION STATEMENT

ENLIGHTEN THE FUTURE THROUGH EXCELLENCE,
COMMITMENT, INTEGRITY AND HONESTY

MISSION STATEMENT

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

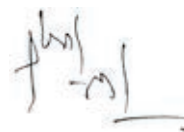


NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of **Pakgen Power Limited** (the "Company") will be held on April 26, 2023 (Wednesday) at 12:30 P.M. at The Nishat Hotel (Emporium Mall), Trade and Finance Centre, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore to transact the following business:

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended December 31, 2022 together with the Chairman Review, Directors' and Auditors' reports.
2. To approve Final Cash Dividend @ Rs.2/- per share i.e. 20% for the year ended December 31, 2022 in addition to the 15% i.e. Rs. 1.50 per share interim cash dividend already paid.
3. To appoint statutory Auditors of the Company for the year ending 2023 and fix their remuneration. The Board and Audit Committee have recommended the name of M/s Riaz Ahmad & Co., Chartered Accountants, the retiring auditors, for appointment as External Auditors of the Company.

By order of the Board



(KHALID MAHMOOD CHOCHAN)
COMPANY SECRETARY

Lahore
February 24, 2023

NOTES:

1. BOOK CLOSURE NOTICE:

The Share Transfer Books of Ordinary Shares of the Company will remain closed from 19-04-2023 to 26-04-2023 (both days inclusive) for attending of Annual General Meeting. Physical transfers / CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 18-04-2023 at CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, will be considered in time for attending of meeting.

2. ATTENDANCE AT MEETING

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

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

A. For Attending the Meeting

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

B. For Appointing Proxies

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

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

3. DEDUCTION OF WITHHOLDING TAX ON DIVIDEND

Pursuant to the provisions of the Income Tax Ordinance, 2001 (Ordinance) the rates of deduction of income tax from dividend payments are as follows:

- Filer	7.5%
- Non-Filer	15%

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

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

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar Office, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. , Main Shahrah-e-Faisal, Karachi, latest by April 19, 2023, otherwise each joint holder shall be assumed to have an equal number of shares.

Name of the Company		Pakgen Power Limited
Folio No. / CDS A/C No.		
No. of Shares Held		
Principal Shareholder	Name & CNIC	
	Shareholding Proportion (No. of Shares)	
Joint Shareholder(s)	Name & CNIC	
	Shareholding Proportion (No. of Shares)	

Signature of Primary Shareholder _____

4. EXEMPTION OF WITHHOLDING TAX:

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. , Main Shahrah-e-Faisal, Karachi, up to April 18, 2023.

5. SUBMISSION OF COPY OF CNIC (MANDATORY):

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

6. ZAKAT DECLARATION (CZ-50):

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

In case you want to claim exemption from compulsory deduction of Zakat, please submit your Zakat declarations (CZ-50 Form)/Solemn Affirmation, in case of Non Muslim, under Zakat and Usher Ordinance, 1980 & Zakat (Deduction & Refund) Rules, 1981, with Share Registrar, CDC Share Registrar Services Ltd, CDC House, 99-B, Block 'B', S.M.C.H.S. , Main Shahrah-e-Faisal, Karachi, **otherwise no exemption will be granted.** The Shareholders while sending the Zakat Declarations, as the case may be, must quote company name and their respective Folio numbers/CDC Account numbers.

7. MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MOD

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

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

Signature of Shareholder

8. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:

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

9. CIRCULATION OF ANNUAL REPORTS THROUGH DIGITAL STORAGE

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

10. UNCLAIMED DIVIDEND / SHARES

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

11. CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM:

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

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

We hereby request all members who are holding shares in physical form to convert their shares into book-entry form at the earliest. They are also suggested to contact the Central Depository Company of Pakistan Limited or any active member / stock broker of the Pakistan Stock Exchange to open an account in the Central Depository System and to facilitate

conversion of physical shares into book-entry form. Members are informed that holding shares in book-entry form has several benefits including but not limited to secure and convenient custody of shares, conveniently tradeable and transferable, No risk of the loss, damage or theft, No stamp duty on transfer of shares in book-entry form and hassle-free credit of bonus or right shares.

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

12. VIDEO CONFERENCE FACILITY:

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

13. E-VOTING AND POSTAL BALLOT FACILITY.

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

14. VIDEO-LINK FACILITIES FOR THE MEETING: -

In light of COVID-19 situation, the Securities and Exchange Commission of Pakistan ("SECP") has advised vide Circular No. 4 of 2021 dated 15 February, 2021 to provide participation of the members through electronic means. The members can attend the AGM via video link using smart phones/tablets/. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) through email at khalidchohan@pakgenpower.com or smahmood@dgcement.com by April 20, 2023.

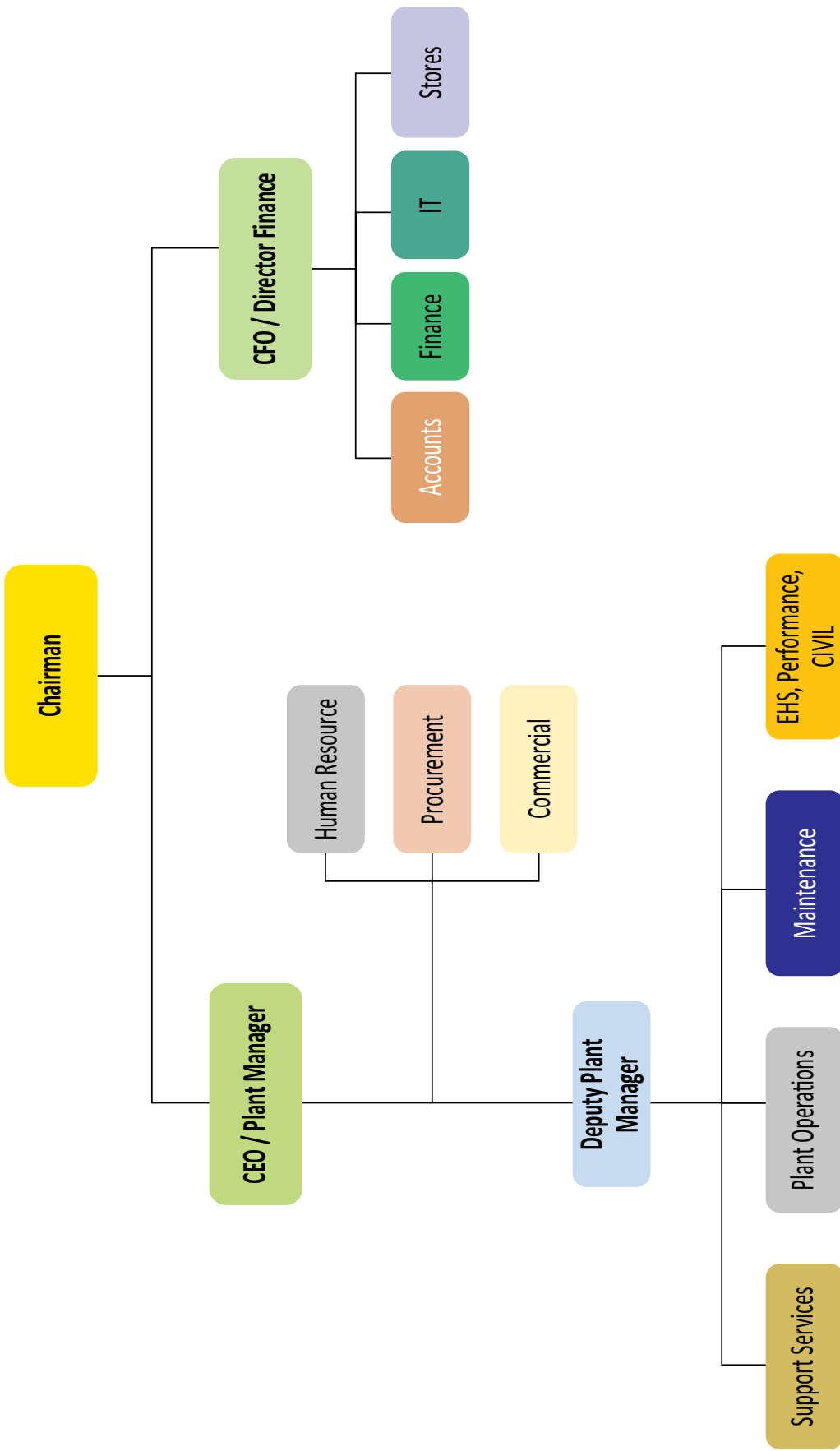
Name of Member/Proxyholder	CNIC No.	Folio No. / CDC Account No.	Cell No. Whatsapp No.	Email ID

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

Name of Investee Company	Nishat Hotels and Properties Limited
Total Investment Approved:	Investment of Rs. 500,000,000 by way of working capital loan was approved by members in AGM held on April 26, 2022 for a period of One year.
Amount of Investment Made to date:	Nil
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	No deviation from the approved timeline
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	At the time of approval, as per available latest (unaudited) financial statements for the period ended December 31, 2021, the basic earnings per share was Rs.0.29 and breakup value per share was Rs.19.12. As per latest available audited Financial Statements for the year ended June 30, 2022 the basic earnings per share is Rs.0.70 and breakup value per share is Rs.19.68.



ORGANIZATION CHART



DIRECTORS' PROFILE



Mian Hassan Mansha
Chief Executive

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



Mrs. Sadia Younas Mansha

Mrs. Sadia Younas Mansha has more than 21 years of diversified professional experience in Textile, Knitwear, Dairy and Agriculture Farming.

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



Mr. Samir Mustapha Chinoy

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



Dr. Arif Bashir
Chairman

Dr. Arif Bashir holds PhD degree in Chemical Engineering and has over 37 years of experience in the fields of project planning and execution, operation and maintenance of Cement Plant, Power Plants, Paper Plant etc. Currently he is working as Director (Technical Operations) of D.G Khan Cement Company Limited (DGKCC) and responsible for smooth operation and maintenance of Cement Production lines having capacity over 4.8 million tons/year. Captive Power Plants of about 100 MW capacity of 500,000 bag/day. Also responsible for Captive Coal based Power Plant. Alternate Fuels. Waste Heat Recovery projects of DGKCC. He is also serving on the Board of Nishat Paper Products Co. Ltd.



Mr. Shahid Malik

Shahid Malik is a seasoned professional with over 41 years of experience in the Diplomatic Service of Pakistan. He held key assignments as High Commissioner of Pakistan to India (2007-2013) and Canada (2002-2006), with current accreditation as Ambassador to Venezuela and High Commissioner to Trinidad and Guyana. His other diplomatic assignments include Washington (as Minister), Rome (as Charge d'Affaires), and Tokyo. Mr. Malik has also served as Director General and Additional Foreign Secretary in the Ministry of Foreign Affairs. He also brings with him diversified academic experience being part of the faculty at various universities worldwide, and has represented Pakistan at international forums including the UN (United Nations), Commonwealth, OIC (Organization of Islamic Countries), NAM (Non-Aligned Movement) and SAARC (South Asian Association for Regional Cooperation).



Mr. Ghazanfar Hussain Mirza

Mr. Ghazanfar Hussain Mirza has a Bachelor degree in Mechanical Engineering from NED University of Engineering & Technology. Mr. Mirza has more than 40 years of experience in business development and business & Corporate management in engineering, technical and multinational environment. He has served as Managing Companies of Wartsila Corporation (Finland) in Pakistan and Saudi Arabia. He also serves on the Board of Nishat Power Limited.



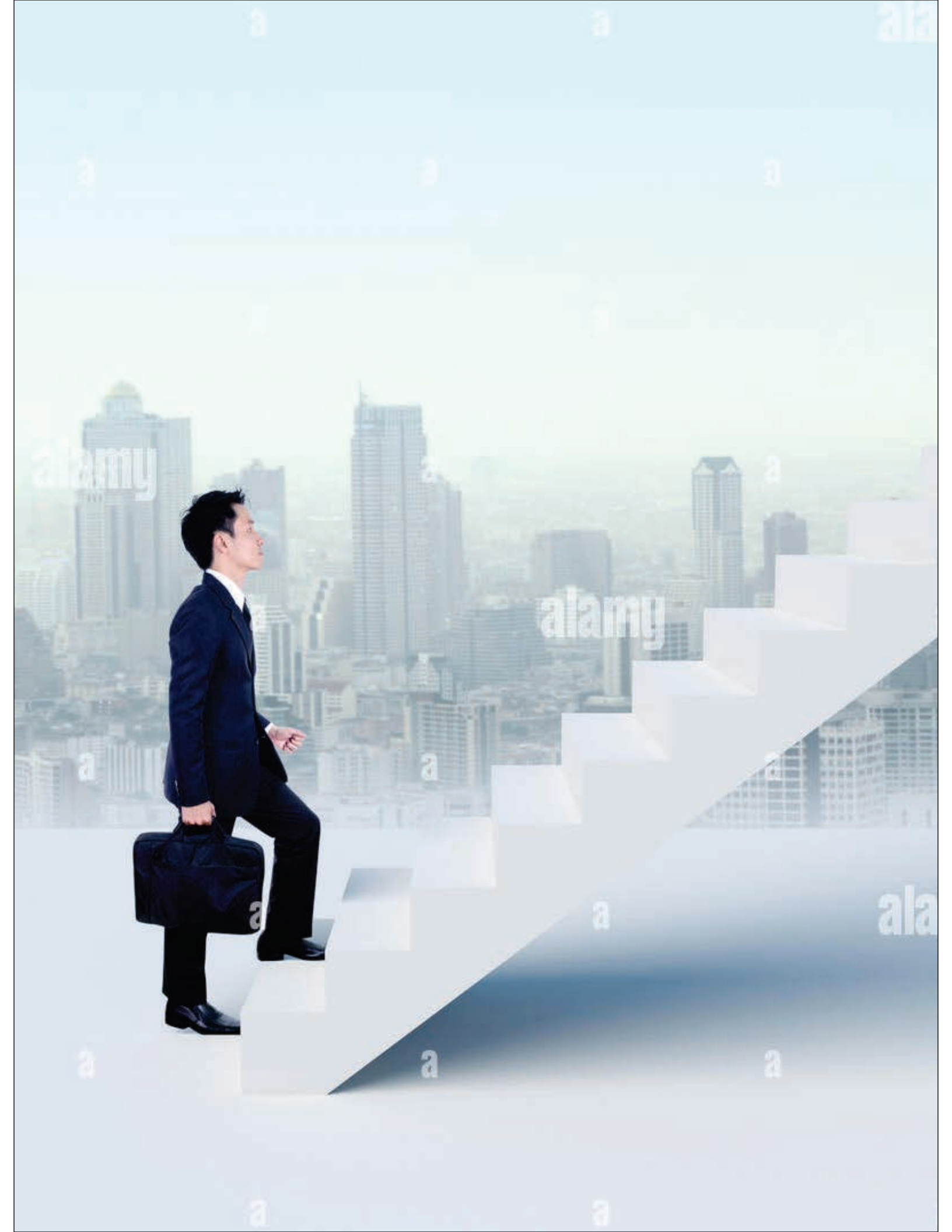
Mr. Farrukh Ifzal

Mr. Farrukh Ifzal is a Fellow member of the Institute of Chartered Accountants of Pakistan. He has over 35 years of diversified experience in the field of Accounts, Finance, Legal and General Management. He also served in Punjab Industrial Development. He is currently serving as Director in Nishat Chunian Limited and Chief Executive Officer of Nishat Chunian Power Limited



Mr. Amir Mahmood

Mr. Amir Mahmood is a Fellow Member of the Institute of Chartered Accountants of Pakistan, He has been associated with large business conglomerates in senior executive role. Currently he is serving as Group Chief Financial Officer of City Group. He possesses extensive experience in financial as well as commercial operations of different organizations and has been involved in national and international financing arrangements and restructuring. He served as a member of Arbitration Committee of Pakistan Stock Exchange, he is certified board director and previously sat on the boards of commercial as well as government organization.



CHAIRMAN'S REVIEW

I am pleased to present the annual report of the Company for the year ended December 31, 2022 to our valued shareholders. The Company, as well as the Board of Directors, have shown good performance during the current year.

The Company has earned a profit after tax of Rs. 3.136 billion as against a profit of Rs. 1.049 billion earned during the previous year. The profit in current year has increased by Rs. 2.087 billion, because in previous year, the Company did not issue Capacity Purchase Price invoices amounting to Rs. 2.429 billion started from 05-05-21 to 07-10-21, pursuant to PPA Amendment Agreement, signed with Central Power Purchasing Agency (Guarantee) Limited in April 2021.

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

To evaluate the performance of the Board and its Committees, the Board has put in place mechanism for annual evaluation of the performance of the Board of Directors. Accordingly, the Board has completed its annual self-evaluation for the year 2022 and I am pleased to report that the overall performance benchmarked on the basis of set criteria remained satisfactory.

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

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

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

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



Chairman
Lahore: February 24, 2023

چیرمین کا جائزہ

میں 31 دسمبر، 2022ء کو ختم ہونے والے سال کے لئے، اپنے قابل قدر شیئر ہولڈرز کو کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ موجودہ سال کے دوران کمپنی اور بورڈ آف ڈائریکٹرز نے بہتر کارکردگی کا مظاہرہ کیا ہے۔

کمپنی کو گزشتہ سال 1.049 بلین روپے منافع کے برعکس موجودہ سال میں 3.136 بلین روپے کا بعد از ٹیکس منافع ہوا۔ موجودہ سال میں منافع 2.087 بلین روپے تک زیادہ ہوا کیونکہ گزشتہ سال میں، کمپنی کی طرف سے اپریل 2021 میں سینٹرل پاور پراجیکٹ ایجنسی (گارٹی) لمیٹڈ کے ساتھ پی پی اے ترمیمی معاہدے کے مطابق 05-05-21 سے 07-10-21 تک 2.429 بلین روپے کی کیمپسٹی پراجیکٹ پر اس انوائسز جاری نہیں کی گئیں۔

میں متعدد چیلنجوں اور ملک میں شدید اقتصادی حالات کے باوجود اس مدت کے دوران بورڈ کی مجموعی کارکردگی کو سراہتا ہوں۔ انہوں نے انتظامیہ کو اسٹریٹجک ہدایات فراہم کیں اور رہنمائی کے لیے ہمیشہ موجود رہے۔ بورڈ نے مختلف کمپنیاں جیسے کہ آڈٹ کمیٹی اور ایس ایس کی کمیٹی تشکیل دی ہیں۔ آڈٹ کمیٹی کے ذریعے بورڈ نے اندرونی کنٹرول اور مالیاتی گوشواروں کا جائزہ لیا اور اس بات کو یقینی بنایا کہ اکاؤنٹس کمپنی کی مالی حالت کی منصفانہ نمائندگی کریں۔ جبکہ HR کمیٹی HR پالیسی فریم ورک کا جائزہ لیتی ہے اور سینئر مینجمنٹ ٹیم کے انتخاب اور معاوضہ کی سفارش کرتی ہے۔

بورڈ اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لینے کے لیے، بورڈ نے بورڈ آف ڈائریکٹرز کی کارکردگی کی سالانہ تشخیص کے لیے ایک طریقہ کار وضع کیا ہے۔ اسی مناسبت سے، بورڈ نے سال 2022 کے لیے اپنی سالانہ خود تشخیص مکمل کر لی ہے اور مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ مقررہ معیار کی بنیاد پر مجموعی کارکردگی کا معیار تسلی بخش رہا۔

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

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

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

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



چیرمین

لاہور: 24 فروری 2023ء

DIRECTORS' REPORT



The Directors are pleased to present the Annual Report and the audited financial statements of the Company for the year ended December 31, 2022 together with the auditors' report thereon.

GENERAL

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

FINANCE AND SIGNIFICANT EVENTS

We report that during the year 2022 the total sales revenue of the Company was Rupees 45.833 billion (2021: Rupees 19.901 billion) and operating costs were Rupees 42.359 billion (2021: Rupees 18.237 billion), resulting in gross profit of Rupees 3.474 billion (2021: Rupees 1.664 billion). The Company earned a profit after tax of Rupees 3.136 billion resulting in earnings per share of Rupees 8.43 as compared to a net profit of Rupees 1.049 billion and earnings per share of Rupees 2.82 last year. The profit in current year has increased because in comparative year, the

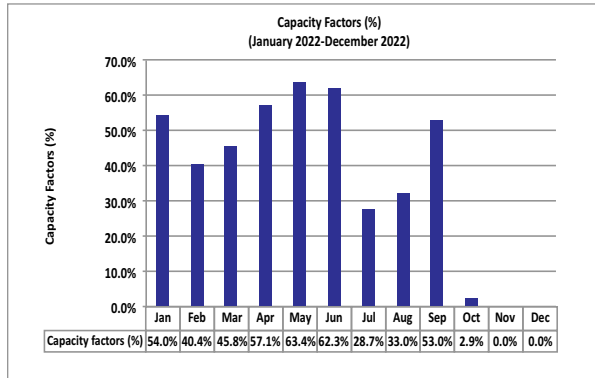
Company did not issue Capacity Purchase Price invoices amounting to Rs.2.429 billion started from 05-05-21 to 07-10-21, pursuant to PPA Amendment signed as per note 1.2 of the preceding audited annual published financial statements of the Company for the year ended 31 December 2021.

During the period, the State Bank of Pakistan ('SBP') issued various directions whereby certain restrictions were imposed on imports of spare parts and consumable items due to scarcity of foreign exchange and difficult economic condition in the country. The Company has raised the matter with Power Purchaser and Private Power & Infrastructure Board ('PPIB') for resolution, however the Company continues to face challenges of timely availability of the required foreign exchange for import of parts for maintenances.

Our sole customer, CPPA-G remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. As on 31 December 2022, an amount of Rupees 14.717 billion was outstanding against CPPA-G.

OPERATIONS AND SIGNIFICANT EVENTS

In response to load demanded by CPPA-G, the Pakgen plant operated at capacity factor of 36.7% with a load factor of 78.3% and availability of 95.4% and dispatched 1,123.721 GWh of electricity during the year.



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

ANNUAL CAPACITY TEST

As per the requirement of PPA, the Company conducted its Annual Capacity Test on February 10, 2022 whereby it successfully maintained the capacity of 350 MW.

PERFORMANCE IMPROVEMENT

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

CREDIT RATINGS

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

INTERNAL AUDIT AND CONTROL

The Board of Directors has set up an independent audit function headed by a qualified person reporting to the Audit

Committee. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its' internal control system.

ENVIRONMENT HEALTH AND SAFETY

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND COMMUNITY WELFARE

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

- Managing a basic health unit that is fully equipped with emergency facilities and diagnostics laboratory for the local community. Additionally, the Company also arranges special eye & skin disease camp for the local community on annual basis in collaboration with The Layton Rahmatulla Benevolent Trust (LRBT).
- The Company is awarding the scholarships to the deserving students of local community to pursue their professional education.
- Repair of house in the vicinity damaged due to rainstorm
- Extensive plantation of trees in the surrounding areas.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE 2019

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

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of

financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon Company's ability to continue as going concern.
- All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.
- The key operating and financial data of last six years is attached to the report.
- Value of investment in provident fund and gratuity scheme as at year ended 31st December 2022, were as follows;

Provident fund: 31 December 2022 is Rupees: 213.629 Million

Gratuity fund: 31 December 2022 is Rupees: 134.447 Million

COMPOSITION OF BOARD:

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

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

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

* Mr. Aurangzeb Firoz has resigned from the Board of Directors with effect from June 24, 2022.

**Mr. Amir Mahmood appointed as director with effect from June 24, 2022 in place of Mr. Aurangzeb Firoz.

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

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

* Mr. Aurangzeb Firoz resigned on 24-06-2022

** Dr. Arif Bashir appointed as member Audit Committee as on 24-06-2022

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

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

DIRECTORS' REMUNERATION:

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

PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding as on 31 December 2022 is attached.

TRADING IN THE SHARES OF THE COMPANY

All the trades in the shares of the listed Company, carried out by its directors, executives and their spouses and minor children during the year ended December 31, 2022 is annexed to this report.

RELATED PARTIES

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

FINANCIAL RISK MANAGEMENT

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

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

APPROPRIATIONS

The Board of Directors has proposed final dividend for the year ended 31 December 2022 of Rupee 2/- per share.

AUDITORS

The present auditors M/s Riaz Ahmad and Company, Chartered Accountants retired and being eligible, offer themselves for re-appointment for the year 2023. The Audit Committee of the Board has recommended the re-appointment of the retiring auditors.

ACKNOWLEDGEMENT

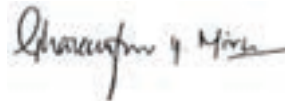
We wish to thank our valuable shareholders, CPPA-G, financial institutions, lenders, Pakistan State Oil and other suppliers for their trust and faith in the Company and their valuable support that enabled the Company to achieve better results.

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

For and on behalf of the Board of Directors



Mian Hassan Mansha
Chief Executive Officer
Lahore: 24th Feb, 2023



Mr. Ghazanfar Hussain Mirza
Director

ڈائریکٹرز رپورٹ پاک جن پاور لمیٹڈ

ڈائریکٹرز 31 دسمبر 2022ء کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ اور نظر ثانی شدہ مالی حسابات معائنہ پر آڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی

محسوس کر رہے ہیں۔

عام معلومات

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

مالی نتائج اور اہم واقعات

ہم بیان کرتے ہیں کہ سال 2022ء کے دوران کمپنی کی فروخت کی کل آمدنی 45.833 بلین روپے (2021: 19.901 بلین روپے) اور آپریٹنگ اخراجات 42.359 بلین روپے (2021: 18.237 بلین روپے) جس کے نتیجے میں 3.474 بلین روپے کا مجموعی منافع (2021: 1.664 بلین روپے) حاصل ہوا تھا۔ کمپنی نے گزشتہ سال 1.049 بلین روپے خالص منافع اور 2.82 روپے فی شیئر آمدنی کے مقابلے موجودہ سال 3.136 بلین روپے بعد از ٹیکس منافع کمایا جس کے نتیجے میں 8.43 روپے فی شیئر آمدنی حاصل ہوئی۔ رواں سال منافع میں اضافہ ہوا کیونکہ تقابلی سال میں، کمپنی نے 31 دسمبر 2021ء کو ختم ہونے والے سال کے لئے کمپنی کے گزشتہ نظر ثانی شدہ سالانہ شائع کردہ مالی گوشواروں کے نوٹ 1.2 کے مطابق پی پی اے ترمیمی معاہدے کی بیرونی میں، 21-05-2021 سے 21-10-2021 تک 2.429 بلین روپے کی کمپنٹی پراجیکٹس پرائس انوائسز جاری نہیں کی تھیں۔

اس عرصے کے دوران، اسٹیٹ بینک آف پاکستان ("SBP") نے مختلف ہدایات جاری کیں جن کے تحت غیر ملکی زرمبادلہ کی کمی اور ملک میں مشکل معاشی حالت کی وجہ سے اسپیر پارٹس اور قابل استعمال اشیاء کی درآمد پر کچھ پابندیاں عائد کی گئیں۔ کمپنی نے اس معاملے کو پاور پراجیکٹس اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ (PPIB) کے ہاں حل کے لیے اٹھایا ہے، تاہم کمپنی کو دیکھ بھال کے لیے پوزوں کی درآمد کے لیے مطلوبہ زرمبادلہ کی بروقت دستیابی کی مشکلات کا سامنا ہے۔

ہمارا واحد صارف، CPPA-G بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ضمانت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریاں پوری کرنے میں ناکام رہا ہے۔ 31 دسمبر 2022ء کو، CPPA-G کی طرف 14.717 بلین روپے کی رقم بقایا واجب الادا ہے۔

آپریٹنگ اور اہم واقعات:

سال کے دوران CPPA-G کی طرف سے مطلوبہ لوڈ کے جواب میں پاک جن پلانٹ 78.3 فیصد لوڈ فیکٹر اور 95.4 فیصد کی دستیابی کے ساتھ 36.7 فیصد کے صلاحیتی عنصر پر چلایا گیا اور 1,123.721 GWh بجلی ترسیل کی گئی۔

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

سالانہ صلاحیتی ٹیسٹ

PPA کے تقاضے کے مطابق، کمپنی نے 10 فروری 2022ء کو اپنے سالانہ صلاحیتی ٹیسٹ کا انعقاد کیا جہاں کامیابی سے 350 MW کی کپسٹی کو برقرار رکھا ہے۔

کارکردگی میں بہتری

پلانٹ کی کارکردگی کو بہتر بنانے کے لئے مسلسل کوششیں جاری ہیں۔ مزید برآں، زیادہ سے زیادہ آپریشن اور مینٹیننس پرمکوز توجہ کو برقرار رکھا گیا ہے۔

کریڈٹ ریٹنگز

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

اندرونی آڈٹ اور کنٹرول

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

ماحول صحت اور حفاظت

ک جن پاور لیٹنگ کو ماحول کے تحفظ اور اپنے ملازمین کی صحت اور حفاظت کو بہتر بنانے کے عزم پر فخر حاصل ہے۔ سال کے دوران کسی زخم کے باعث وقت کا کوئی ضیاع نہیں ہوا ہے۔

کارپوریٹ سماجی ذمہ داری (CSR) اور کمیونٹی ویلفیئر

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

- کمپنی ایک بنیادی ہیلتھ یونٹ چلا رہی ہے جو مقامی کمیونٹی کے لئے ہنگامی سہولیات اور تشخیص کی لیبارٹری سے مکمل طور پر لیس کیا گیا ہے۔ اس کے علاوہ کمپنی سالانہ بنیاد پر مقامی کمیونٹی کے لئے ایل آر بی ٹی کے تعاون سے خصوصی آئی اور سکس ڈیزیزیکپ کا بھی انتظام کرتی ہے۔
- کمپنی مقامی کمیونٹی کے مستحق طلباء کو ان کی پیشہ ورانہ تعلیم کے لئے سکلر شپس دے رہی ہے۔
- بارشوں کے باعث ارد گرد کے تباہ شدہ گھروں کی مرمت کروائی جاتی ہے۔
- ارد گرد کے علاقوں میں وسیع پیمانے پر درختوں کی شجرکاری کی جاتی ہے۔

کوڈ آف کارپوریٹ گورننس 2019 کی تعمیل

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

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

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

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

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے مکمل کھاتہ جات بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی

- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گونگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- بورڈ کے تمام ڈائریکٹرز کا رپورٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے بخوبی واقف ہیں۔ ڈائریکٹرز کو اور مینٹیشن کورسز کے ذریعے ان کے فرائض اور ذمہ داریوں کے بارے میں آگاہ کیا گیا تھا۔
- گذشتہ چھ سالوں کا کلیدی اور مالی اعداد و شمار رپورٹ کے ہمراہ منسلک ہے۔
- 31 دسمبر 2022 کو ختم ہونے والے سال کے مطابق پراویڈنٹ فنڈ اور گریجویٹ اسکیم میں سرمایہ کاری کی قدر حسب ذیل تھی:
 - پراویڈنٹ فنڈ: 31 دسمبر 2022 کو 213.629 ملین روپے
 - گریجویٹ فنڈ: 31 دسمبر 2022 کو 134.447 ملین روپے

بورڈ کی تشکیل:

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

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

نمبر شمار	نام ڈائریکٹر	تعداد اجلاس
1	ڈاکٹر عارف بشیر (چیئر مین / ڈائریکٹر)	3
2	میاں حسن منشاء (سی ای او)	4
3	جناب غضنفر حسین مرزا	4
4	جناب اورنگ زیب فیروز*	2
5	جناب شاہد ملک	4
6	محترمہ سعدیہ پونس منشا	3
7	جناب عامر محمود**	2
8	جناب فرخ افضل	4
9	جناب سمیر مصطفیٰ چنائے	3

* جناب اورنگ زیب فیروز 24 جون 2022 کو بورڈ آف ڈائریکٹرز سے مستعفی ہو گئے۔

** جناب اورنگ زیب فیروز کی جگہ جناب عامر محمود کو 24 جون 2022 کو بطور ڈائریکٹر مقرر کیا گیا۔

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

نمبر شمار	نام رکن	تعداد اجلاس
1	جناب فرخ افضل (ممبر 1 چیئرمین)	4
2	* جناب اورنگ زیب فیروز (ممبر)	2
3	جناب شاہد ملک (ممبر)	4
4	** ڈاکٹر عارف بشیر (ممبر)	1

* جناب اورنگ زیب فیروز 24 جون 2022 کو مستعفی ہو گئے۔

** جناب ڈاکٹر عارف بشیر کو 24 جون 2022 کو آڈٹ کمیٹی کا ممبر مقرر کیا گیا۔

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

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

ڈائریکٹرز کا مشاہرہ:

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

حصص داری کا نمونہ:

برطانیق 31 دسمبر 2022 نمونہ حصص داری منسلک ہے۔

کمپنی کے حصص میں ٹریڈنگ:

31 دسمبر 2022 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، ایگزیکٹو اور ان کے زوج اور نابالغ بچوں کی طرف سے لفظ کمپنی کے حصص میں کی گئی تمام تجارت اس سالانہ رپورٹ کے ہمراہ منسلک ہے۔

متعلقہ پارٹیاں:

متعلقہ پارٹیوں کے درمیان لین دین آڈٹ کمیٹی کے سامنے پیش کیا گیا اور بورڈ نے منظور کیا۔ یہ لین دین IFRS اور کمپنیز ایکٹ 2017ء کی ضروریات کے مطابق تھے۔
فنانشل رسک مینجمنٹ:

کمپنی کی سرگرمیاں مختلف مالیاتی خطرات کو بے نقاب کرتی ہیں:

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

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

تصرفات:

بورڈ آف ڈائریکٹرز نے 31 دسمبر 2022 کو ختم ہونے والے سال کے لئے 21 روپے فی شیئر حتمی منافع منقسمہ تجویز کیا ہے۔

محاسب:

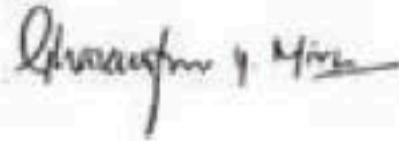
موجودہ محاسب میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے اہل ہونے کی بناء پر سال 2023 کے لئے دوبارہ تعیناتی کے لئے خود کو پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے ریٹائر ہونے والے محاسب کی دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر:

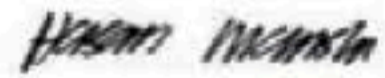
ہم اپنے قابل قدر حصص داران، CPPA-G، مالیاتی اداروں، قرض دہندگان، پاکستان اسٹیٹ آئل اور دیگر سپلائرز کے کمپنی پر اعتماد، یقین اور مسلسل حمایت کا شکریہ ادا کرتے ہیں جن کی بدولت کمپنی بہتر نتائج حاصل کرنے کے قابل ہوئی ہے۔

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

منجانب مجلس نظماء



(جناب غففر حسین مرزا)
ڈائریکٹر



(میاں حسن منشا)

چیف ایگزیکٹو آفیسر

لاہور: 24 فروری 2023ء

FINANCIAL DATA

	2022	2021	2020	2019	2018	2017
Dispatch Level %	78.30%	71.60%	54.50%	48.60%	54.80%	50.00%
Dispatch (GWH)	1,124	798	191	324	811	1,523
Revenue (Rupees.000)						
Revenue	45,833,179	19,900,766	10,645,671	12,185,385	16,218,296	19,754,785
Cost of Sales	(42,359,309)	(18,236,639)	(5,078,317)	(7,618,200)	(13,792,637)	(17,771,748)
Gross Profit	3,473,870	1,664,127	5,567,354	4,567,185	2,425,659	1,983,037
Profitability (Rupees.000)						
Profit/(Loss) before Tax	3,136,234	1,049,344	4,411,282	2,911,041	1,485,141	1,313,977
Provision for Income Tax						
Profit/(Loss) after Tax	3,136,234	1,049,344	4,411,282	2,911,041	1,485,141	1,313,977
Financial Position (Rupees.000)						
Non Current Assets	4,520,845	5,292,081	5,957,842	6,832,035	7,710,768	8,525,637
Current Assets	21,985,512	20,338,833	23,527,432	24,623,019	21,101,212	18,336,319
Less: Current Liabilities	1,352,354	3,064,260	6,800,928	12,380,051	12,088,951	10,923,397
Net Working Capital	20,633,158	17,274,573	16,726,504	12,242,968	9,012,261	7,412,922
Capital Employed	25,154,003	22,566,654	22,684,346	19,075,003	16,723,029	15,938,559
Less: Long Term Loans						
Less: Deferred Liabilities	4,574	2,267	48,986	20,941	29,349	-
Less: Deferred Income - Government Grant			957	-	-	-
Share Holders Equity	25,149,429	22,564,387	22,634,403	19,054,062	16,693,680	15,604,190
Represented by (Rupees.000)						
Share Capital	3,720,816	3,720,816	3,720,816	3,720,816	3,720,816	3,720,816
Capital Reserves	116,959	116,959	116,959	116,959	116,959	116,959
Un-appropriated profit	21,311,654	18,726,612	18,796,628	15,216,287	12,855,905	11,766,415
	25,149,429	22,564,387	22,634,403	19,054,062	16,693,680	15,604,190
Dividends (Rupees.000)	558,122	1,116,246	837,184	558,122	372,082	744,164
Earning Per Share (Rupees)	8.43	2.82	11.86	7.82	3.99	3.53
Delta Loss (Rupees.000)	1,853,850	811,154	264,613	513,275	934,265	907,800
Ratios:						
Return on assets	0.12	0.04	0.15	0.09	0.05	0.05
Break up value per share of						
Rs. 10 each- Rupees	67.59	60.64	60.83	51.21	44.87	41.94
Current Ratio	16.26	6.64	3.46	1.99	1.75	1.68
Net Profit / (Loss) to sales (%age)	6.84%	5.27%	41.44%	23.89%	9.16%	6.65%

Vertical Analysis - Profit and Loss Account

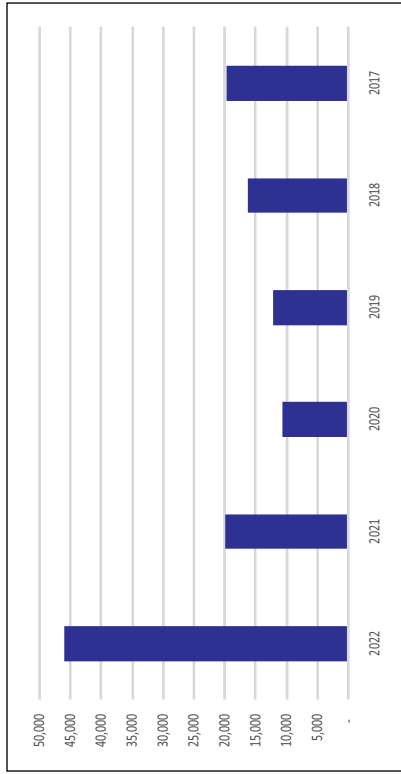
Description	2022	% of Turnover (.....Rupees '000'.....)	2021	% of Turnover	2020	% of Turnover
Revenue	45,833,179	100	19,900,766	100	10,645,671	100
Cost of Sales	(42,359,309)	(92.42)	(18,236,639)	(91.64)	(5,078,317)	(47.70)
Gross Profit	3,473,870	7.58	1,664,127	8.36	5,567,354	52.30
Administration Expenses	(260,865)	(0.57)	(228,689)	(1.15)	(213,148)	(2.00)
Other operating Expenses	(4,943)	(0.01)	(136,274)	(0.68)	(2,961)	(0.03)
Other income	202,302	0.44	75,267	0.38	66,946	0.63
Finance Cost	(274,130)	(0.60)	(325,087)	(1.63)	(1,006,909)	(9.46)
Profit for the year	3,136,234	6.84	1,049,344	5.27	4,411,282	41.44

Horizontal Analysis - Profit and Loss Account

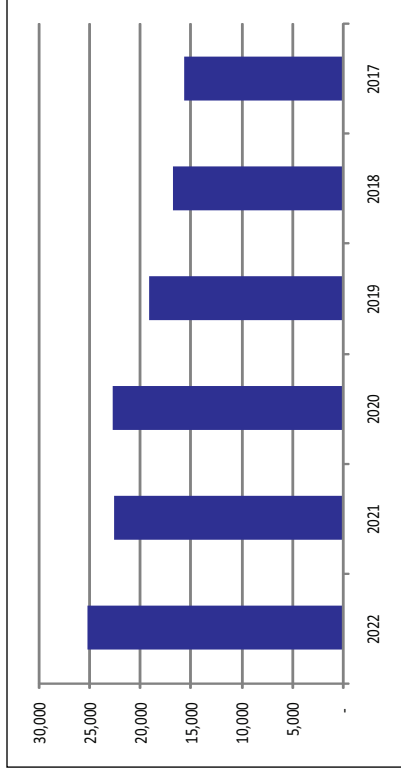
Description	2022	22 v 21 % age (.....Rupees '000'.....)	2021	21 v 20 % age	2020	20 v 19 % age
Revenue	45,833,179	130.31	19,900,766	86.94	10,645,671	(12.64)
Cost of Sales	(42,359,309)	132.28	(18,236,639)	259.11	(5,078,317)	(33.34)
Gross Profit	3,473,870	108.75	1,664,127	(70.11)	5,567,354	21.90
Administration Expenses	(260,865)	14.07	(228,689)	7.29	(213,148)	(6.83)
Other operating Expenses	(4,943)	(96.37)	(136,274)	4,502.30	(2,961)	(94.75)
Other income	202,302	168.78	75,267	12.43	66,946	(58.62)
Finance Cost.	(274,130)	(15.67)	(325,087)	(67.71)	(1,006,909)	(34.31)
Profit for the year	3,136,234	198.88	1,049,344	(76.21)	4,411,282	51.54

PERFORMANCE REVIEW 2017 - 2022

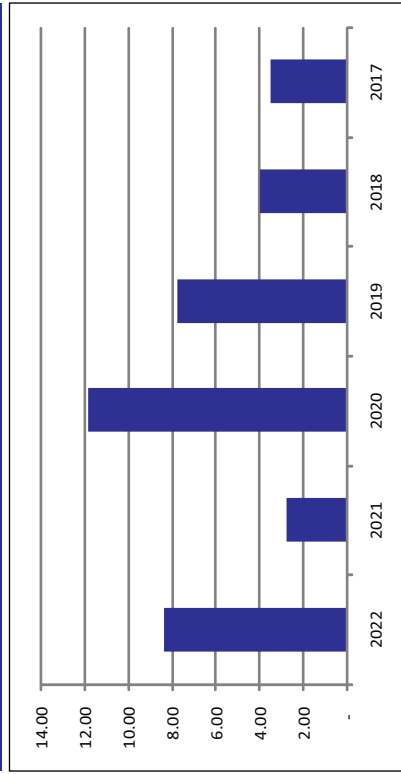
Turnover (Rs in Million)



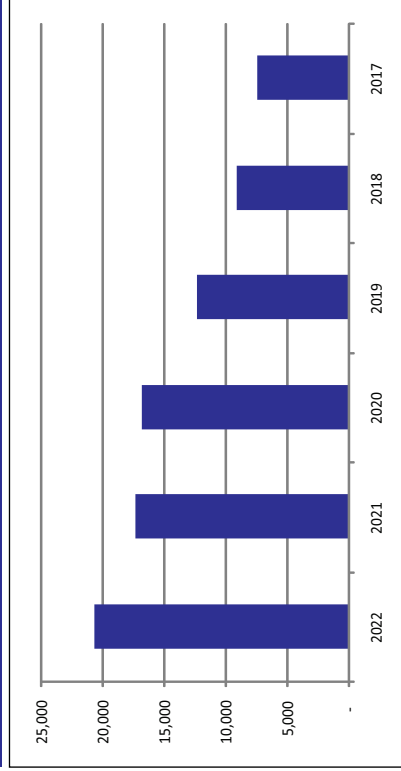
Shareholder Equity (Rs. In Million)



Earning per Share (Rs. Per Share)



Working capital (Rs. In Million)



PATTERN OF SHAREHOLDING

As pf December 31, 2022

# Of Shareholders	Shareholdings Slab	Total Shares Held
275	1 To 100	4,534
396	101 To 500	188,880
232	501 To 1000	228,376
332	1001 To 5000	995,771
122	5001 To 10000	1,051,233
43	10001 To 15000	570,550
34	15001 To 20000	634,800
20	20001 To 25000	485,501
19	25001 To 30000	549,721
9	30001 To 35000	301,000
6	35001 To 40000	226,500
2	40001 To 45000	82,500
19	45001 To 50000	943,000
2	50001 To 55000	102,500
2	55001 To 60000	114,000
2	60001 To 65000	127,500
3	65001 To 70000	209,000
3	70001 To 75000	225,000
1	75001 To 80000	80,000
1	80001 To 85000	85,000
4	85001 To 90000	355,000
1	90001 To 95000	95,000
19	95001 To 100000	1,898,500
1	100001 To 105000	104,500
3	115001 To 120000	355,500
1	120001 To 125000	123,000
2	135001 To 140000	280,000
1	140001 To 145000	143,000
1	145001 To 150000	150,000
1	150001 To 155000	155,000
1	155001 To 160000	160,000
1	170001 To 175000	175,000
4	195001 To 200000	794,000
1	200001 To 205000	205,000
1	215001 To 220000	217,000
2	240001 To 245000	488,000
1	255001 To 260000	260,000
1	265001 To 270000	265,500
1	295001 To 300000	300,000
1	345001 To 350000	350,000
1	395001 To 400000	400,000
1	400001 To 405000	403,237
1	420001 To 425000	424,000
1	430001 To 435000	431,500
1	450001 To 455000	450,198
2	470001 To 475000	944,500
1	495001 To 500000	500,000
1	515001 To 520000	515,500
1	525001 To 530000	526,315
1	530001 To 535000	530,500

# Of Shareholders	Shareholdings Slab		Total Shares Held
1	560001	To 565000	561,500
1	575001	To 580000	577,500
1	580001	To 585000	583,500
1	585001	To 590000	585,500
1	595001	To 600000	600,000
1	620001	To 625000	620,500
1	625001	To 630000	630,000
1	685001	To 690000	687,500
1	710001	To 715000	713,000
1	715001	To 720000	717,000
2	995001	To 1000000	2,000,000
1	1050001	To 1055000	1,052,631
1	1115001	To 1120000	1,115,500
1	1150001	To 1155000	1,153,000
1	1195001	To 1200000	1,200,000
1	1340001	To 1345000	1,344,000
1	1570001	To 1575000	1,575,000
1	2105001	To 2110000	2,108,500
1	2670001	To 2675000	2,671,000
1	3270001	To 3275000	3,270,845
1	4405001	To 4410000	4,407,500
1	6165001	To 6170000	6,166,000
1	7510001	To 7515000	7,513,296
1	11035001	To 11040000	11,037,500
1	14630001	To 14635000	14,631,340
1	25630001	To 25635000	25,631,181
1	35995001	To 36000000	35,998,000
1	56720001	To 56725000	56,724,500
1	64475001	To 64480000	64,476,454
1	102520001	To 102525000	102,524,228
1613			372,081,591

CATEGORIES OF SHAREHOLDING

As of December 31, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse(s) and minor children			
ARIF BASHIR	1	1,000	0.00
GHAZANFAR HUSAIN MIRZA	1	1,000	0.00
SAMIR MUSTAPHA CHINYOY	1	500	0.00
HASAN MANSHA	1	14,631,340	3.93
SHAHID MALIK	1	500	0.00
SADIA YOUNAS MANSHA	1	500	0.00
AMIR MAHMOOD	1	500	0.00
FARRUKH IFZAL	1	500	0.00
Associated companies, undertakings and related parties			
ENGEN (PRIVATE) LIMITED	1	500	0.00
M/S. SECURITY GENERAL INSURANCE CO. LTD.	1	500	0.00
M/S. NISHAT MILLS LIMITED	2	102,524,728	27.55
SECURITY GENERAL INSURANCE CO LTD	1	7,513,296	2.02
NISHAT REAL ESTATES DEVELOPMENT COMPANY (PRIVATE) LIMITED	1	46,000	0.01
NISHAT (AZIZ AVENUE) HOTELS AND PROPERTIES LIMITED	1	85,000	0.02
ADAMJEE INSURANCE COMPANY LIMITED	1	25,631,181	6.89
MRS. BEGUM NAZ MANSHA	1	205,000	0.06
UMER MANSHA	1	140,000	0.04
RAZA MANSHA	1	196,000	0.05
JAHANGIR FIROZ	2	64,575,954	17.36
Executives	-	-	-
NIT and ICP	-	-	-
Banks, Development Financial Institutions, Non-Banking Financial Institutions	2	4,938,000	1.33
Insurance Companies	1	140,000	0.04
Modarabas & Mutual Funds	4	1,011,000	0.27
General Public			
a. Local	1,530	85,001,243	22.84
b. Foreign	12	630,000	0.17
Foreign Companies	1	245,000	0.07
OTHERS	42	64,562,349	17.35
Totals	1,613	372,081,591	100.00

Share holders holding 10% or more	Shares Held	Percentage
NISHAT MILLS LIMITED	102,524,228	27.55
JAHANGIR FIROZ	64,476,454	17.33
PROVIDUS CAPITAL (PVT.) LIMITED	56,724,500	15.245

Trading in the shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, Substantial Shareholder, their Spouses and minor children during the period January 01, 2022 to December 31, 2022, are as under:

Sr. No.	Name	Designation	No. of Shares	
			Purchase	Sold
1.	Mr. Umer Mansha Spouse of Mrs. Sadia Younas Mansha-Director		140,000	
2.	Mr. Shunaid Qureshi	Substantial Shareholder	48,035,500	
3.	Providus Capital (Pvt) Ltd.	Substantial Shareholder	3,591,500	

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

Name of Company: Pakgen Power Limited

Year ended: December 31, 2022

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

1. The total number of Directors are eight (08) as per the following:
 - a. Male: 07
 - b. Female: 01
2. The composition of the Board is as follows:

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

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the 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 the Regulations;

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

Names of Directors
Mr. Farrukh Ifzal
Mr. Samir Mustapha Chinoy
Mr. Ghazanfar Hussain Mirza
Mr. Amir Mahmood
Mr. Shahid Malik
Dr. Arif Bashir

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

a) Audit Committee

Names	Designation held
Mr. Farrukh Ifzal	Chairman
Dr. Arif Bashir	Member
Mr. Shahid Malik	Member

b) HR and Remuneration Committee

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

a) Audit Committee

Four meetings were held during the

financial year ended December 31, 2022.

b) HR and Remuneration Committee

One meeting of HR and Remuneration Committee was held during the financial year ended December 31, 2022.


15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	<p>Responsibilities of the Board and its members</p> <p>The Board is responsible for adoption of corporate governance practices by the company.</p>	<p>Non-mandatory provisions of the Regulations are partially complied. The company is deliberating on full compliance with all the provisions of the Regulations.</p>	10(1)
2	<p>Directors' Training</p> <p>It is encouraged that by June 30, 2022, all directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.</p>	<p>6 directors of the Company have acquired Directors' Training Program certification. The Company has planned to arrange Directors' Training Program certification for remaining directors.</p>	19(1)
3	<p>Directors' Training</p> <p>Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year July 2020.</p>	<p>The Company has planned to arrange Directors' Training Program certification for female executives over the next few years.</p>	19(3)
4	<p>Directors' Training</p> <p>Companies are encouraged to arrange training for at least one head of department every year under the Directors' Training Program from July 2022.</p>	<p>The Company has planned to arrange Directors' Training Program certification for at least one head of department annually over the next few years.</p>	19(3)
5	<p>Nomination Committee</p> <p>The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.</p>	<p>Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee.</p>	29
6	<p>Risk Management Committee</p> <p>The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.</p>	<p>Currently, the Board has not constituted a risk management committee and a senior officer of the Company performs the requisite functions and apprise the Board accordingly.</p>	30
7	<p>Disclosure of significant policies on website</p> <p>The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.</p>	<p>Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.</p>	35

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



Dr. Arif Bashir
Director/Chairman



Mian Hassan Mansha
Chief Executive Officer

Lahore
February 24th, 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakgen Power Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pakgen Power Limited (the Company) for the year ended 31 December 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2022.



RIAZ AHMAD & COMPANY

Chartered Accountants

Lahore

Date: 24th February, 2023

UDIN:CR2022101322Ddqun08N



FINANCIAL STATEMENTS

For the Year Ended December 31, 2022



N I S H A T

PAKGEN POWER LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PAKGEN POWER LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Pakgen Power Limited (the Company), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

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

Following is the Key audit matter:

Sr. No.	Key audit matter	How the matter was addressed in our audit
	<p>Contingencies</p> <p>As disclosed in note 12.1 to the accompanying financial statements, the Company has contingent liabilities in respect of various matters, which are pending adjudication before respective authorities and courts of law.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules and regulations, and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such contingencies in accordance with applicable financial reporting standards.</p> <p>Due to significance of amounts involved, uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered this as a key audit matter.</p> <p>For further information on contingencies, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Contingent liabilities (note 2.1 (C) and note 2.19 to the financial statements). - Contingencies (note 12.1) to the financial statements. 	<p>Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. Further, we have:</p> <ul style="list-style-type: none"> • Obtained and reviewed detail of the pending matters and discussed the same with the Company's management; • Reviewed the correspondence of the Company with the relevant authorities, tax and legal advisors, including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; • Obtained and reviewed confirmations from the Company's external tax and legal advisors for their views on the probable outcome of the pending tax cases and other contingencies. • Involved internal tax professionals to assess reasonability of management's conclusions on such pending matters; • Reviewed and evaluated the adequacy of disclosures made in respect of such contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or

otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 24th February, 2023

UDIN: AR202210132tvs9di1lw

STATEMENT OF FINANCIAL POSITION

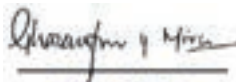
As at December 31, 2022

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 400,000,000 (2021: 400,000,000) ordinary shares of Rupees 10 each		4,000,000	4,000,000
Issued, subscribed and paid-up share capital	3	3,720,816	3,720,816
Capital reserve	4	116,959	116,959
Revenue reserve - un-appropriated profit		21,311,654	18,726,612
Total equity		25,149,429	22,564,387
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	-	-
Employee benefit - gratuity	6	4,574	2,267
Deferred income - Government grant	7	-	-
		4,574	2,267
CURRENT LIABILITIES			
Trade and other payables	8	613,121	2,978,920
Accrued mark-up / profit	9	34,078	20,042
Short term borrowings	10	697,303	7,336
Current portion of non-current liabilities	11	-	49,943
Unclaimed dividend		7,852	8,019
		1,352,354	3,064,260
Total liabilities		1,356,928	3,066,527
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		26,506,357	25,630,914

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



CHIEF EXECUTIVE



DIRECTOR

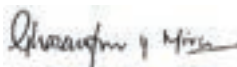


CHIEF FINANCIAL OFFICER

	Note	2022 (Rupees in thousand)	2021
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	13	4,498,749	5,268,482
Long term investment	14	-	-
Long term loans to employees	15	20,322	23,299
Long term security deposits		1,774	300
		4,520,845	5,292,081
CURRENT ASSETS			
Stores, spare parts and other consumables	16	761,789	737,817
Fuel stock	17	2,855,639	3,056,712
Trade debts	18	14,717,477	6,852,294
Short term investment	19	5,116	-
Loans, advances and short term prepayments	20	784,486	47,301
Loan to associated company	21	-	350,000
Other receivables	22	439,439	440,921
Advance income tax		282,864	249,321
Accrued interest	23	-	7,175
Sales tax recoverable		2,132,720	1,626,330
Cash and bank balances	24	5,982	6,970,962
		21,985,512	20,338,833
TOTAL ASSETS		26,506,357	25,630,914



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

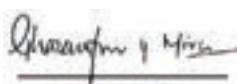
For The Year Ended 31 December 2022

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
REVENUE FROM CONTRACT WITH CUSTOMER	25	45,833,179	19,900,766
COST OF SALES	26	(42,359,309)	(18,236,639)
GROSS PROFIT		3,473,870	1,664,127
ADMINISTRATIVE EXPENSES	27	(260,865)	(228,689)
OTHER EXPENSES	28	(4,943)	(136,274)
OTHER INCOME	29	202,302	75,267
PROFIT FROM OPERATIONS		3,410,364	1,374,431
FINANCE COST	30	(274,130)	(325,087)
PROFIT BEFORE TAXATION		3,136,234	1,049,344
TAXATION	31	-	-
PROFIT AFTER TAXATION		3,136,234	1,049,344
OTHER COMPREHENSIVE INCOME / (LOSS):			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
REMEASUREMENTS OF DEFINED BENEFIT PLAN		6,931	(3,114)
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		-	-
		6,931	(3,114)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,143,165	1,046,230
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	32	8.43	2.82

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

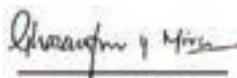
For The Year Ended 31 December 2022

SHARE CAPITAL	RESERVES		TOTAL EQUITY	
	Capital	Revenue		
	Retained payments reserve	Un-appropriated profit		
(----- Rupees in thousand -----)				
Balance as at 31 December 2020	3,720,816	116,959	18,796,628	22,634,403
Transactions with owners:				
Final dividend for the year ended 31 December 2020 @ Rupee 1.00 per share	-	-	(372,082)	(372,082)
First interim dividend for the year ended 31 December 2021 @ Rupee 1.00 per share	-	-	(372,082)	(372,082)
Second interim dividend for the year ended 31 December 2021 @ Rupee 1.00 per share	-	-	(372,082)	(372,082)
	-	-	(1,116,246)	(1,116,246)
Profit for the year ended 31 December 2021	-	-	1,049,344	1,049,344
Other comprehensive loss for the year ended 31 December 2021	-	-	(3,114)	(3,114)
Total comprehensive income for the year ended 31 December 2021	-	-	1,046,230	1,046,230
Balance as at 31 December 2021	3,720,816	116,959	18,726,612	22,564,387
Transaction with owners - Interim dividend for the year ended 31 December 2022 @ Rupees 1.50 per share				
	-	-	(558,123)	(558,123)
Profit for the year ended 31 December 2022	-	-	3,136,234	3,136,234
Other comprehensive income for the year ended 31 December 2022	-	-	6,931	6,931
Total comprehensive income for the year ended 31 December 2022	-	-	3,143,165	3,143,165
Balance as at 31 December 2022	3,720,816	116,959	21,311,654	25,149,429

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS


For The Year Ended 31 December 2022

	Note	2022 (Rupees in thousand)	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	33	(7,285,409)	14,425,823
Finance cost paid		(260,094)	(429,921)
Income tax paid		(33,543)	(11,390)
Net decrease / (increase) in long term loans to employees		2,977	(12,324)
Gratuity paid		(2,346)	(5,555)
Increase in long term security deposits		(1,474)	-
Net cash (used in) / generated from operating activities		(7,579,889)	13,966,633
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(17,876)	(49,427)
Interest received		205,159	57,992
Investment made in Pakistan Investment Bonds and Government Ijara Sukuks		-	(10,891,343)
Proceeds from sale of Pakistan Investment Bonds and Government Ijara Sukuks		-	10,885,453
Proceeds from sale of operating fixed assets		51	-
Loan to associated company received back		350,000	-
Net cash from investing activities		537,334	2,675
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing repaid		(48,986)	(49,326)
Dividends paid		(558,290)	(1,120,314)
Net cash used in financing activities		(607,276)	(1,169,640)
Net (decrease) / increase in cash and cash equivalents		(7,649,831)	12,799,668
Cash and cash equivalents at beginning of the year		6,963,626	(5,836,042)
Cash and cash equivalents at end of the year		(686,205)	6,963,626
CASH AND CASH EQUIVALENTS			
Cash in hand		235	352
Cash at banks		5,747	6,970,610
Short term investment		5,116	-
Short term borrowings		(697,303)	(7,336)
		(686,205)	6,963,626

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. THE COMPANY AND ITS OPERATIONS

1.1 Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. Head office of the Company is situated at 1-B, Aziz Avenue, Canal Road, Gulberg V, Lahore. The ordinary shares of the Company are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a fuel fired power station ("the Complex") having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. The Company has a Power Purchase Agreement (PPA) with its sole customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for 30 years which commenced from 01 February 1998.

1.2 Resolution of outstanding matters relating to International Chamber of Commerce (ICC) award / Expert's determination

Under the terms and conditions mentioned in PPA Amendment Agreement dated 20 April 2021, the Company and CPPA-G (the "Parties") have agreed to resolve the disputes relating to International Chamber of Commerce (ICC) award / Expert's determination as fully explained in note 1.2(b) to the preceding audited annual published financial statements of the Company for the year ended 31 December 2021. On 29 June 2022, the Parties filed a joint application in Honourable Lahore High Court, Lahore to withdraw all pending litigations under the terms of above-mentioned PPA Amendment Agreement. On 04 July 2022, the Honourable Lahore High Court, Lahore sanctioned the joint application to withdraw all pending litigations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

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

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's

accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Taxation

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

Useful lives, pattern of economic benefits and impairment

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

Provision for obsolescence of stores, spare parts and other consumables

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

Contingencies

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

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

Provisions

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

Employees' retirement benefit

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

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 January 2022:

- Amendments to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond 30 June 2021;
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use;
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of Fulfilling a Contract amends IAS 1 'Presentation of Financial Statements';
- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases';
- 'Reference to the Conceptual Framework (Amendments to IFRS 3)' published by the International Accounting Standards Board (IASB) with amendments to IFRS 3 'Business Combinations'.

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

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

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

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

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2023 or later periods:

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

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

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

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

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

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

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

There are other standards and amendments to published approved standards that are mandatory for accounting periods beginning on or after 01 January 2023 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Fixed assets

2.2.1 Operating fixed assets

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

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

measured reliably. All other repair and maintenance costs are included in the statement of profit or loss and other comprehensive income during the period in which they are incurred.

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

2.2.2 Capital work-in-progress

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

2.3 Leases

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

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

	2022	2021
	(Rupees in thousand)	
De-recognition of fixed assets	(4,332,816)	(5,257,544)
Recognition of lease debtor	4,045,112	3,044,176
De-recognition of trade debts	(2,670,226)	(1,434,633)
Decrease in un-appropriated profit at the beginning of the year	(3,790,531)	(4,390,774)
Increase in profit for the year	832,603	600,243
Decrease in un-appropriated profit at the end of the year	(2,957,928)	(3,790,531)

2.4 Right-of-use assets

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

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

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

2.5 Lease liabilities

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

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

2.6 Investments and other financial assets

a) Classification

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

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

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

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

b) Measurement

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

of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

Equity instruments

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

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

2.7 Financial liabilities- Classification and measurement

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

2.8 Impairment of financial assets

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

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

2.9 De-recognition of financial assets and financial liabilities

a) Financial assets

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

b) Financial liabilities

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

2.10 Offsetting of financial instruments

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

2.11 Investment in associate - (with significant influence)

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

2.12 Functional and presentation currency

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

2.13 Foreign currency translation

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

2.14 Employee benefits

2.14.1 Defined contribution plan

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

2.14.2 Defined benefit plan

The Company operates a funded gratuity scheme for all of its employees who have completed the qualifying period as defined under the scheme. As per gratuity scheme, employees of the Company are entitled to gratuity equivalent to last drawn salary multiplied by the numbers of year of service up to the date of leaving the Company. The liability recognised in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The charge for the year is based on actuarial valuation. The latest actuarial valuation was carried out as at 31 December 2022 using projected unit credit method. The amount arising as a result of remeasurements are recognised immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service costs are recognised immediately in profit or loss.

2.15 Inventories

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

2.15.1 Fuel stock

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

2.15.2 Stores, spare parts and other consumables

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

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

2.16 Provisions

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

2.17 Earnings per share

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

2.18 Contingent assets

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

2.19 Contingent liabilities

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

2.20 Taxation

2.20.1 Current

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

2.20.2 Deferred

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

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

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

2.21 Cash and cash equivalents

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

2.22 Borrowings

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.23 Borrowing costs

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

2.24 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan include trade debts and other receivables due from CPPA-G under the PPA that also includes accrued amounts. SECP through SRO 67(I)/2023 dated 20 January 2023 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till financial year ending on or before 31 December 2024 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

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

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

2.25 Trade debts

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

2.26 Share capital

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

2.27 Trade and other payables

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

2.28 Impairment of non-financial assets

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

2.29 Revenue recognition

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

Sale of electricity

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

- Capacity Purchase Price revenue is recognized over time, based on the capacity made available to CPPA-G; and
- Energy Purchases Price revenue is recognized at a 'point in time' based on the Net Electrical Output (NEO) delivered to CPPA-G.

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

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

Interest

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

Rent

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

Dividend

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

2.30 Government grants

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

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

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

2.31 Dividend and other appropriations

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

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2022 (Number of shares)	2021 (Number of shares)		2022 (Rupees in thousand)	2021 (Rupees in thousand)
370,586,125	370,586,125		Ordinary shares of Rupees 10 each fully paid-up in cash	3,705,861	3,705,861
1,495,466	1,495,466		Ordinary shares of Rupees 10 each issued as fully paid-up for consideration other than cash (Note 3.2)	14,955	14,955
	<u>372,081,591</u>	<u>372,081,591</u>		<u>3,720,816</u>	<u>3,720,816</u>

	2022 (Number of shares)	2021 (Number of shares)
3.1 Ordinary shares of the Company held by associated undertakings:		
Nishat Mills Limited	102,524,728	102,524,728
Adamjee Insurance Company Limited	25,631,181	25,631,181
Security General Insurance Company Limited	7,513,796	6,407,796
Engen (Private) Limited (Note 3.1.1)	-	500
Educational System (Private) Limited (Note 3.1.1)	-	526,315
City Schools Provident Fund Trust (Note 3.1.1)	-	1,052,631
Nishat Real Estates Development Company (Private) Limited	46,000	-
Nishat (Aziz Avenue) Hotels and Properties Limited	85,000	-
	<u>135,800,705</u>	<u>136,143,151</u>

3.1.1 Ceased to be an associated undertaking due to resignation of Mr. Aurangzeb Firoz, former common director on 24 June 2022.

3.2 These were issued against project development expenses.

3.3 Capital risk management

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

	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Long term financing	-	48,986
Short term borrowings	697,303	7,336
Cash and bank balances	(5,982)	(6,970,962)
Net debt	691,321	(6,914,640)
Equity	25,149,429	22,564,387
Equity and net debt	<u>25,840,750</u>	<u>22,564,387</u>
Gearing ratio	<u>2.68%</u>	<u>0.00%</u>

This increase in gearing ratio was due to increase in short term borrowings of the Company.

4 CAPITAL RESERVE

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

5. LONG TERM FINANCING

	2022 (Rupees in thousand)	2021
From banking company - secured		
Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note 5.1)	-	48,986
Less: Current portion shown under current liabilities (Note 11)	-	(48,986)
	-	-

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

6 EMPLOYEE BENEFIT - GRATUITY

The latest actuarial valuation of the defined benefit plan as at 31 December 2022 was carried out using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

	2022 (Rupees in thousand)	2021
6.1 Statement of financial position reconciliation:		
Present value of defined benefit obligation (Note 6.2)	139,021	120,044
Fair value of plan assets (Note 6.3)	(134,447)	(117,777)
Liability recognized at reporting date	4,574	2,267
6.2 Movement in present value of defined benefit obligation:		
Present value of obligation at the beginning of the year	120,044	103,746
Current service cost	11,642	11,004
Interest cost	13,849	9,746
Benefits paid	(2,346)	(5,555)
Past service cost	(68)	-
Remeasurement	(4,100)	1,103
Present value of obligation at the end of the year	139,021	120,044

	2022	2021
	(Rupees in thousand)	
6.3 Movement in fair value of plan assets:		
Fair value of plan assets at the beginning of the year	117,777	109,146
Interest income	13,839	10,642
Benefits paid on behalf of fund by the Company	2,346	5,555
Benefits paid by the fund	(2,346)	(5,555)
Remeasurement	2,831	(2,011)
Fair value of plan assets at the end of the year	<u>134,447</u>	<u>117,777</u>
6.4 Actual return on plan assets	<u>16,670</u>	<u>8,631</u>
6.5 Plan assets consist of the followings:		
Term deposit receipts	34,518	30,246
Government treasury bills	96,474	85,509
Cash at banks	3,455	2,022
	<u>134,447</u>	<u>117,777</u>
6.6 Net movement in liability / (asset):		
Opening liability / (asset)	2,267	(5,400)
Charge for the year (Note 6.7)	11,584	10,108
Remeasurements recognized in other comprehensive income (Note 6.8)	(6,931)	3,114
Benefits paid on behalf of the fund	(2,346)	(5,555)
Closing liability	<u>4,574</u>	<u>2,267</u>
6.7 Charge for the year recognized in profit or loss:		
Current service cost	11,642	11,004
Interest cost - net	10	(896)
Past service cost	(68)	-
Charge for the year	<u>11,584</u>	<u>10,108</u>
6.8 Remeasurements recognized in other comprehensive income:		
Remeasurement gain (2021: loss) on defined benefit obligation	4,100	(1,103)
Remeasurement gain (2021: loss) on fair value of plan assets	2,831	(2,011)
	<u>6,931</u>	<u>(3,114)</u>
6.9		
Plan assets held in the trust are governed by local regulations which mainly includes the Trusts Act, the Income Tax Rules, 2002 and Rules under the Trust Deed of the plan. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. Responsibility for governance of the plan, including investment decisions and contribution schedules, lies with the Board of Trustees.		

6.10 Amounts for the current and previous four years:

	2022	2021	2020	2019	2018
	(----- Rupees in thousand -----)				
Present value of defined benefit obligation	139,021	120,044	103,746	106,277	104,446
Fair value of plan assets	(134,447)	(117,777)	(109,146)	(85,336)	(75,097)
Deficit / (surplus)	4,574	2,267	(5,400)	20,941	29,349
Remeasurement loss / (gain) on defined benefit obligation	(4,100)	1,103	(3,370)	(13,572)	13,873
Remeasurement (loss) / gain on fair value of plan assets	2,831	(2,011)	2,873	(6,109)	(9,696)

6.11 Principal actuarial assumptions used:

	2022	2021
	(% per annum)	
Discount rate	14.50	11.75
Expected rate of increase in salary	14.50	11.75
Expected rate of return on plan assets	14.50	11.75

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

6.13 The expected charge to statement of profit or loss and other comprehensive income of the Company for defined benefit plan obligation for the next year is Rupees 12.151 million.

6.14 The Company's contribution to defined benefit plan in year 2023 is expected to be Rupees 12.051 million. There are no minimum funding requirements to the defined benefit plan. The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the gratuity fund according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

6.15 The weighted average duration of the defined benefit plan is 4.09 years.

6.16 Sensitivity analysis for actuarial assumptions:

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

	Impact on defined benefit obligation		
	Changes in assumption (%)	Increase in assumption (Rupees in thousand)	Decrease in assumption
Discount rate	1	133,485	144,869
Future salary increases	1	145,438	132,864

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

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

6.18 Expected maturity profile of undiscounted defined benefit obligation:

Less than a year	Between 1 - 2 years	Between 3 - 5 years	Between 6 - 10 years	Over 10 years	Total
(----- Rupees in thousand -----)					
13,799	3,875	41,591	208,543	-	267,808

7 DEFERRED INCOME - GOVERNMENT GRANT

	2022 (Rupees in thousand)	2021
Opening balance	957	4,351
Less: Amortized during the year (Note 29)	(957)	(3,394)
	-	957
Less: Current portion shown under current liabilities (Note 11)	-	(957)
	-	-

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

8 TRADE AND OTHER PAYABLES

	2022 (Rupees in thousand)	2021
Creditors (Note 8.1)	156,533	2,648,858
Accrued liabilities (Note 8.1)	64,669	78,782
Workers' profit participation fund payable (Note 8.2)	156,812	52,467
Workers' welfare fund payable (Note 8.3)	230,159	167,434
Income tax deducted at source	2,193	28,620
Payables to related parties (Note 8.4)	188	455
Others	2,567	2,304
	<u>613,121</u>	<u>2,978,920</u>

- 8.1** These include reversal of excess provision in respect of previous years amounting to Rupees 68.268 million.

	2022	2021
	(Rupees in thousand)	
8.2 Workers' profit participation fund payable		
Opening balance	52,467	366,117
Add: Allocation for the year (Note 28.2)	156,812	52,467
Less: Payments made during the year	(52,467)	(366,117)
Closing balance	<u>156,812</u>	<u>52,467</u>
8.3 Workers' welfare fund payable		
Opening balance	167,434	146,447
Add: Allocation for the year (Note 28.3)	62,725	20,987
Less: Payments made during the year	-	-
Closing balance	<u>230,159</u>	<u>167,434</u>
8.4 Payables to related parties		
These are in the ordinary course of business and interest free:		
Hyundai Nishat Motor (Private) Limited	-	455
D.G. Khan Cement Company Limited	1	-
Security General Insurance Company Limited	156	-
Adamjee Insurance Company Limited	31	-
	<u>188</u>	<u>455</u>
9. ACCRUED MARK-UP / PROFIT		
Short term borrowings		
- MCB Bank Limited - related party	-	4
- Others	34,078	20,038
	<u>34,078</u>	<u>20,042</u>
10 SHORT TERM BORROWINGS		
From banking companies - secured		
Running finances (Note 10.1)	569,371	6,668
Running musharakah and murabaha (Note 10.2)	127,932	668
	<u>697,303</u>	<u>7,336</u>

- 10.1** The Company has total working capital finance facilities of Rupees 6,432 million (2021: Rupees 4,837 million) available from banking companies out of which Rupees 5,862 million (2021: Rupees 4,830 million) remained unutilized at year end. These facilities carry mark-up at average offer rate for 1 week to 3 months KIBOR minus 0.10% to plus 2.50% (2021: 1 week to 3 months KIBOR plus 0.10% to 2.50%) per annum payable weekly / monthly / quarterly (2021: weekly / monthly / quarterly). The effective interest rate charged during the year ranged from 9.78% to 18.61% (2021: 7.47% to 12.01%) per annum. These facilities are secured by way of charge to the extent of Rupees 8,040 million (2021: Rupees 7,125 million) on the present and future current assets of the Company.

- 10.2** These murabaha and musharakah facilities are obtained from Islamic banks aggregating to Rupees 4,450 million (2021: Rupees 4,450 million) to meet short term working capital requirements out of which Rupees 4,322 million (2021: Rupees 4,449 million) remained unutilized at year end. These facilities carry profit at average offer rate for 1 week to 6 months

KIBOR plus 0.15% to plus 0.50% (2021: 1 month to 6 months KIBOR plus 0.20% to 1.00%) per annum payable weekly / monthly / quarterly / semi annually (2021: monthly / quarterly / semi annually). The effective profit rate charged during the year ranged from 10.72% to 16.83% (2021: 7.65% to 8.78%) per annum. These facilities are secured by way of charge to the extent of Rupees 5,563 million (2021: Rupees 5,875 million) on the present and future current assets of the Company.

	2022	2021
	(Rupees in thousand)	
11 CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	-	48,986
Deferred income - Government grant (Note 7)	-	957
	-	<u>49,943</u>

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

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

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

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

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

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

2009 to December 2012 declaring refund claims being inadmissible amounting to Rupees 2,374.766 million on aforesaid grounds. The Company challenged the notice before the Court along with reply of the show cause notice to DCIR. The Court has decided the case in favour of the Company. However, tax department has filed petition for leave to appeal before Supreme Court of Pakistan, as well as review application before the Court.

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

On 08 April 2021, Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice under section 11(2) of the Sales Tax Act, 1990 for the tax period from January 2016 to December 2016 regarding the disallowance of input sales tax amounting to Rupees 1,080.919 million along with default surcharge and penalty on similar grounds as explained above. On 19 June 2021, ACIR passed a detailed order whereby the recoverability of sales tax claimed against capacity purchase price amounting to Rupees 1,080.919 million along with default surcharge and penalty was connected with the outcome of decision of Honorable Supreme Court in the same matter as disclosed above. Moreover, ACIR also raised a demand of Rupees 10.145 million on account of inadmissible claim of input sales tax and sales tax on sale of residue of extracts from furnace oil. Against the order of ACIR, the Company preferred an appeal before CIR(A). On 10 March 2022, CIR(A) passed an order whereby partial relief was provided to the Company. Being aggrieved with the order of CIR(A), the Company has filed an appeal before ATIR. The tax department has also filed appeal before ATIR against the order of CIR(A) which is pending for hearing. On 13 June 2022, ATIR passed an order and decided the case in favor of the Company. No appeal has been filed by tax department against the order of ATIR.

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

- iii) The tax authorities have carried out assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2012 to 2014 by creating (among others) a demand of Rupees 708.184 million on account of interest on delayed payments by CPPA-G not been offered for tax. As per tax authorities, interest on delayed payments falls under the head income from other sources and is not exempt from tax as the same is not covered under Clause 132, Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company filed appeals against foregoing assessment proceedings before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the decisions of CIR(A), tax authorities filed appeals before ATIR. The ATIR through its orders dated 01 October 2019 dismissed tax authorities' appeal and upheld the order passed by CIR(A) in case of tax year 2012. The tax authorities have preferred appeal before Honorable Lahore High Court, Lahore against the order of ATIR which is pending adjudication. In case of tax year 2013 and 2014, ATIR through its order dated 23 April 2022 and 05 July 2022 has dismissed tax authorities' appeals. Further, no proceedings against the order passed by ATIR has been initiated by tax authorities. Based on tax advisor's opinion, the management is confident that the matter will be decided in favour of the Company and accordingly no provision has been made in these financial statements.
- iv) Deputy Commissioner Inland Revenue (DCIR), through an assessment order, rejected the deferred sales tax refund claims of different tax periods amounting to Rupees 44.816 million on

the grounds that the Company has failed to prove admissibility of refund claims in the light of objection raised by Sales Tax Automated Refund Repository (STARR). The Company filed an appeal before CIR(A) whereby CIR(A) granted relief to the Company and directed the department to allow Company's refund claim after proper verification of underlying documents and refund should be curtailed if the Company failed to provide the proof. The management is of the view that there are meritorious grounds available to prove the genuineness of the refund claims. Consequently, no provision has been made in these financial statements.

- v) During the year ended 31 December 2019, DCIR has passed an order under section 11 of the Sales Tax Act, 1990 raising a demand on account of sales tax aggregating to Rupees 159.815 million against the Company. The Company filed an appeal before the CIR(A) against the order of DCIR. On 12 September 2019, CIR(A) disposed-off the appeal whereby all the matters were decided in favor of the Company except the disallowance of input sales tax on certain purchases aggregating to Rupees 51.707 million. Further, CIR(A) connected the decision regarding the adjustment of input sales tax in respect of building materials amounting to Rupees 2.801 million with the outcome of appeal filed with Honourable Lahore High Court, Lahore as disclosed in note 12.1(vi) to these financial statements. Being aggrieved by the order, the Company filed an appeal before the ATIR challenging the disallowance of input sales tax. On 22 April 2021, ATIR remanded back the case to assessing officer for fresh consideration and to decide the case related to adjustment of input sales tax in respect of building materials in light of judgment passed by Honourable Lahore High Court after providing reasonable opportunity of being heard to the Company. The tax department has filed two sales tax references in Lahore High Court against the order of ATIR which are in process of hearing. Based on the tax advisor's opinion, the management is of the view that there are meritorious grounds available to defend the disallowance of input sales tax. Consequently, no provision for such disallowance has been made in these financial statements.
- vi) On 28 September 2018, the Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials has been disallowed. The Honourable Lahore High Court, Lahore on 24 October 2019 has passed an order against the Company and the Company being aggrieved with the order preferred Intra Court Appeal before the Honourable Lahore High Court, Lahore. The Company has claimed input sales tax amounting to Rupees 2.801 million paid on such goods in its respective monthly sales tax returns. On 29 January 2020, the Honourable Lahore High Court, Lahore has modified its earlier order dated 24 October 2019 and remanded back the case to assessing / adjudicating officer to interpret clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 on case to case basis. The management has strong grounds to believe that the matter will be decided in favor of the Company. Therefore, no provision has been made in these financial statements.
- vii) On 23 February 2021, DCIR passed an order under section 11 of Sales Tax Act, 1990 whereby a demand on account of inadmissible input sales tax amounting to Rupees 281.609 million along with default surcharge and penalty has been raised. The Company filed an appeal before CIR(A). On 04 October 2021, CIR(A) disposed off the appeal whereby all the matters were decided in favor of the Company except the disallowance of input sales tax on certain services aggregating to Rupees 8.178 million. Being aggrieved with the order of CIR(A), the Company preferred an appeal before the ATIR challenging the disallowance of input sales tax which is pending adjudication. Department has also challenged the order of CIR(A) by filing an appeal before ATIR which is pending adjudication. Based on the advice of the tax advisor, the management is of the view that there are meritorious grounds available to defend the disallowance of input sales tax. Consequently, no provision for such disallowance has been made in these financial statements.
- viii) Amended assessment orders dated 30 April 2018 were issued by the Additional Commissioner Inland Revenue (ACIR) under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2015, 2016 and 2017 whereby taxable income for the tax years under reference was re-computed to Rupees 444.491 million on account of interest income, income from property, minimum tax on capacity sales, scrap sales, gain on sale of fixed assets, confrontation of tax credit under repealed section 65B of the Income Tax Ordinance, 2001 and workers' welfare fund. Against the aforesaid orders, the Company preferred appeal before CIR(A). On 01 June 2021, CIR(A) passed the orders whereby the orders of ACIR were upheld in respect of all the

matters except for the taxation of gain on sale of fixed assets and workers welfare fund which were remanded back to ACIR, for consideration in view of the judgments of ATIR / Honorable Superior Courts. Being aggrieved with the order of CIR(A), the Company preferred an appeal before ATIR which is pending adjudication. On 08 September 2021, ACIR initiated remand back proceedings which were duly replied by the Company. However, on 30 May 2022, ACIR passed an order on remand back proceedings against the Company. Being aggrieved by the order of ACIR, the Company has filed an appeal before CIR(A) which is pending for hearing. Based on the advice of tax advisor, the management has strong grounds to believe that these cases will be decided in favor of the Company. Therefore, no provision has been made in these financial statements.

- ix) During the year ended 31 December 2017, the Company has challenged before the Honorable Lahore High Court (the Court), the legality of enhancement of canal water rates from Rupees 86.52 per 10,000 cubic feet to Rupees 100 per 1,000 cubic feet as notified by the Punjab Irrigation Department (the Department). On 27 March 2018, the said notification of the Department was set aside by the Court. Against the order of the Court, the Department has filed an appeal before a division bench of Honorable Lahore High Court, Lahore which is pending adjudication. The management, based on the advice of its legal counsel, has strong grounds to believe that the case will be decided in favor of the Company. Therefore, no provision has been made in these financial statements. On 14 July 2021, the Department has issued a new notification with further enhanced rate of water charges from Rupees 100 per 1,000 cubic feet to Rupees 125 per 1000 cubic feet. Following which, it is possible that the Department could send the water bills based on revised rates under the new notification. However, the Company intends to challenge the new notification vide a new petition if it receives any enhanced bill for water charges. Therefore, provision for enhanced water charges has not been made in these financial statements.
- x) CPPA-G issued a notice on 20 March 2017, disputing all the invoices of the Company on the grounds that the Company was in default of its obligations under the PPA and accordingly not eligible for the cost of working capital claimed and adjustment on account of heat rate savings. The Company challenged the dispute notice in the Honourable Lahore High Court (the Court). The Court issued a stay order restraining CPPA-G from disputing any invoice of the Company. The management is of the view that there are meritorious grounds available to defend the dispute notice and consequently, no provision has been made in these financial statements.
- xi) The Company has identified certain sales tax invoices relating to tax periods from September 2010 to September 2017 where the Company has duly discharged the liabilities by making payments to suppliers whereas input sales tax aggregating to Rupees 187.056 million has not been adjusted against the output sales tax for the respective tax periods. The Company has filed application to Federal Board of Revenue ("the Board") to condone the time limits regarding the above explained matter. In response to the Company's application, the Board has called for a report on factual merits of the Company's application. The Deputy Commissioner Inland Revenue (DCIR), in accordance with the directions of the Board, issued letters to the Company to submit relevant documentary evidence in order to prepare the report for the Board. On 22 April 2019, the Company duly complied with those letters by submitting all the necessary / relevant data. Due to the transfer of jurisdictions in September 2020, the files relating to these matters have not yet been further pursued by the new relevant field formation. During the year ended 31 December 2022, the Department responded to the Company with certain queries which were duly addressed by the Company. Based on the advice of tax advisor, the management expects favourable outcome of the matter. Hence, no provision has been made in these financial statements
- xii) On 28 April 2022, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 11 of Sales Tax Act, 1990 for tax periods from July 2021 to November 2021 raising a demand of Rupees 129.110 million on account of inadmissible input sales tax on various goods and services along with default surcharge and penalty against the Company. Being aggrieved with the order of DCIR, the Company has filed an appeal before the CIR(A). On 24 November 2022, CIR(A) passed an order whereby partial relief was granted to the Company. The Company has preferred an appeal before ATIR which is pending adjudication. Based on the tax advisor's opinion, the management is of the view that there are meritorious grounds available to defend

- xiii) On 27 January 2022, Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice under section 11(2) of the Sales Tax Act, 1990 for the tax period September 2013 raising a demand on account of inadmissible input sales tax on various goods and services aggregating to Rupees 17.243 million along with default surcharge and penalty against the Company. The Company duly replied to the said show cause notice. ACIR after considering the Company's reply passed an order on 29 April 2022, whereby input sales tax of Rupees 6.606 million already deferred was rejected and demand of Rupees 10.637 million along with default surcharge and penalty was confirmed. Against the order of ACIR, the Company has filed an appeal before CIR(A). On 24 November 2022, CIR(A) upheld the order passed by ACIR. Against the order of CIR(A), the Company has preferred an appeal before ATIR which is pending adjudication. Based on the advice of tax advisor, the management expects favourable outcome of the matter. Consequently, no provision for such disallowance has been made in these financial statements.
- xiv) The banks of the Company issued letters of credit in favour of Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for amount of Rupees Nil (2021: Rupees 651 million) to meet its obligations under the Power Purchase Agreement (PPA).
- xv) The banks of the Company have issued letters of guarantee in favour of Pakistan State Oil Company Limited (PSO) - fuel supplier for an amount of Rupees 550 million (2021: Rupees 2,550 million) against purchase of fuel.
- xvi) Guarantees of Rupees 15 million (2021: Rupees 10 million) are given by the banks of the Company to Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess.

12.2 Commitments

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

12.2.2 Commitments in respect of other than capital expenditure

13 FIXED ASSETS

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

	2022	2021
	(Rupees in thousand)	
	239,606	29,257
	4,362,263	5,266,482
	136,486	2,000
	<u>4,498,749</u>	<u>5,268,482</u>

13.1 Operating fixed assets

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

Description	Freehold land	Buildings on freehold land	Air strip	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Electric equipment and appliances	Total
----- Rupees in thousand -----									
At 31 December 2020									
Cost	251,772	961,544	23,807	14,507,353	6,374	7,818	30,859	10,119	15,799,646
Accumulated depreciation	-	(591,644)	(23,807)	(9,192,442)	(5,058)	(7,670)	(29,064)	(7,470)	(9,857,155)
Net book value	251,772	369,900	-	5,314,911	1,316	148	1,795	2,649	5,942,491
Year ended 31 December 2021									
Opening net book value	251,772	369,900	-	5,314,911	1,316	148	1,795	2,649	5,942,491
Additions	-	-	-	243,390	1,583	-	2,133	1,567	248,673
Derecognised during the year:									
Cost	-	-	-	(22,659)	-	-	-	-	(22,659)
Accumulated depreciation	-	-	-	22,659	-	-	-	-	22,659
Depreciation charge	-	(52,116)	-	(870,313)	(346)	(47)	(1,251)	(609)	(924,682)
Closing net book value	251,772	317,784	-	4,687,988	2,553	101	2,677	3,607	5,266,482
At 31 December 2021									
Cost	251,772	961,544	23,807	14,728,084	7,957	7,818	32,992	11,686	16,025,660
Accumulated depreciation	-	(643,760)	(23,807)	(10,040,096)	(5,404)	(7,717)	(30,315)	(8,079)	(10,759,178)
Net book value	251,772	317,784	-	4,687,988	2,553	101	2,677	3,607	5,266,482
Year ended 31 December 2022									
Opening net book value	251,772	317,784	-	4,687,988	2,553	101	2,677	3,607	5,266,482
Additions	-	-	-	175	-	21,335	3,127	1,356	25,993
Disposals:									
Cost	-	-	-	-	-	(91)	(232)	-	(323)
Accumulated depreciation	-	-	-	-	-	91	66	-	157
	-	-	-	-	-	-	(166)	-	(166)
Depreciation charge	-	(51,365)	-	(873,363)	(512)	(2,410)	(1,540)	(856)	(930,046)
Closing net book value	251,772	266,419	-	3,814,625	2,216	19,026	4,098	4,107	4,362,263
At 31 December 2022									
Cost	251,772	961,544	23,807	14,728,084	8,132	29,062	35,887	13,042	16,051,330
Accumulated depreciation	-	(695,125)	(23,807)	(10,913,459)	(5,916)	(10,036)	(31,789)	(8,935)	(11,689,067)
Net book value	251,772	266,419	-	3,814,625	2,216	19,026	4,098	4,107	4,362,263
Annual rate of depreciation (%)	2.95 - 11.11	- 5	- 3.19 - 33.3	10 - 20	20 - 25	10 - 33.3	8.19 - 33.33		

13.1.1 All items of operating fixed assets disposed of during the year had net book value of less than Rupees 500,000.

13.1.2 The depreciation charge for the year has been

allocated as follows:

Cost of sales (Note 26)

Administrative expenses (Note 27)

	2022	2021
	(Rupees in thousand)	
	924,728	922,429
	5,318	2,253
	<u>930,046</u>	<u>924,682</u>

13.1.3 Operating fixed assets include fixed assets costing Rupees 831.598 million (2021: Rupees 791.661 million) which are fully depreciated but still in the use of the Company.

13.1.4 Particulars of immovable properties are as follows:

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

13.2 Capital work-in-progress

Plant and machinery

Advance for purchase of vehicle

	2022	2021
	(Rupees in thousand)	
	136,486	-
	-	2,000
	<u>136,486</u>	<u>2,000</u>

	Categories					Total
	Plant and machinery	Furniture and fittings	Office and other equipment	Electric equipment and appliances	Vehicles	
	-----Rupees in thousand-----					
As at 31 December 2020	381	247	-	-	-	628
Add: Additions during the year	42,391	1,336	168	586	2,000	46,481
Less: Transferred to operating fixed assets during the year	(42,772)	(1,583)	(168)	(586)	-	(45,109)
As at 31 December 2021	-	-	-	-	2,000	2,000
Add: Additions during the year	136,486	36	2,264	1,331	13,657	153,774
Less: Transferred to operating fixed assets during the year	-	(36)	(2,264)	(1,331)	(15,657)	(19,288)
As at 31 December 2022	<u>136,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,486</u>

	2022	2021
	(Rupees in thousand)	
14 LONG TERM INVESTMENT		
Associated company - under equity method		
Nishat Energy Limited - unquoted 250,000 (2021: 250,000) fully paid ordinary shares of Rupees 10 each Equity held 25% (2021: 25%) at cost	2,500	2,500
Share of reserve		
Opening balance	(1,658)	(1,658)
Less: Share of loss	-	-
Closing balance	(1,658)	(1,658)
Less: Impairment loss	(842)	(842)
Carrying amount under equity method	-	-

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

	2022	2021
	(Rupees in thousand)	
Non-current assets	-	-
Current assets	47	47
Total assets	47	47
Liabilities	300	225
Net assets	(253)	(178)
Loss for the year	(75)	(75)

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

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

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

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

	2022	2021
	(Rupees in thousand)	
15 LONG TERM LOANS TO EMPLOYEES		
Considered good:		
Executives (Note 15.1)	27,052	28,646
Other employees	1,482	1,635
	28,534	30,281
Current portion shown under current assets (Note 20)		
Executives	(7,768)	(6,506)
Other employees	(444)	(476)
	(8,212)	(6,982)
	20,322	23,299

	2022 (Rupees in thousand)	2021
15.1 Reconciliation of carrying amount of loans to executives:		
Opening balance	28,646	17,341
Add: Transfer of loan from 'other employees'	92	-
Add: Disbursements	19,682	30,158
	<u>48,420</u>	<u>47,499</u>
Less: Repayments	(21,368)	(18,853)
Closing balance	<u>27,052</u>	<u>28,646</u>

15.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 31.524 million (2021: Rupees 24.818 million).

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

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

	2022 (Rupees in thousand)	2021
16 STORES, SPARE PARTS AND OTHER CONSUMABLES		
Stores, spare parts and other consumables (Note 16.1)	761,789	807,338
Less: Provision for slow moving / obsolete items (Note 16.2)	-	(69,521)
	<u>761,789</u>	<u>737,817</u>

16.1 These include stores in transit of Rupees Nil (2021: Rupees 1.604 million). Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	2022 (Rupees in thousand)	2021
16.2 Provision for slow moving / obsolete items:		
Opening balance	69,521	-
Add: Provision made during the year (Note 28)	-	69,521
Less: Stores, spare parts and other consumables written off against provision	(69,521)	-
Closing balance	<u>-</u>	<u>69,521</u>

17 FUEL STOCK		
Furnace oil	2,834,775	3,041,576
Diesel	20,864	15,136
	<u>2,855,639</u>	<u>3,056,712</u>

18 TRADE DEBTS - secured		
Other than related parties - considered good	14,717,477	6,852,294

18.1 These represent receivables from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), the Company's sole customer, and are backed by sovereign guarantee of Government of Pakistan. These include overdue amounts of Rupees 12,628.026 million (2021: Rupees 3,734.174 million) which attract penal mark-up at the rate of State Bank of Pakistan (SBP) discount rate plus 2% per annum. The penal mark-up rate charged during the year ranged from

15.75% to 17.00% (2021: 10.00% to 15.75%) per annum. Trade debts include unbilled receivables of Rupees 491.683 million (2021: Rupees 315.286 million).

	2022 (Rupees in thousand)	2021
18.2 As at 31 December, age analysis of trade debts was as follows:		
Neither past due nor impaired	1,762,495	2,927,711
Past due but not impaired:		
- 26 to 90 days	8,577,561	3,846,531
- 91 to 180 days	4,368,166	264
- 181 to 365 days	8,397	77,465
- above 365 days	858	323
	<u>12,954,982</u>	<u>3,924,583</u>
	<u>14,717,477</u>	<u>6,852,294</u>
19 SHORT TERM INVESTMENT		
Term deposit receipt	5,000	-
Add: Interest accrued thereon (Note 29)	116	-
	<u>5,116</u>	<u>-</u>
19.1 It carries effective interest rate of 13% per annum.		
20 LOANS, ADVANCES AND SHORT TERM PREPAYMENTS		
Current portion of long term loans to employees (Note 15)	8,212	6,982
Advances - considered good:		
- to employees for expenses	275	43
- to employees against salary	652	2,015
- to suppliers - unsecured	761,888	29,564
Short term prepayments	13,459	8,697
	<u>784,486</u>	<u>47,301</u>
21 LOAN TO ASSOCIATED COMPANY		
Nishat Hotels and Properties Limited (Note 21.1)	-	350,000
21.1 This represented working capital loan given to Nishat Hotels and Properties Limited. This carried markup at the rate of one month KIBOR plus 1% per annum or average borrowing cost of the Company, whichever is higher. This loan was repaid to the Company on 21 April 2022. This loan was secured against corporate guarantee of the associated company. The effective rate charged during the year ranged from 11.34% to 12.41% (2021: 8.45% to 10.51%) per annum.		
21.2 The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 350 million (2021: Rupees 350 million).		
22 OTHER RECEIVABLES		
Recoverable from CPPA-G as pass through item:		
Workers' profit participation fund (Note 22.1)	209,280	273,032
Workers' welfare fund (Note 22.2)	230,159	167,434
Due from related party - Nishat (Aziz Avenue) Hotels and Properties Limited (Note 22.3)	-	455
	<u>439,439</u>	<u>440,921</u>

	2022 (Rupees in thousand)	2021
22.1 Workers' profit participation fund		
Opening balance	273,032	506,073
Add: Allocation for the year (Note 28.2)	156,812	52,467
Less: Amount received during the year	(220,564)	(285,508)
Closing balance	<u>209,280</u>	<u>273,032</u>
22.2 Workers' welfare fund		
Considered good (Note 22.2.1)	230,159	167,434
Considered doubtful	5,135	5,135
Provision for doubtful receivable	(5,135)	(5,135)
	-	-
	<u>230,159</u>	<u>167,434</u>
22.2.1 Considered good:		
Opening balance	167,434	146,447
Add: Allocation for the year (Note 28.3)	62,725	20,987
Less: Amount received during the year	-	-
Closing balance	<u>230,159</u>	<u>167,434</u>

22.3 This receivable balance was in ordinary course of business, un-secured and interest free. It was neither past due nor impaired. The maximum aggregate amount receivable from the related party at the end of any month during the year was Rupees Nil (2021: Rupees 0.455 million).

	2022 (Rupees in thousand)	2021
23 ACCURED INTEREST		
On loan to Nishat Hotels and Properties Limited (Note 23.1)	-	3,123
Profit receivable on saving account - MCB Bank Limited - related party (Note 23.2)	-	4,052
	-	<u>7,175</u>

23.1 The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 3.386 million (2021: Rupees 3.123 million).

23.2 The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 5.699 million (2021: Rupees 4.052 million).

	2022 (Rupees in thousand)	2021
24 CASH AND BANK BALANCES		
Cash in hand	235	352
Cash with banks on:		
Saving accounts (Note 24.1)	5,624	6,963,756
Current accounts	123	6,854
	5,747	6,970,610
	<u>5,982</u>	<u>6,970,962</u>

24.1 Saving accounts carry profit at the rates ranging from 8.25% to 14.50% (2021: 2.57% to 8.5%) per annum.

24.2 Included in cash with banks are Rupees 3.653 million (2021: Rupees 6,965.989 million) with MCB Bank Limited - related party.

	2022 (Rupees in thousand)	2021
25 REVENUE FROM CONTRACT WITH CUSTOMER		
Energy purchase price	44,711,048	17,883,285
Less: Sales tax	(6,481,376)	(2,598,426)
	<u>38,229,672</u>	<u>15,284,859</u>
Capacity purchase price	6,302,993	3,463,277
Delayed payment mark-up	1,300,514	1,152,630
	<u>45,833,179</u>	<u>19,900,766</u>
26 COST OF SALES		
Fuel cost (Note 26.1)	39,767,778	15,950,361
Operation and maintenance costs (Note 26.2)	712,394	583,022
Insurance	954,409	780,717
Depreciation (Note 13.1.2)	924,728	922,429
Liquidated damages to CPPA-G	-	110
	<u>42,359,309</u>	<u>18,236,639</u>
26.1 Fuel cost		
Opening stock	3,056,712	1,262,026
Purchased during the year	39,566,705	17,745,047
	<u>42,623,417</u>	<u>19,007,073</u>
Closing stock	(2,855,639)	(3,056,712)
	<u>39,767,778</u>	<u>15,950,361</u>
26.2 Operation and maintenance costs		
Salaries, wages and other benefits (Note 26.2.1)	264,792	232,950
Repair and maintenance	147,578	95,858
Stores and spare parts consumed	205,689	142,207
Fee and subscription	8,065	7,151
Electricity consumed in-house	86,270	104,856
	<u>712,394</u>	<u>583,022</u>
26.2.1 Salaries, wages and other benefits include provident fund contribution and provision for gratuity of Rupees 13.834 million (2021: Rupees 12.858 million) and Rupees 10.784 million (2021: Rupees 9.247 million) respectively.		

	2022 (Rupees in thousand)	2021
27 ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 27.1)	71,797	61,670
Travelling, conveyance and entertainment	138,545	126,298
Communication and utilities	1,001	1,011
Insurance	4,473	3,578
Legal and professional	17,786	13,930
Printing and stationery	1,752	1,771
Office rent (Note 27.2)	6,502	6,210
Depreciation (Note 13.1.2)	5,318	2,253
Community welfare	4,984	4,974
General	8,707	6,994
	<u>260,865</u>	<u>228,689</u>
27.1 Salaries and other benefits include provident fund contribution and provision for gratuity of Rupees 2.418 million (2021: Rupees 2.332 million) and Rupees 0.800 million (2021: Rupees 0.861 million) respectively.		
27.2 This represents expense relating to lease of low value asset.		
28 OTHER EXPENSES		
Auditor's remuneration (Note 28.1)	3,316	3,208
Workers' profit participation fund (Note 28.2)	-	-
Workers' welfare fund (Note 28.3)	-	-
Sales tax written off	-	31,076
Loss on disposal of short term investments	-	5,890
Provision for slow moving and obsolete stores, spare parts and other consumables (Note 16.2)	-	69,521
Trade debts written off	-	26,294
Advances to suppliers written off	-	132
Other receivables written off	-	153
Donations (Note 28.4 and Note 28.5)	1,627	-
	<u>4,943</u>	<u>136,274</u>
28.1 Auditor's remuneration		
Statutory audit	2,330	2,222
Half yearly review	612	612
Other certifications and reporting	255	255
Out-of-pocket expenses	119	119
	<u>3,316</u>	<u>3,208</u>
28.2 Workers' profit participation fund		
Allocation for workers' profit participation fund (Note 8.2)	156,812	52,467
Allocation to workers' profit participation fund recoverable from CPPA-G (Note 22.1)	(156,812)	(52,467)
	<u>-</u>	<u>-</u>
28.3 Workers' welfare fund		
Allocation for workers' welfare fund (Note 8.3)	62,725	20,987
Allocation to workers' welfare fund recoverable from CPPA-G (Note 22.2.1)	(62,725)	(20,987)
	<u>-</u>	<u>-</u>

28.4 These include Rupees 1 million (2021: Rupees Nil) paid to Care Foundation.

28.5 There is no interest of any director or his / her spouse in donee's fund.

	2022	2021
	(Rupees in thousand)	
29 OTHER INCOME		
Income from financial assets:		
Interest income:		
Profit on saving bank accounts	185,791	32,159
Interest on loan to associated company	12,193	30,512
Interest on term deposit receipt (Note 19)	116	-
Income from non-financial assets:		
Scrap sales	1,771	7,774
Amortization of deferred income - Government grant (Note 7)	957	3,394
Gain on disposal of operating fixed assets	51	-
Other:		
Rental income	1,423	1,428
	<u>202,302</u>	<u>75,267</u>
30 FINANCE COST		
Mark-up on long term financing	1,420	5,094
Mark-up / profit on short term borrowings	256,080	304,883
Bank charges and commission	16,630	15,110
	<u>274,130</u>	<u>325,087</u>
31 TAXATION		
Current:		
- For the year	-	-
- Prior year	-	-
	<u>-</u>	<u>-</u>
31.1 Relationship between tax expense and accounting profit is as follows:		
Profit before taxation	<u>3,136,234</u>	<u>1,049,344</u>
Tax at the applicable rate of 29% (2021: 29%)	909,508	304,310
Tax effect of amounts that are:		
Exempt as referred to in note 2.20.1	(909,508)	(304,310)
	<u>-</u>	<u>-</u>
32 EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earnings per share which is based on:		
Profit attributable to ordinary shareholders (Rupees in thousand)	3,136,234	1,049,344
Weighted average number of shares (Number)	372,081,591	372,081,591
Earnings per share - basic and diluted (Rupees)	<u>8.43</u>	<u>2.82</u>

33 CASH (USED IN) / GENERATED FROM OPERATIONS

	2022 (Rupees in thousand)	2021
Profit before taxation	3,136,234	1,049,344
Adjustments for non-cash charges and other items:		
Depreciation	930,046	924,682
Provision for gratuity	11,584	10,108
Profit on saving bank accounts	(185,791)	(32,159)
Interest on loan to associated company	(12,193)	(30,512)
Amortization of deferred income - Government grant	(957)	(3,394)
Finance cost	274,130	325,087
Sales tax written off	-	31,076
Provision for slow moving and obsolete stores, spare parts and other consumables	-	69,521
Gain on disposal of operating fixed assets	(51)	-
Loss on disposal of short term investments	-	5,890
Trade debts written off	-	26,294
Advances to suppliers written off	-	132
Other receivables written off	-	153
Cash flows from operating activities before working capital changes	4,153,002	2,376,222
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(166,575)	310
Fuel stock	201,073	(1,794,686)
Trade debts	(7,865,183)	12,034,652
Loans, advances and short term prepayments	(737,019)	(15,104)
Other receivables	1,482	211,598
Sales tax recoverable	(506,390)	(625,663)
	(9,072,612)	9,811,107
(Decrease) / Increase in trade and other payables	(2,365,799)	2,238,494
	(7,285,409)	14,425,823

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

	Liabilities from financing activities		Total
	Long term financing	Unclaimed dividend	
-----Rupees in thousand)-----			
Balance as at 01 January 2021	99,269	12,087	111,356
Financing / borrowings repaid	(49,326)	-	(49,326)
Dividends declared	-	1,116,246	1,116,246
Dividends paid	-	(1,120,314)	(1,120,314)
Balance as at 31 December 2021	49,943	8,019	57,962
Financing / borrowings repaid	(49,943)	-	(49,943)
Dividend declared	-	558,123	558,123
Dividend paid	-	(558,290)	(558,290)
Balance as at 31 December 2022	-	7,852	7,852

34 PROVIDENT FUND

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

35 NUMBER OF EMPLOYEES

	2022	2021
Number of employees as on 31 December	79	74
Average number of employees during the year	78	77

36 TRANSACTIONS WITH RELATED PARTIES

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

		2022 (Rupees in thousand)	2021
Associated companies	Nature of transaction		
Nishat Mills Limited	Dividend	142,253	284,506
Adamjee Insurance Company Limited	Dividend	35,563	71,127
	Insurance premium paid	4,314	3,244
	Insurance claim received	840	947
Security General Insurance Company Limited	Dividend	8,891	17,781
	Insurance premium paid	1,135,606	904,379
Pakistan Aviators and Aviation	Flying services	101,721	82,364
Nishat (Aziz Avenue) Hotels and Properties Limited	Rent expense	-	5,755
Hyundai Nishat Motor (Private) Limited	Reimbursement of expenses	2,237	455
	Purchase of vehicles	13,336	-
Nishat Hotels and Properties Limited	Boarding and lodging services	320	-
	Loan received back	350,000	-
	Interest charged	12,193	30,512
City Schools (Private) Limited*	Dividend	-	487
MCB Bank Limited	Mark up on borrowings	471	48,114
	Long term loans repaid	49,634	49,634
	Short term loans obtained	-	5,224,630
	Short term loans repaid	-	5,297,516
	Profit on bank deposits received	171,860	26,204
Other related parties			
D.G. Khan Cement Company Limited	Purchase of goods	106	44
City Schools Provident Fund Trust*	Dividend	1,461	3,158
Adamjee Life Assurance Company Limited	Insurance premium paid	1,555	1,266
Engen (Private) Limited*	Dividend	1	119,283
Directors	Dividend	20,306	27,074
Staff retirement benefit plans			
Provident fund trust	Contributions	16,250	15,190
Gratuity fund trust	Contributions	-	-

*Ceased to be associated undertaking due to resignation of Mr. Aurangzeb Firoz, former common director on 24 June 2022.

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

Name of the related party	Basis of relationship	Transaction entered or agreement and / or arrangement in place during the financial year	Percentage of shareholding
Nishat Mills Limited	Common Directorship	Yes	None
Security General Insurance Company Limited	Common Directorship	Yes	None
Lalpir Power Limited	Common Directorship	Yes	None
Nishat Hospitality (Private) Limited	Group Company	No	None
Pakistan Aviators and Aviation (Private) Limited	Common Directorship	Yes	None
Nishat Hotels and Properties Limited	Common Directorship	Yes	None
Nishat (Aziz Avenue) Hotels and Properties Limited	Common Directorship	Yes	None
Nishat Power Limited	Common Directorship	No	None
Nishat Paper Products Company Limited	Common Directorship	No	None
Nishat Developers (Private) Limited	Common Directorship	No	None
Nishat Dairy (Private) Limited	Common Directorship	No	None
Nishat Agriculture Farming (Private) Limited	Common Directorship	No	None
Nishat Real Estate Development Company (Private) Limited	Common Directorship	No	None
Nishat Energy Limited	Shareholding	No	25%
Adamjee Life Assurance Company Limited	Group Company	Yes	None
Hyundai Nishat Motor (Private) Limited	Common Directorship	Yes	None
Nishat (Chunian) Limited	Common Directorship	No	None
Nishat Chunian Power Limited	Common Directorship	No	None
Adamjee Insurance Company Limited	Common Directorship	Yes	None
D.G. Khan Cement Company Limited	Group Company	Yes	None
Nishat Agrotech Farms (Private) Limited	Group Company	No	None
Nishat Sutas Dairy Limited	Common Directorship	No	None
Golf View Land (Private) Limited	Group Company	No	None
Nishat Linen (Private) Limited	Group Company	No	None
MCB Bank Limited	Group Company	Yes	None
Emporium Properties (Private) Limited	Group Company	No	None
Nishat (Raiwind) Hotels and Properties Limited	Common Directorship	No	None
Nishat Commodities (Private) Limited	Group Company	No	None
MCB Islamic Bank Limited	Group Company	No	None
Mirpur Khas Sugar Mills Limited	Common Directorship	No	None
International Steel Limited	Common Directorship	No	None
Provident fund trust	Post-employment benefit plan	Yes	None
Gratuity fund trust	Post-employment benefit plan	Yes	None

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executives	
	2022	2021	2022	2021
------(Rupees in thousand)-----				
Managerial remuneration	21,723	19,900	151,590	140,781
Medical expenses	2,172	1,990	15,159	14,078
Bonus	6,066	4,010	40,314	30,634
Retirement benefits	-	-	26,111	23,666
	<u>29,961</u>	<u>25,900</u>	<u>233,174</u>	<u>209,159</u>
Number of persons	<u>1</u>	<u>1</u>	<u>48</u>	<u>48</u>

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

37.2 Meeting fee of Rupees 875,000 (2021: Rupees 1,125,000) was paid to non-executive directors of the Company during the year.

37.3 No remuneration was paid to directors of the Company.

38 FINANCIAL RISK MANAGEMENT

38.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2022	2021
Trade and other payables		
- USD	(263)	(20)
- GBP	(5,010)	(4,933)
- EURO	(10,180)	(2,185)
- JPY	(772)	(3,978,961)
Net exposure - USD	(263)	(20)
Net exposure - GBP	(5,010)	(4,933)
Net exposure - EURO	(10,180)	(2,185)
Net exposure - JPY	(772)	(3,978,961)

The following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	204.52	164.29
Reporting date rate	226.43	178.50

Rupees per GBP

Average rate	251.57	225.81
Reporting date rate	273.07	238.00

Rupees per Euro

Average rate	214.52	193.70
Reporting date rate	241.31	199.00

Rupees per JPY

Average rate	1.55	1.48
Reporting date rate	1.71	1.52

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, GBP, EURO and JPY (2021: USD, GBP, EURO and JPY) with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 0.194 million (2021: Rupees 0.383 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

(iii) Interest rate risk

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

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

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

	2022 (Rupees in thousand)	2021
Fixed rate instruments		
Financial asset		
Short term investment	5,000	-
Financial liabilities		
Long term financing	-	48,986
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	5,624	6,963,756
Loan to associated company	-	350,000
Trade debts - past due	12,628	3,734
	<u>18,252</u>	<u>7,317,490</u>
Financial liabilities		
Short term borrowings	(697,303)	(7,336)
Net exposure	<u>(679,051)</u>	<u>7,310,154</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 6.791 million lower / higher mainly as a result of higher / lower interest expense (2021: Rupees 73.102 million higher / lower), mainly as a result of higher / lower interest income on floating rate instruments. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

	2022 (Rupees in thousand)	2021
Loans to employees	29,186	32,296
Long term security deposits	1,774	300
Trade debts	14,717,477	6,852,294
Short term investment	5,116	-
Loan to associated company	-	350,000
Accrued interest	-	7,175
Other receivables	439,439	440,921
Bank balances	5,747	6,970,610
	<u>15,198,739</u>	<u>14,653,596</u>

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

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

	Rating			2022	2021
	Short Term	Long term	Agency	(Rupees in thousand)	
CPPA-G		Not available		1,762,495	2,927,711
Nishat Hotels and Properties Limited	A2	A-	PACRA	-	350,000
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	1,442	20
Habib Bank Limited	A-1+	AAA	VIS	4	284
MCB Bank Limited	A1+	AAA	PACRA	3,653	6,965,989
United Bank Limited	A-1+	AAA	VIS	541	193
Askari Bank Limited	A1+	AA+	PACRA	-	4,019
The Bank of Punjab	A1+	AA+	PACRA	6	3
Allied Bank Limited	A1+	AAA	PACRA	3	3
Al Baraka Bank (Pakistan) Limited	A-1	A+	VIS	25	25
Faysal Bank Limited	A1+	AA	PACRA	73	73
BankIslami Pakistan Limited	A1	A+	PACRA	-	1
				5,747	6,970,610
				<u>1,768,242</u>	<u>10,248,321</u>

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

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As 31 December 2022, the Company had Rupees 10,184 million (2021: Rupees 9,279 million) available borrowing limits from financial institutions, Rupees 5.116 million (2021: Rupees Nil) short term investment and Rupees 5.982 million (2021: Rupees 6,970.962 million) cash and bank balances to meet the short term funding requirements due to delay in payments by CPPA-G. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 31 December 2022:

Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
(----- Rupees in thousand -----)					

Non-derivative financial liabilities:

Trade and other payables	223,957	223,957	223,957	-	-	-
Unclaimed dividend	7,852	7,852	7,852	-	-	-
Accrued mark-up / profit	34,078	34,078	34,078	-	-	-
Short term borrowings	697,303	721,436	656,770	64,666	-	-
	<u>963,190</u>	<u>987,323</u>	<u>922,657</u>	<u>64,666</u>	<u>-</u>	<u>-</u>

Contractual maturities of financial liabilities as at 31 December 2021:

Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
(----- Rupees in thousand -----)					

Non-derivative financial liabilities:

Long term financing	48,986	50,407	25,358	25,049	-	-
Trade and other payables	2,730,399	2,730,399	2,730,399	-	-	-
Unclaimed dividend	8,019	8,019	8,019	-	-	-
Accrued mark-up / profit	20,042	20,042	20,042	-	-	-
Short term borrowings	7,336	7,508	7,418	90	-	-
	<u>2,814,782</u>	<u>2,816,375</u>	<u>2,791,236</u>	<u>25,139</u>	<u>-</u>	<u>-</u>

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

38.2 Offsetting financial assets and financial liabilities

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

38.3 Financial instruments by categories

Assets as per statement of financial position

	Financial assets at amortized cost	
	2022	2021
	(Rupees in thousand)	
Loans to employees	29,186	32,296
Long term security deposits	1,774	300
Trade debts	14,717,477	6,852,294
Short term investment	5,116	-
Loan to associated company	-	350,000
Accrued interest	-	7,175
Other receivables	439,439	440,921
Cash and bank balances	5,982	6,970,962
	<u>15,198,974</u>	<u>14,653,948</u>

Liabilities as per statement of financial position

	Financial liabilities at amortized cost	
	2022	2021
	(Rupees in thousand)	
Long term financing	-	48,986
Trade and other payables	223,957	2,730,399
Unclaimed dividend	7,852	8,019
Accrued mark-up / profit	34,078	20,042
Short term borrowings	697,303	7,336
	<u>963,190</u>	<u>2,814,782</u>

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

2022		
Financial assets	Non-financial assets	Assets as per statement of financial position
------(Rupees in thousand)-----		
Long term loans to employees	20,322	20,322
Long term security deposits	1,774	1,774
Loans, advances and short term prepayments	8,864	775,622
Trade debts	14,717,477	14,717,477
Short term investment	5,116	5,116
Other receivables	439,439	439,439
Cash and bank balances	5,982	5,982

Assets

2022		
Financial liabilities	Non-financial liabilities	Assets as per statement of financial position
------(Rupees in thousand)-----		
Trade and other payables	223,957	389,164
Unclaimed dividend	7,852	7,852
Accrued mark-up / profit	34,078	34,078
Short term borrowings	697,303	697,303

Liabilities

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

Assets

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

Liabilities

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

39 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(I) Fair value hierarchy

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

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

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

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

40 CAPACITY AND ACTUAL PRODUCTION

Installed capacity based on 8,760 (2021: 8,760) hours
Actual energy delivered

	2022 MWH	2021 MWH
Installed capacity based on 8,760 (2021: 8,760) hours	3,197,400	3,197,400
Actual energy delivered	1,123,721	797,729

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

41 UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2022	2021	2022	2021
	------(Rupees in thousand)-----			
Total facilities	2,115,000	3,294,863	10,881,700	9,336,334
Utilized at the end of the year	594,603	3,175,723	697,303	56,970
Unutilized at the end of the year	1,520,397	119,140	10,184,397	9,279,364

42 SEGMENT INFORMATION

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

43 EVENTS AFTER THE REPORTING PERIOD

43.1 The Board of Directors has proposed final cash dividend for the year ended 31 December 2022 of Rupees 2/- per share (2021: Rupees Nil per share). However, this event has been considered as non-adjusting event under IAS 10 'Events after Reporting Period' and has not been recognized in these financial statements.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 24th February, 2023 by the Board of Directors of the Company.

45 CORRESPONDING FIGURES

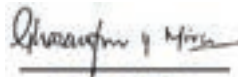
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

46 GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

FORM OF PROXY

I/We, _____ of

_____ CDCA/CNO./FOLIONO. _____

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

Mr./Miss/Ms. _____

of _____ CDCA/CNO./FOLIONO. _____ and

or failing him/her _____ of _____

who is/are also a shareholder of the said Company, as my/our proxy in my/our absence and to vote for me/us at the Annual General Meeting of the Company to be held on April 26, 2023 (Wednesday) at 12:30 P.M. at The Nishat Hotel (Emporium Mall), Trade and Finance Centre, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore and at any adjournment thereof in the same manner as I/we myself/ ourselves would vote if personally present at such meeting.

As witness my/our hands in this day of _____ 2023.

Revenue
Stamp
of Rs. 50/-

Signature _____

Address _____

No. of shares held _____

Witnesses:-

Name _____

Name _____

Address _____

Address _____

IMPORTANT:

- a. This instrument appointing a proxy, duly completed, must be received at the registered Office of the Company at Nishat House, 53- A, Lawrence Road, Lahore not later than 48 hours before the time of holding the Annual General Meeting. For Appointing Proxies.
- b. Attested copies of the CNIC or the passport of beneficial owners shall be furnished with the proxy form.
- c. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- d. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary

PAKGEN POWER LIMITED

53 - A, Lawrence Road, Lahore.

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

نمائندگی کا فارم (پراکسی فارم)

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

جو مذکورہ کمپنی کا حصص دار بھی ہے کو اپنے / ہمارے ایما پر 26 اپریل 2023ء (بدھ) کو دوپہر 12:30 بجے نشاط ہوٹل (ایپو ریم مال)، ٹریڈ اینڈ
فنانس سنٹر، نزد ایکسیپو سنٹر، عبدالحق روڈ، جوہر ٹاؤن لاہور پر منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں میری / ہماری غیر موجودگی میں حق
رائے دہی استعمال کرنے، تفریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور نمائندہ (پراکسی) مقرر کرتا / کرتے ہیں۔

آج بروز بتاریخ 2023ء کو میرے / ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

دستخط: _____

پتہ: _____

تعداد ملکیتی حصص: _____

گواہان:

50/- روپے کا رسیدی ٹکٹ یہاں چسپاں کریں

نام: _____

نام: _____

پتہ: _____

پتہ: _____

اہم نوٹ:

a- پراکسی تقرری کے یہ آلات، باقاعدہ مکمل سالانہ اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر نشاط ہاؤس،

53-A، لارنس روڈ، لاہور میں لازماً وصول ہو جانے چاہئیں۔

پراکسی کے تقرر کے لئے

b- بینیفیشل اوور کی CNIC یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ لازماً جمع کرانا ہوں گی۔

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

d- کارپوریٹ اینٹیلیٹی کی صورت میں بورڈ کی قرارداد / مختار نامہ نمونہ دستخط پراکسی فارم کے ہمراہ کمپنی کو جمع کرانا ہوگا۔

AFFIX
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The Company Secretary

PAKGEN POWER LIMITED

53 - A, Lawrence Road, Lahore.

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



NISHAT

PAKGEN POWER LIMITED

53 - A, Lawrence Road, Lahore. Tel: 042 - 36367812 - 16
Fax: 042 - 363674141 UAN: 042 - 111 11 33 33