

ARSHAD ENERGY LIMITED

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ARSHAD ENERGY LIMITED

COMPANY INFORMATION

CHAIRMAN
CHIEF EXECUTIVE
DIRECTORS

MR. NISAR AHMAD SHEIKH
MR. MUHAMMAD ARSHAD
MR. SHAHZAD AHMED SHEIKH
MR. SHEHRYAR ARSHAD
MS. RESHAM SHAHZAD
MR. MOEEZ UR REHMAN
MR. WASEEM ASHFAQ

AUDIT COMMITTEE
CHAIRMAN
MEMBER
MEMBER

MR. WASEEM ASHFAQ
MR. SHAHZAD AHMED SHEIKH
MR. SHEHRYAR ARSHAD

HR & REMUNERATION COMMITTEE
CHAIRMAN
MEMBER
MEMBER

MR. WASEEM ASHFAQ
MR. SHAHZAD AHMED SHEIKH
MS. RESHAM SHAHZAD

CHIEF FINANCIAL OFFICER

MR. NASIR MAHMOOD

COMPANY SECRETARY

MR. JAVED ABBAS NAQVI

HEAD OF INTERNAL AUDIT

MR. SHAFQAT BAIG

AUDITORS

M/S RIAZ AHMAD & CO
CHARTERED ACCOUNTANTS

BANKERS

HABIB METROPOLITAN BANK
BANK AL HABIB LIMITED

LEGAL ADVISOR

RANA IFTIKHAR AHMAD

REGISTERED OFFICE

404-405, 4TH FLOOR, BUSINESS
CENTRE, MUMTAZ HASSAN ROAD,
KARACHI. TEL. 021-32412814
WEB: WWW.ARSHADENERGY.COM

SHARES REGISTRAR

F.D. REGISTRAR SERVICES (SMC-PVT)
LIMITED 17TH FLOOR, SAIMA TRADE
TOWER-A, I.I CHUNDRIGAR ROAD,
KARACHI.

PLANT

35-K.M., SHEIKHUPORA ROAD, TEHSIL
JARANWALA, DISTRICT FAISALABAD

Vision statement:

To become the most cost effective power generation company, committed to empowering Pakistan growth by not only maximizing energy outputs from the existing plant through sustained excellence in performance and innovation.

Mission statement:

Support the power purchaser to cope with the energy shortfalls in the country. Become the most efficient and economical plant while protecting commercial interests of the stakeholders. Create a work environment for employees that meets international standards of environment, health and safety.

ARSHAD ENERGY LIMITED

NOTICE OF 26TH ANNUAL GENERAL MEETING

Notice is hereby given that the **26th Annual General Meeting** of the Shareholders of **ARSHAD ENERGY LIMITED** will be held at 404/5, Business Centre 4th Floor Mumtaz Hasan Road Near “SBP” Karachi on Wednesday, October 28, 2020 at 12:30 p.m. to transact the following business:-

Ordinary Business:

1. To confirm Minutes of the Last Extra Ordinary General Meeting held on 25th February, 2020.
2. To receive, consider and adopt the audited accounts of the Company for the year ended on 30th June, 2020 together with the Directors’ Report and Auditors’ Report thereon.
3. To appoint Auditor for the year 2020-2021 and to fix their remuneration. The present auditors M/s. Riaz Ahmad & Co., Chartered Accountants, retire and being eligible have offered themselves for reappointment.

Special Business:

4. To approve transactions conducted with Related Parties for the year ended June 30, 2020 by passing the following special resolution with or without modification:
“**RESOLVED THAT** the transactions conducted with Related Parties as disclosed in the note 26 of the financial statements for the year ended June 30, 2020 and specified in the Statement of Material Information under Section 134 (3) be and are hereby approved and confirmed.”
5. To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending June 30, 2021 by passing the following special resolution with or without modification:
“**RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending June 30, 2021. **RESOLVED FURTHER** that these transactions by the Board shall be deemed to have been approved by the Shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal Ratification/approval.”

Any Other Business:

6. To transact any other business with the permission of the chair.

By order of the Board

Karachi

Dated: October 05, 2020

NOTES:

1. In light of the threat by the evolving coronavirus (COVID-19) situation, the Securities & Exchange Commission of Pakistan vide Circular No. 5 dated March 17, 2020 has advised the Company to modify their usual planning for Annual General Meeting in order to protect the well-being of the shareholders.
The Shareholders who are interested to attend the AGM through Video Conference, are hereby requested to get themselves registered with the Company Secretary office by providing the following detail at the earliest but not later than 48 hours before the time of AGM (i.e. before 12:30 pm on October 26, 2020) through Email: ali.furqan@arshadgroup.com
Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification.
Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone / computer devices.
The login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification process and verification process. In view of the above the Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the aforesaid means:

JAVED ABBAS NAQVI
Company Secretary

2. The Share Transfer Books of the Company will remain closed from 22nd October 2020 to 28th October 2020 (both days inclusive). Transferred received at the Share Registrar office M/s. F.D Registrar Services (SMC-Pvt) Ltd, 17th Floor Saima Trade Tower –A, I.I. Chundrigar Road Karachi 74000 at the close business on 21st October 2020 be treated in time.
3. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend the meeting and vote instead of him/her. The proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

For Attending the Meeting:-

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity card (CNIC) or original Passport at the time of attending the meeting.
- ii) In case of Corporate entity, the Board of Directors resolution of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, address and CNIC Numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Submission of CNIC Copy (MANDATORY)

4. Pursuant to the directives of the Securities & Exchange Commission of Pakistan, CNIC number is mandatory required to be Submitted and updated.
Shareholders are therefore requested to submit copy of their valid CNIC (only Physical Shareholders) if not provided earlier to the M/s. F.D Registrar Services (SMC-Pvt) Ltd (The Share Registrar). The Corporate Entities are requested to provide their National Tax Number (NTN). Please quote Folio Number with the copy of CNIC/ NTN details. In case of non-receipt of valid CNIC the Company would be unable to comply with SRO 831(I)/2012 dated July 5, 2012 of SECP read with SRO 19(1)/2014 dated January 10, 2014 . Please note that no dividend will be payable unless CNIC number is updated with the Share Registrar, failure to provide the same would constrained the Company to withhold the payment of dividend warrants.

Change of Address and Quote Folio No. in Correspondence

5. Members are also requested to notify any change in address immediately. The shareholders are further requested to quote their folio number in all correspondence with the Company and at the time of attending the Annual General Meeting.

Unclaimed Dividends And Shares (Important & Mandatory)

6. Shareholders of the Company are hereby informed that as per the record, there are some unclaimed/ uncollected /unpaid dividends and shares. Shareholders who could not collect their dividends/shares are advised to contact our Share Registrar M/s. F.D Registrar Services (SMC-Pvt) Ltd 17th Floor, Saima Trade Tower-A, I.I.Chundrigar Road, Karachi during working hours. Ph: 0092-21-32271905 Email: fdregistrar@yahoo.com to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, of three(3) years or more from the date due and payable, shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan (SECP).

Circulation of Annual Financial Statements through Email

7. SECP through its Notification SRO 787(I)/2014 dated September 8, 2014, has allowed the circulation of Audited Financial Statements along with the Notice of Annual General Meeting to the shareholders of the Company through email. Therefore, shareholders who wish to receive the soft copy of Annual Report are requested to send their email address. The consent form for electronic transmission can be downloaded from the Company's website. The Company shall, however, continue to provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

Placement of Financial Accounts on Website

8. Pursuant to the notification of the SECP (SRO 634(I)/2014) dated: 10th July 2014 the financial statements of the Company have been placed on Company's website at www.arshadgroup.com

E-VOTING

9. Pursuant to SECP S.R.O. No. 43(I)/2016 dated January 22, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Company on the appointment by the Intermediary as a Proxy.

For Video Conference:

10. Further to SECP Circular No.10 of 2014 dated 21st May, 2014 clause 1(b) "The Company may provide video conference facility to its members for attending the general meeting at places other than the town in which general meeting is taking place after considering the geographical dispersal of its members: Provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 10 days prior to date of meeting the company shall arrange video conference facility in that city subject to availability of such facility in that city". The company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

Consent form for Video Conference Facility

I/We, _____ of _____, being a member of the Arshad Energy Limited holder of _____ Ordinary Share(s) as per Register CDC/ Folio no. _____ hereby opt for video conference facility at _____.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017**1. Item Number 4 of the notice – Ratification and approval of the related party transactions carried out during the year ended June 30, 2020**

Transactions conducted with all related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. These transactions were to be placed before the shareholders in AGM for their formal approval. Accordingly, these transactions are being placed before the AGM for the formal approval by shareholders.

Normally company is doing transactions with associated companies of normal trade.

All transactions with related parties have been disclosed in note 26 to the financial statements for the year ended June 30, 2020. Party-wise details of such related party transactions are given below:

Name of Related party	Transaction Type	Amount Rupees
Arshad Textile Mills Limited	Sharing of expenses	2,247,330
Directors	Loan obtained from Directors	11,560,000

ارشاد انرجی لمیٹڈ

اطلاع برائے 26 واں سالانہ اجلاس

مطلع کیا جاتا ہے کہ ارشد انرجی لمیٹڈ کے حصص یافتگان کا چھبیسواں (26) سالانہ اجلاس عام بدھ 28 اکتوبر 2020ء کو صبح 10 بجے 404/4 برنس سینٹر چوٹی منزل، ممتاز حسن روڈ نزد "SBP" کراچی میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائیگا۔

عمومی امور

- 1۔ آخری غیر معمولی اجلاس عام منعقدہ 25 فروری 2020ء کی کارروائی کی توثیق۔
- 2۔ 30 جون 2020ء کو مکمل ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ اکاؤنٹس مع ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خاص اور منظوری۔
- 3۔ مالی سال 2020-21ء کیلئے آڈیٹرز کی تقرری اور ان کے مشاہرے کا تعین۔ موجودہ آڈیٹرز میسرز ایم ایچ اینڈ کمپنی۔ چارٹرڈ اکاؤنٹنٹس سکڈوش ہو گئے ہیں اور اہلیت کی بنیاد پر دوبارہ تقرری کیلئے اپنی خدمات پیش کی ہیں۔

خصوصی امور

- 3۔ 30 جون 2020ء کو ختم ہونے والے سال کیلئے متعلقہ پارٹنرز کے ساتھ کئے گئے لین دین کی بغیر کسی ترمیم یا ترمیم کیساتھ مندرجہ ذیل قرارداد کو خصوصی قرارداد کے ذریعے منظور کرنا:
”قرارداد یا کہ متعلقہ پارٹنرز کے ساتھ کئے گئے لین دین 30 جون 2020ء کو ختم ہونے والے سال کے اہل قیام گھوٹا روڈ کے نوٹ 26 میں کئے گئے انکشاف اور اس کے تحت دفعہ (3) 134 کے تحت ٹھوس تھاق کے بیان میں واضح کیا گیا ہے اور اس کی منظوری کی تصدیق کی جاتی ہے“
- 5۔ کمپنی کے بورڈ آف ڈائریکٹرز کو 30 جون 2021ء کو ختم ہونے والے مالی سال کیلئے متعلقہ پارٹنرز کے ساتھ لین دین کی منظوری کیلئے اختیار دینا بذریعہ ترمیم یا بغیر کسی ترمیم کے ساتھ مندرجہ ذیل خصوصی قرارداد منظور کی جائے:
”قرارداد یا کہ کمپنی کے بورڈ آف ڈائریکٹرز کو 30 جون 2021ء کو ختم ہونے والے مالی سال کے معاملے کی بنیاد پر متعلقہ پارٹنرز کے ساتھ ہونے والے لین دین کو منظور کرنے کا اختیار رکھتے ہیں“
”مزید قرارداد یا کہ بورڈ کے لین دین کو شیئر ہولڈرز کی طرف سے منظور شدہ سمجھا جائے اور شیئر ہولڈرز کے سامنے اگلے سالانہ اجلاس عام میں ان کی باخفا توثیق / منظوری کیلئے رکھا جائے“

دیگر امور

- 6۔ چیئر مین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ

جاوید عباس نقوی

کمپنی سیکریٹری

کراچی 05 اکتوبر 2020ء

- 1۔ کوورڈناؤنس (کووڈ-19) کی صورتحال کے خطرے کی روشنی میں سکیورٹی اینڈ ایجنٹس کمیشن آف پاکستان نے بذریعہ سرگرم نمبر 5 بتاریخ 17 مارچ 2020ء حصص یافتگان کی بھلائی اور تحفظ کے پیش نظر کمپنی کو اپنی سالانہ اجلاس عام سے متعلق منصوبہ بندی میں ترمیم کا مشورہ دیا ہے۔ شیئر ہولڈرز جو سالانہ اجلاس عام (AGM) میں ویڈیو کانفرنس کے ذریعہ شرکت کرنے کے خواہشمند ہیں ان سے درخواست ہے کہ کمپنی سیکریٹری کے آفس میں AGM کے انعقاد سے کم از کم 48 گھنٹے قبل یعنی (اکتوبر 26، 2020ء) دوپہر 12:30 بجے سے پہلے بذریعہ ای میل ali.furqan@arshadgroup.com پر مندرجہ ذیل تفصیلات فراہم کر کے اپنا اندراج کرائیں۔
شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ شناخت کیلئے اپنا نام، شناختی کارڈ نمبر، فوٹو، سی ڈی سی اکاؤنٹ نمبر، موبائل نمبر اور ای میل ایڈریس کا ذکر کریں۔
خواہشمند شیئر ہولڈرز سے مذکورہ بالا تفصیلات کی وصولی کے بعد کمپنی لاگ ان تفصیلات ان کے ای میل ایڈریس پر ارسال کر دے گی۔ AGM کے دن شیئر ہولڈرز بذریعہ اپنے اسمارٹ فون اور کمپیوٹر آلات سے AGM کی کارروائی میں لاگ ان کر کے شرکت کر سکتے ہیں۔ لاگ ان ہولت اجلاس کے وقت سے 30 منٹ قبل کھول دی جائیگی تاکہ شناخت اور تصدیق کے عمل کے بعد شرکت کا ہلکا اجلاس میں شرکت کو یقینی بنایا جاسکے۔
مذکورہ بالا کی روشنی میں شیئر ہولڈرز مذکورہ بالا ذرائع کا استعمال کر کے AGM کے مجوزہ ایجنڈا آئیٹمز کیلئے اپنے تاثرات / مشورے بھی پیش کر سکتے ہیں۔
- 2۔ کمپنی کی حصص منتقلی کی کتاب 22 اکتوبر 2020ء 28 اکتوبر 2020ء (بشمول دونوں ایام) بند رہے گی۔ شیئر رجسٹر اریٹرز ایف۔ ڈی رجسٹر اریٹرز (ایس ایم سی) پرائیوٹ لمیٹڈ ستر ہویں منزل صائبر ٹریڈ ٹاور، آئی آئی چندر بیک روڈ کراچی میں 21 اکتوبر 2020ء کو کاروبار کے اختتام کار تک موصول ہونے والی منتقلیاں / تجدید بروقت سمجھی جائیں گی۔
- 3۔ کمپنی کا ہر ممبر اس اجلاس میں شرکت اور ووٹ ڈالنے کا حق رکھتا ہے اور وہ اپنی جگہ اجلاس میں شرکت اور ووٹ دینے کے لیے اپنا پر کسی مقرر کر سکتا / کر سکتی ہے۔ ہر کسی کی تقرری کی اطلاع کمپنی کو اجلاس سے کم از کم 48 گھنٹہ قبل دینی ہوگی۔ سی۔ ڈی۔ سی۔ اکاؤنٹس رکھنے والوں کو یکایک ریٹیز اینڈ ایجنٹس کمیشن آف پاکستان سے جاری سرگرم نمبر بتاریخ جنوری 2000، 26 میں دی گئی ہدایات پر عملدرآمد کرنا ہوگا۔

اجلاس میں شرکت کیلئے:

- (1) انفرادی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا وہ شخص جسکی سکیورٹیز گروپ اکاؤنٹس میں ہوں اور انکی رجسٹریشن کی تفصیلات تو اعداد و ضوابط کے تحت اپ لوڈ کی گئی ہوں، کو اپنے اصل کمپیوٹر انڈز قومی شناختی کارڈ (سی۔ این۔ آئی۔ سی) یا اصل پاسپورٹ کی ذریعے اجلاس میں شرکت کے وقت اپنی شناخت کی توثیق کرنا ہوگی۔
- (11) کارپوریٹ ادارے کی صورت میں، انارٹنی کے لئے بورڈ آف ڈائریکٹرز کی قرارداد کے مطابق نا اہل شخص کے مخصوص دستخط (اگر یہ اس سے قبل فراہم نہیں کئے گئے) مینٹگ کے وقت پیش کرنا ہو گئے۔

پراکسی کی تقرری کیلئے:

- (I) انفرادی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا وہ شخص جسکی سکیورٹیز گروپ اکاؤنٹس میں ہوں اور انکی رجسٹریشن کی تفصیلات قواعد و ضوابط کے تحت اپ لوڈ کی گئی ہوں پراکسی فارم مذکورہ ضروریات کے تحت جمع ہونے چاہئے۔
- (II) پراکسی فارم دو افراد کی جانب سے ہوا ہی کے ساتھ ہونا چاہئے، جنکے نام، پتے اور سی-این-آئی-سی نمبر فارم پر درج ہونے چاہئے۔
- (III) پراکسی فارم کے ساتھ سی-این-آئی-سی مصدقہ کاپیاں یا حق دار مالکان کا پاسپورٹ اور پراکسی پیش کرنا ہوگا۔
- (IV) پراکسی کو اپنے اصل سی-این-آئی-سی یا پاسپورٹ اجلاس کے وقت پیش کرنا ہوگا۔
- (V) کارپوریٹ ادارے کی صورت میں کپنی کو پراکسی فارم کے ساتھ پورڈ آف ڈارکٹیشن کی قرارداد اور پاور آف اٹارنی بمع مخصوص دستخط جمع کرانے ہونگے۔ (اگر یہ اس سے قبل فراہم نہیں کئے گئے)

سی این آئی سی کی کاپی جمع کرانا (لازمی)

۳۔ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کے مطابق سی این آئی سی نمبر لازمی ہے اور جمع کرانا اور اپ ڈیٹ کرنا ضروری ہے۔ حصص یافتگان سے درخواست ہے کہ اپنے سی این آئی سی (برائے صرف فزیکل شیئرز ہولڈرز) کی کاپی اگر پہلے فراہم نہیں کی گئی ہو تو، شیئرز رجسٹرار میسرز ایف۔ ڈی رجسٹرار سرورمز (ایس ایم سی پرائیویٹ) لمیٹڈ (شیئرز رجسٹرار) کو پیش کر دیں۔ کارپوریٹ انویسٹمنٹ سے متعلق سیکس نمبر (این ٹی این) فراہم کرنے کی درخواست کی جاتی ہے۔

برائے مہربانی سی این آئی سی کی کاپی این ٹی این کی تفصیلات کے ہمراہ فوئیو نمبر بھی درج کریں۔ کپنی کو تا زہی این آئی سی کی عدم وصولی کی صورت میں 2012 (i) SRO 831/2012 بتاریخ جولائی 5، 2012 مع 2014 (i) SRO 19/2014 بتاریخ جنوری 10، 2014 قہیل نہ ہو سکی۔ برائے کرم واضح ہو کہ شیئرز رجسٹرار کی این آئی سی کی عدم فراہمی کی صورت میں کپنی ڈیویڈنڈ وائٹس کی ادائیگی روک سکتی ہے۔

پیدہ کی تبدیلی اور خط و کتابت میں فوئیو نمبر کا اندراج

۵۔ ممبران سے یہ بھی درخواست ہے کہ پیدہ کی تبدیلی سے فوری مطلع کریں۔ مزید برآں حصص یافتگان سے کپنی کے ساتھ خط و کتابت میں اور سالانہ اجلاس عام میں شرکت کے موقع پر فوئیو نمبر درج کریں۔

غیر دعویٰ شدہ منافع منقسمہ اور شیئرز (اہم اور لازمی)

۶۔ کپنی کے شیئرز ہولڈرز کو بذریعہ نذر مطلع کیا جاتا ہے کہ ریکارڈ کے مطابق کچھ غیر دعویٰ شدہ / غیر وصول شدہ / غیر ادا شدہ منافع منقسمہ ہیں۔ ایسے شیئرز ہولڈرز جنہوں نے اپنے منافع منقسمہ / شیئرز وصول نہیں کئے انہیں ہدایت کی جاتی ہے کہ وہ اپنے غیر دعویٰ شدہ منافع منقسمہ / شیئرز، اگر ہوں، سے متعلق وصول / جانچ پڑتال کرنے کیلئے ہمارے شیئرز رجسٹرار میسرز ایف۔ ڈی رجسٹرار سرورمز (ایس ایم سی پرائیویٹ) لمیٹڈ 17 ویں منزل، صائمہ ٹریڈ ٹاور-A آئی آئی چنورنگ روڈ، کراچی سے فون نمبر 0092-21-32271905-21-0092 ای میل fdregistrar@yahoo.com پر دوران ایام کار رابطہ کریں۔ کیٹیگز ایکٹ 2017 کی شق 244 کی تعمیل میں، مقررہ اور قابل ادائیگی تاریخ سے تین (03) سال یا زائد کے مقرر کردہ طریقہ کار کی تکمیل کے حوالین غیر دعویٰ شدہ منافع منقسمہ کی صورت میں فیڈرل گورنمنٹ کے ریڈٹ کیلئے جمع کرانا ہوگا اور شیئرز کی صورت میں سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کو ارسال کرنا ہوگا۔

ای میل کے ذریعے سالانہ مالی کھاتوں کی گردش (سرکولیشن)

۷۔ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس-ای-سی-پی) نے بذریعہ اس کے نوٹیفیکیشن SRO 787(I)/2014 بتاریخ ستمبر 2014، 08 کپنی کے حصص یافتگان کو بذریعہ ای میل سالانہ اجلاس عام کے نوٹس کے ساتھ کپنی کے آڈٹ شدہ مالیاتی گوشوارے تقسیم کرنے کی اجازت دی ہے۔ لہذا وہ حصص یافتگان جو سالانہ رپورٹ کی برقی نقل کی کاپی حاصل کرنا چاہتے ہوں سے درخواست کی جاتی ہے کہ وہ اپنا ای میل ایڈریس روانہ کریں۔ ایکٹروک سالانہ آڈٹ شدہ مالیاتی گوشوارے منتقل کرنے کیلئے رضامندی فارم کپنی کی ویب سائٹ سے ڈاؤن لوڈ کیا جاسکتا ہے۔ تاہم کپنی اپنے حصص یافتگان کو ان کی درخواست پر سالانہ آڈٹ شدہ مالیاتی گوشواروں کی ہارڈ کاپی بلا معاوضہ فراہم کرے گی۔ جو کہ ان کی درخواست کی وصولی کے اندرون سات یوم میں کر دی جائیگی۔

کپنی کی ویب سائٹ مالیاتی اکاؤنٹس کی پلیٹ فارم

۸۔ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے نوٹیفیکیشن (SRO 634(I)/2014) بتاریخ جولائی 10، 2014 کے مطابق کپنی کے سالانہ آڈٹ شدہ مالیاتی گوشوارے کپنی کی ویب سائٹ www.arshadgroup.com پر آڈٹ کر دیئے گئے ہیں۔

ای ویٹنگ

۹۔ SECP ایس آر او نمبر 43(I)/2016 مورخہ 22 جنوری 2016 کی قہیل میں ممبران کو ایک پراکسی کی حیثیت سے intermediary کے ذریعے تقرری پر کپنی کے اجلاس کی تاریخ سے کم از کم 10 یوم قبل خبر براءتی رضامندی دینے کے ذریعے بذریعہ ای ویٹنگ ووٹ دینے کا پناہ بھی استعمال کر سکتے ہیں۔

ویڈیو کانفرنس کیلئے:

۱۰۔ بحوالہ SECP ایس آر او نمبر 1027(I)/2014 مورخہ 13 نومبر 2014 شق نمبر 1 (b) کے تحت دیکھنی اپنے ان تمام ممبران کو اس شہر جہاں اجلاس عام منعقد ہونا ہے سے باہر ہوں ان ممبران کی جغرافیائی محل وقوع کو مد نظر رکھتے ہوئے ویڈیو کانفرنس کی سہولت مہیا کرے: بشرطیکہ کہ اگر کپنی کو ممبران سے مجموعی طور پر 10 فیصد یا اس سے زائد حصص رکھنے والوں کی صورت میں ان کی جغرافیائی محل وقوع کے تحت اگر وہ بذریعہ ویڈیو کانفرنس اجلاس میں شرکت کے خواہشمند ہوں تو انہیں کپنی کے اجلاس کی تاریخ سے کم از کم 10 یوم قبل کپنی کے رجسٹرڈ پتے پر مطلع کرنا ہوگا تاکہ ان کیلئے ویڈیو کانفرنس کی سہولت اس شہر میں میسر کی جاسکے جہاں وہ رہتے ہوں جو کہ اس شہر میں ایسی سہولت کی موجودگی سے مشروط ہوگی۔

کپنی سالانہ اجلاس عام کے انعقاد سے 05 دن پہلے ویڈیو کانفرنس کی سہولت کے مقام کے حوالے سے اراکین کو مطلع اور ضروری معلومات فراہم کرے گی۔

ویڈیو کانفرنس کیلئے کنسنڈٹ فارم

میں / ہم سکنہ بحیثیت ایک ممبر Anshad Energy Limited کے عمومی حصص بمطابق رجسٹرڈ فولیو نمبر
بذریعہ ہذا ویڈیو کانفرنس کی سہولت بمقام پر حاصل کرنا چاہتی/چاہتا ہوں۔

کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت ٹھوس حقائق کا بیان

1۔ نوٹس کے نمبر نمبر ۴ - 30 جون 2020 کو ختم ہونے والے سال کے دوران متعلقہ پارٹی لین دین کی توثیق اور منظوری

تمام متعلقہ پارٹیز کے ساتھ کئے جانے والے بورڈ آف ڈائریکٹرز کے منظور شدہ لین دین کو بذریعہ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی سشن 15 کے تحت سہ ماہی بنیاد پر آڈٹ کینی کے ذریعے سفارش کی جاتی ہے۔ ان لین دین کو شیئر ہولڈرز کے سامنے ان کی باضابطہ منظوری کیلئے AGM میں رکھنا تھا۔ اس کے مطابق، یہ لین دین AGM میں شیئر ہولڈرز کے سامنے ان کی باضابطہ منظوری کیلئے ان کے سامنے رکھا جا رہا ہے۔ عام طور پر کمپنی عام تجارت سے متعلق وابستہ کمپنیوں کے ساتھ لین دین کرتی ہے۔ متعلقہ پارٹیز کے ساتھ لین دین 30 جون 2020 کو ختم ہونے والے سال کے مالیاتی گوشواروں کے نوٹ 26 میں ذکر کیا گیا ہے۔ پارٹیز کے حساب سے متعلقہ پارٹیز لین دین کی تفصیل درج ذیل ہیں۔

متعلقہ پارٹی کے نام	لین دین کی قسم	رقم روپے
ارشاد ٹیکسٹائل ملز لمیٹڈ	اخراجات بائٹا	2,247,330
ڈائریکٹرز	ڈائریکٹرز سے حاصل کیا گیا قرض	11,560,000

ARSHAD ENERGY LIMITED

CHAIRMAN'S REVIEW

For the year ended June 30, 2020.

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company together with the audited, financial statements and auditors' report thereon for the year ended 30th June, 2020.

The drastic increase in the prices of furnace oil has significantly affected the performance of the company. Further, the sale rates which are WAPDA rates as approved by NEPRA are not viable on high furnace oil prices. The situation has forced management to temporarily close down the operations of the company Net sales for the year were Nil (2019: Rs. 6.252 million) and net loss is Rs.25.859 million (2019: net loss Rs.15.683 million).

Future Prospects

To restart the operations of the company management is continuously monitoring fuel prices and sales rates.

Code of Corporate Governance:

Our company takes corporate governance seriously. The company keeps follow the Securities and Exchange Commission of Pakistan and the Pakistan stock Exchange and complies with the code of Good corporate Governance in letter and spirit.

The Board offers thanks to its bankers and financial institution for providing support as solicited. The board also appreciates the dedicated services rendered by the employees and the management which is evidenced by the company's performance and results achieved and they are contributing positively towards the goals and objectives of the company.

Lastly, I would also like to thanks our shareholder for their continued support and trust in the company. Above stated facts do not give a promising outlook but the management is making its efforts to earn profitability for the coming years.

For and behalf of the board of directors.



Nisar Ahmad Sheikh
Chairman

Date: October 05, 2020.

ARSHAD ENERGY LIMITED

DIRECTOR'S REPORT TO THE SHARE HOLDERS

The Directors of your Company feel pleasure in submitting audited financial statements of your Company for the year ended June 30, 2020.

FINANCIAL RESULTS	2020 Rupees	2019 Rupees
SALES	-	6,252,057
COST OF GENERATION	(16,321,535)	(17,436,713)
GROSS LOSS	(16,321,535)	(11,184,656)
ADMINISTRATIVE EXPENSES	(7,005,757)	(6,379,277)
OTHER EXPENSES	(3,361,666)	-
OTHER INCOME	831,761	1,883,539
FINANCE COST	(2,014)	(3,135)
LOSS BEFORE TAXATION	(25,859,211)	(15,683,529)
TAXATION	-	-
LOSS AFTER TAXATION	(25,859,211)	(15,683,529)
LOSS PER SHARE- BASIC AND DILUTED – RUPEES	(3.23)	(1.96)

REVIEW OF OPERATING RESULTS

Net sales for the year were Nil (2019: Rs.6.252 million) and net loss is Rs.25.859 million (2019: net loss Rs. 15.683 million).

The drastic increase in the prices of furnace oil has significantly affected the performance of the company. Further, the sale rates which are WAPDA rates as approved by NEPRA are not viable on high furnace oil prices. The situation has forced management to temporarily close down the operations of the company.

Losses and Future Prospects

During the year operations of the company remained closed, however, fixed costs cannot be avoided which resulted in losses to the company.

ARSHAD ENERGY LIMITED

Management of the company is continuously monitoring fuel prices and electricity sales rates to restart the operations of the company.

Material Changes during the year

No changes occur during the financial year as the company's operations remained closed during the year.

AUDITORS

The present Auditors M/S Riaz Ahmad & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE

The statement of compliance of best practices of Code of Corporate Governance is annexed.

CORPORATE AND FINANCIAL REPORTING FRAME WORK:

The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP).

1. The financial statements prepared by the Management of your Company present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates, which are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.
5. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
6. The system of internal control is sound in design and has been effectively implemented and monitored.
7. Key operating financial data of last six years in summarized form is annexed.
8. The company has established Employees Gratuity Un-funded. Annual provision has been made on actuarial valuation basis to cover obligation under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.
9. Information about taxes and levies is given in the notes forming part of financial result.

ARSHAD ENERGY LIMITED

Board

The composition of the board of Directors (the Board) is as follows:

Independent Director	Mr. Moeez Ur Rehman Mr. Waseem Ashfaq
Non-Executive Directors	Mr. Nisar Ahmad Sheikh Mr. Shahzad Ahmed Sheikh Mr. Shehryar Arshad Mr. Faisal Masood (Retired) Mrs. Naureen Shahzad (Retired)
Executive Director	Mr. Muhammad Arshad
Female Director	Miss Resham Shahzad

During the year five meetings of the board of Directors were held. Directors' attendance in these meetings is as under:

<u>NAME OF DIRECTORS</u>	<u>MEETINGS ATTENDED</u>
Mr. Nisar Ahmad Sheikh	04
Mr. Muhammad Arshad	05
Mr. Shahzad Ahmad Sheikh	05
Mr. Shehryar Arshad	04
Mr. Moeez Ur Rehman	01
Ms. Resham Shahzad	05
Mr. Waseem Ashfaq	01
Mr. Faisal Masood (Retired)	03
Mrs. Naureen Shahzad	03

Directors who did not attend the above meetings were granted leave of absence by the Board of Directors.

AUDIT COMMITTEE

The Board has formed Audit Committee. It comprises of three non-executive directors and one independent director who is the Chairman of the Committee. The Audit Committee held three (3) meetings during the year. Attendance by each member was as follows:

<u>NAME OF AUDIT COMMITTEE MEMBERS</u>	<u>MEETINGS ATTENDED</u>
Mr. Waseem Ashfaq	-
Mr. Faisal Masood (Retired)	03
Mr. Shahzad Ahmed Sheikh	03
Mr. Shehryar Arshad	03

ARSHAD ENERGY LIMITED

HR & REMUNERATION COMMITTEE

MEETINGS ATTENDED

HR & Remuneration Committee held one (1) meeting during the year. Attendance by each member was as follows:

Mr. Waseem Ashfaq	-
Mr. Faisal Masood (Retired)	01
Mr. Shahzad Ahmed Sheikh	01
Mrs. Naureen Shahzad (Retired)	01
Ms. Resham Shahzad	-

MATTER OF EMPHASIS IN AUDITORS' REPORT

As illustrated in Note 1.1 to the financial statements, the company has prepared its financial statements on non-going concern basis due to non-operation during couple of years. The company will start its operations as early as the prices of electricity generation will become competitive.

IMPACT ON ENVIRONMENT

We work meticulously to reduce our environmental impacts from the procurement of raw materials to the generation of electricity.

Our environmental policy achieves the following objective:

- Improve the efficiency and sustainability of our business activities and products.
- Reduce wastes and prevent environmental pollution.
- Use energy and natural resources efficiently.

PRINCIPAL ACTIVITIES OF THE COMPANY

Arshad Energy Limited (the Company) is a public limited company incorporated in Pakistan on 20 February 1994 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The principal activity of the Company is generation and distribution of electricity.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company consider the following as key risks:

- Significant competition in international Furnace oil Prices;
- Depreciation of Pak Rupee against US Dollar;
- Non-availability of banking lines.

The Company is endeavoring internally as well as externally to cater with and mitigate the impact of aforesaid risks and uncertainties.

ARSHAD ENERGY LIMITED

LOSS PER SHARE

Loss per share during the period under report worked out to Rupees 3.23 (2019 Rupees 1.96)

TRADING OF SHARES

Director, company secretary, chief financial officer, Head of internal Audit and their spouses and minor children has not purchased or sold shares during the year.

STATEMENT OF DIRECTOR'S RESPONSIBILITY

Board of Directors is mindful of its responsibilities and duties under legal and corporate frame work. The Board defines and establishes Company's overall objectives and directions and monitors status thereof. Short term and long term plans and business performance targets are set by Chief Executive under over all policy frame work of the Board.

DIVIDEND

The board of directors has not recommended any dividend for the year ended 30 June 2020 as the company could not earn profits.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on June 30, 2020 is annexed.

ACKNOWLEDGEMENT:

The Board places on record its appreciation for the cooperation, commitment and hard work extended to the Company by the customers, suppliers, bankers and all the employees of the Company.

On behalf of the Board



Muhammad Arshad
Chief Executive Officer



FAISALABAD.

Dated: October 05, 2020

Shahzad Ahmed Sheikh
Director

ڈائریکٹرز کی شیئر ہولڈروں کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کیلئے آپ کی کمپنی کے آڈٹ شدہ مالی بیانات پیش کرنے میں خوشی محسوس کرتے ہیں۔

2019	2020	مالیاتی نتائج
روپے	روپے	
6,252,057	-	ریونیو
(17,436,713)	(16,321,535)	بجلی بنانے کی قیمت
(11,184,656)	(16,321,535)	مجموعی نقصان
(6,379,277)	(7,005,757)	انتظامی اخراجات
-	(3,361,666)	دوسرے اخراجات
1,883,539	831,761	دوسری آمدنی
(3,135)	2,014)	مالیاتی لاگت
(15,683,529)	(25,859,211)	ٹیکس سے پہلے نقصان
-	-	ٹیکس
(15,683,529)	(25,859,211)	ٹیکس کے بعد نقصان
(1.96)	(3.23)	نقصان فی شیئر

مالیاتی کارکردگی کا جائزہ

مجموعی فروخت برائے سال 2020 صفر (2019 مبلغ 6.252 ملین) اور مجموعی نقصان مبلغ 25.859 ملین (سال 2019 مجموعی نقصان مبلغ 15.683 ملین) فرس آئل کی قیمتوں میں اضافے کی وجہ سے بنیادی طور پر فرم کی کارکردگی متاثر ہوئی ہے۔ مزید فروخت کے رٹس اور واپڈا کے رٹس جو نیچر اے نے منظور کیے ہیں وہ فرس آئل کی اضافی قیمت کے ساتھ قابل عمل نہ ہیں۔ یہ حالات میں انتظامیہ مجبوراً عارضی طور پر کمپنی کے آپریشن کو بند کر رہی ہے۔

نقصانات اور مستقبل کے امکانات

سال کے دوران کمپنی کے آپریشنز بند رہے، تاہم فلسفہ اخراجات کو نہیں روکا جاسکا، جو کمپنی کیلئے خسارے کا باعث بنے۔ کمپنی انتظامیہ، کمپنی کے آپریشنز کا دوبارہ سے آغاز کرنے کیلئے، ابھرنے کی قیمتوں اور بجلی کی فروخت کے نرخ پر نظر رکھے ہوئے ہے۔

سال کے دوران قابل ذکر تبدیلیاں

سال کے دوران کمپنی کے آپریشنز بند رہے، اس لئے مالی سال کے دوران کوئی قابل ذکر تبدیلی نہیں آئی۔

آڈیٹرز:

آڈیٹرز میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائرڈ ہو رہے ہیں۔ اہلیت کی بنیاد پر انہوں نے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔

کارپوریٹ گورننس

کوڈ آف کارپوریٹ گورننس کے کی بہترین طریقے کار کی تعمیل کے بیان کو الحاق کیا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر بیان:

ڈائریکٹرز ہمسرت مطلع کرتے ہیں کہ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے تقاضوں کے مطابق کوڈ آف کارپوریٹ گورننس کے ضوابط کی تعمیل کرتی ہے۔

- 1- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی اسٹیٹمنٹس منصفانہ طور پر اس کے معاملات کی حالت، اس کے عوامل کے نتائج، کیش بہاؤ اور مساوات میں تبدیلی پر مشتمل ہے۔
- 2- اکاؤنٹس کی کتابیں مناسب طریقہ سے مرتب کی گئی ہیں۔
- 3- مالیاتی اسٹیٹمنٹس کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور ٹھوس فیصلوں پر مبنی ہیں۔
- 4- مالیاتی اسٹیٹمنٹس کی تیاری میں انٹرنیشنل اکاؤنٹنگ کے معیار کو مد نظر رکھا گیا ہے جو پاکستان میں لاگو ہو سکتے ہیں۔ اندرونی کنٹرول کا سسٹم بہترین حالت میں بنایا گیا ہے اس کا نفاذ اور نگرانی موثر طریقے سے کی گئی ہے۔
- 5- کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کی اہم تبدیلیاں نہیں ہوئیں، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔
- 6- انٹرنل کنٹرول کا نظام مستحکم ہے اور اسے موثر انداز میں لاگو کیا گیا ہے۔ اور اس کی نگرانی کی جاتی ہے۔
- 7- خلاصہ شکل میں گذشتہ چھ سالوں کے اہم آپریٹنگ مالیاتی اعداد و شمار کو الحاق کیا گیا ہے۔
- 8- کمپنی نے اپنے ملازمین کے لئے ان فنڈڈ گریجویٹ قائم کی ہے۔ ملازمین کی کوالٹی اور ذمہ داریوں کے لحاظ سے سالانہ گریجویٹ قائم کی گئی ہے تمام ملازمین کے فائدے کے لئے ان کی اہلیت کی بنیاد پر اسکیم قائم کی گئی ہے۔
- 9- ٹیکس اور محصولات کے بارے میں معلومات مالی نتیجہ کا حصہ بننے والے نوٹس میں ہے۔

بورڈ

بورڈ آف ڈائریکٹرز (دی بورڈ) کی تشکیل مندرجہ ذیل ہے:

آزاد ڈائریکٹر
جناب معین الرحمن
جناب وسیم اشفاق
جناب نثار احمد شیخ
جناب شہزاد احمد شیخ
جناب شہزاد ارشد

جناب فیصل مسعود (ریٹائرڈ)

مسز نورین شہزاد (ریٹائرڈ)

جناب محمد ارشد

مس رشیم شہزاد

ایگزیکٹو ڈائریکٹر

خاتون ڈائریکٹر

سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ڈائریکٹرز کی ان میٹنگز میں شرکت حسب ذیل ہے:

میٹنگز میں شمولیت کی تعداد	ڈائریکٹرز کا نام
04	جناب ثار احمد شیخ
05	جناب محمد ارشد
05	جناب شہزاد احمد شیخ
04	جناب شہر یار ارشد
01	جناب معین الرحمن
05	مسز رشیم شہزاد
01	جناب وسیم اشفاق
03	جناب فیصل مسعود (ریٹائرڈ)
03	مسز نورین شہزاد (ریٹائرڈ)

بورڈ آف ڈائریکٹرز نے ان بورڈ ممبرز کی رخصت کی منظوری دی ہے جو اجلاس میں شریک نہیں ہو سکے۔

آڈٹ کمیٹی

بورڈ نے آڈٹ کمیٹی تشکیل دی ہے۔ یہ کمیٹی تین نان ایگزیکٹو ڈائریکٹرز اور ایک آزاد ڈائریکٹر پر مشتمل ہے، جو کہ کمیٹی کا چیئرمین بھی ہے۔ آڈٹ کمیٹی نے سال بھر کے دوران تین اجلاس بلائے۔ ہر رکن کی جانب سے شرکت کی تفصیل درج ذیل کے مطابق ہے:

میٹنگز میں شمولیت کی تعداد	آڈٹ کمیٹی ممبران کے نام
-	جناب وسیم اشفاق
03	جناب فیصل مسعود (ریٹائرڈ)
03	جناب شہر یار ارشد
03	جناب شہزاد احمد شیخ
میٹنگز میں شمولیت کی تعداد	ایچ آر اور معاوضہ کمیٹی

-	جناب وسیم اشفاق
01	جناب فیصل مسعود (ریٹائرڈ)
01	جناب شہزاد احمد شیخ
01	مسز نورین شہزاد (ریٹائرڈ)
-	مس رشیم شہزاد

آڈیٹرز رپورٹ میں اہمیت طلب معاملہ

جیسا کہ مالیاتی گوشواروں کے نوٹ 1.1 میں بیان کیا گیا ہے، کچھ برسوں کے دوران آپریشنز جاری نہ ہونے کے باعث کمپنی نے مالیاتی گوشوارے ”نان۔ گونگ کسٹرن“ کی بنیاد پر تیار کیے ہیں۔ جیسے ہی بجلی کی تیاری کی قیمتیں مسابقت میں آجائیں گی، کمپنی اپنے آپریشنز کا آغاز کر دے گی۔

ماحول پر اثر

ہم خام مال کی خریداری سے لے کر بجلی بنانے تک اپنے ماحولیاتی اثرات کو کم کرنے کے لئے احتیاط سے کام لیتے ہیں۔

ہماری ماحولیاتی پالیسی نے مندرجہ ذیل مقاصد حاصل کیے ہیں۔

- کاروباری سرگرمیاں، مصنوعات کی کارکردگی اور استحکام کو بہتر بنایا۔
- ویسٹ کو کم کیا اور ماحولیاتی آلودگی کو کم کیا۔
- انرجی کا استعمال اور قدرتی وسائل میں بہتری

کمپنی کی بنیادی سرگرمیاں

ارشدا انرجی لمیٹڈ (دی کمپنی) ایک پبلک لمیٹڈ کمپنی ہے، جسے 20 فروری 1994 کو ریپبلڈ کمپنیز آرڈیننس 1984 (جو کہ اب کمپنی ایکٹ 2017 ہے) کے تحت پاکستان میں تشکیل دیا گیا تھا اور پاکستان اسٹاک ایکسچینج لمیٹڈ پر درج کی گئی تھی۔ بجلی کی پیداوار اور تقسیم کمپنی کا بنیادی کام ہے۔

بڑے رسک اور غیر یقینی

کمپنی درج ذیل امور کو انتہائی رسک تصور کرتی ہے:

- فرنس آئل کی بین الاقوامی قیمتوں میں قابل ذکر مسابقت
- امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں گراوٹ
- بینکاری لائسنس کی عدم دستیابی

کمپنی متذکرہ بالا رسک اور غیر یقینی امور کے اثرات سے نمٹنے اور انہیں زائل کرنے کیلئے داخلی اور خارجی سطح پر کوششیں کر رہی ہے۔

فی حصص خسارہ

متذکرہ عرصے کے دوران فی حصص خسارہ 3.23 روپے رہا (2019 میں 1.96 روپے)۔

شیئرز کی ٹریڈنگ:

ڈائریکٹرز، کمپنی سیکرٹری، چیف فنانشل آفیسر، ہیڈ آف انٹرنل آڈٹ، اور ان کی ازواج، اور نابالغ بچوں نے اس سال شیئرز کی خرید و فروخت نہیں کی۔

ڈائریکٹرز کی ذمہ داریوں کی سٹیٹمنٹ

بورڈ آف ڈائریکٹرز قانونی اور کارپوریٹ فریم ورک اپنی ذمہ داریاں اور فرائض سے آگاہ ہیں۔ بورڈ کمپنی کے تمام تر مقاصد اور ان کا حصول اور ان کے سٹیٹس کو مانیٹر کرتے ہیں۔ چھوٹے اور لمبے عرصے کے منصوبے اور کاروبار کی کارکردگی چیف ایگزیکٹو بورڈ کی زیر نگرانی بنتا ہے۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 30 جون 2020 کو ختم ہونے والے سال کے لئے کسی بھی منافع کی سفارش نہیں کی ہے کیونکہ کمپنی منافع نہیں کما سکی ہے۔

پیٹرن آف شیئر ہولڈنگ

03 جون 2020 کے مطابق کمپنی کے شیئر ہولڈنگ پیٹرن اور اضافی معلومات کی نشاندہی کرنے والی ایک اسٹیٹمنٹ رپورٹ میں شامل ہے۔

تشکر:

ہمارے برانڈز پر مکمل اعتماد رکھنے پر ہم اپنے کسٹمر کا شکریہ ادا کرتے ہیں۔ ہم لگاتار معاونت کے لئے اپنے شیئر ہولڈرز، بینکرز، اور سپلائرز اور اپنے ملازمین کی لگن اور اپنی کمپنی کے لئے ان کے قابل قدر کردار کا بھی اعتراف کرتے ہیں۔

منجانب: بورڈ آف ڈائریکٹرز

شہزاد احمد شیخ

ڈائریکٹر

محمد ارشد

چیف ایگزیکٹو آفیسر

فیصل آباد

مورخہ: اکتوبر 2020، 05

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

ARSHAD ENERGY LIMITED

FOR THE YEAR ENDED 30 JUNE 2020

Arshad Energy Limited (the Company) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019 (the Regulations) in the following manner:

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

- a) Male: Six
- b) Female: One

2. The composition of the board of Directors (the Board) is as follows:

Category	Name
Independent Director*	Mr. Moez Ur Rehman Mr. Waseem Ashfaq
Non-Executive Directors	Mr. Nisar Ahmad Sheikh Mr. Shahzad Ahmed Sheikh Mr. Shehryar Arshad
Executive Directors	Mr. Muhammad Arshad
Female Director	Miss Resham Shahzad

*The Company could not round up independent directors fraction due to challenges in inducting further independent directors. The Company will strive to fill this gap at the earliest.

- 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
- 7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- 8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. Following directors have already attended director's training program
 - Miss Resham Shahzad
 - Mr. Shehryar Arshad

Moreover, following Directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' training program

- Mr. Nisar Ahmad Sheikh
- Mr. Shahzad Ahmed Sheikh
- Mr. Muhammad Arshad

The Board will arrange Directors' Training program for its other directors in the coming financial year.

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

11. CFO and CEO 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. Waseem Ashfaq	Chairman
- Mr. Shahzad Ahmed Sheikh	Member
- Mr. Shehryar Arshad	Member

b) HR and Remuneration Committee

Names	Designation held
- Mr. Waseem Ashfaq	Chairman
- Mr. Shahzad Ahmed Sheikh	Member
- Miss. Resham Shahzad	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 of the aforesaid committees were as per following:

a) Audit Committee: Three quarterly meetings during the financial year ended June 30, 2020

As per the clause 27(2)(i) of Regulations the audit committee of the Company shall meet atleast once every quarter but the Company was unable to hold the meeting in the last quarter due to COVID-19 pandemic.

b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2020

15. The Board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and is 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 ("the ICAP") and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its

partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of the Regulations 3,6,7,8,32,33 and 36 have been complied with, except for the requirements of regulation 27, against which compliance will be made in next financial year;
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	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Due to closed operations of the Company and limited staff board has not constituted nomination Committee separately.	29
2	Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Due to closed operations of the Company and limited staff board has not constituted risk management Committee separately.	30
3	Disclosure of significant policies on website The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy. Disclosure of significant policies on website.	The Company will upload the required policies and terms of references to comply these requirements soon.	35



(Mr.Nisar Ahmad Sheikh)

Chairman

Date: 05 October 2020

ARSHAD ENERGY LIMITED

OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

Particulars	2020	2019	2018	2017	2016	2015
Financial Position						
Paid up Capital	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Capital Reserve Share Premium	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Revenue Reserve	(107,497,443)	(81,453,928)	(63,903,045)	(45,949,325)	(58,279,352)	(70,307,335)
Fixed Assets at cost	430,518,044	435,464,493	431,103,243	424,091,710	413,478,989	391,607,342
Accumulated Depreciation	287,072,332	280,932,077	274,585,417	268,060,238	261,465,861	251,741,501
long term Deposits	10,550	10,550	10,550	10,550	10,550	10,550
Deffered Liabilities	6,085,541	5,440,765	3,837,695	3,394,052	2,888,853	2,413,020
Current Assets	31,271,563	35,772,116	37,166,371	51,096,382	47,762,076	56,275,218
Current Liabilities	69,841,763	60,617,753	50,544,583	48,539,895	52,651,332	72,139,677
INCOME						
Sale	-	6,252,057	227,473,076	241,919,510	235,990,952	119,381,130
Other Income	831,761	1,883,539	1,299,869	3,941,801	5,951,186	6,524
Statistics and Ratios						
current Ratio	0.47:1	0.59:1	0.74	1.05:1	0.90:1	0.78:1
Paid up value per Share	10	10	10	10	10	10
Earning par Share/(Loss Par Share)	(3.29)	(1.96)	(2.39)	1.40	1.41	(0.75)
Cash Dividend				-	-	
Generation (Mega Watt Hours)	0	351	20,677	22,585	24,873	13,519

ARSHAD ENERGY LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Arshad Energy 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 Arshad Energy Limited (the Company) for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

Further, we highlight below instance of non-compliance with the mandatory requirements of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Sr. No.	Paragraph reference	Description
----------------	----------------------------	--------------------

- | | | |
|-----|----|--|
| (i) | 18 | Audit committee meetings were not conducted at least once in each quarter in accordance with the requirements of regulation 27(2)(i) of the Regulations. |
|-----|----|--|

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 05 October 2020

ARSHAD ENERGY LIMITED

INDEPENDENT AUDITOR'S REPORT

To the members of Arshad Energy Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Arshad Energy Limited (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 1.1 to the financial statements, which states that the Company is no longer a going concern, therefore, these financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Following is the key audit matter:

Sr. No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Non-going concern basis of accounting</p> <p>The Company is no longer a going concern, therefore, these financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively. Estimated realizable / settlement values are based on the management's best estimate. Estimation involves judgments based on the latest available and reliable information, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In future, these estimates may need revision if changes occur in the circumstances on which the estimates are based or as a result of new information. Hence, the ultimate values at which assets will be realized and liabilities will be settled may be different from those carried in these financial statements. Therefore, we identified preparation of financial statements using the non-going concern basis of accounting as a key audit matter specially with reference to the estimates and judgments associated with the determination of estimated realizable / settlement values of assets and liabilities respectively.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We checked compliance with "Guideline on the Basis of Preparation of Financial Statements for Companies that are Not Considered Going Concern" issued by The Institute of Chartered Accountants of Pakistan. • We tested how management made the estimate of realizable / settlement values of assets and liabilities respectively and the data on which it is based. • We tested the operating effectiveness of the controls over how the management made the estimate, together with appropriate substantive procedures. • We considered events occurring up to the date of our report to obtain audit evidence regarding the estimate. • We confirmed that any upsides in the carrying amounts of assets have been properly calculated and disclosed in the financial statements and not recognized in the statement of profit or loss.

Sr. No.	Key audit matter	How the matter was addressed in our audit
	For further information, refer to summary of significant accounting policies, Note 2.1(b) and 2.1(c) to the financial statements.	

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 is 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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mubasher Mehmood



RIAZ AHMAD & COMPANY
Chartered Accountants


Faisalabad

Date: 05 October 2020

ARSHAD ENERGY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	NOTE	2020 RUPEES	2019 RUPEES		NOTE	2020 RUPEES	2019 RUPEES
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorized share capital				Property, plant and equipment	10	143,445,720	154,532,416
10 000 000 (2019: 10 000 000) ordinary shares of Rupees 10 each		<u>100,000,000</u>	<u>100,000,000</u>	Security deposit		10,550	10,550
Issued, subscribed and paid up share capital	3	80,000,000	80,000,000			<u>143,456,270</u>	<u>154,542,966</u>
8 000 000 (2019: 8 000 000) ordinary shares of Rupees 10 each							
Capital reserves							
Premium on issue of right shares	4	80,000,000	80,000,000				
Surplus on revaluation of property, plant and equipment	5	44,748,233	45,710,492				
Revenue reserve							
General reserve		14,408,600	14,408,600				
Accumulated loss		(121,906,043)	(95,862,528)				
Total equity		<u>97,250,790</u>	<u>124,256,564</u>				
LIABILITIES				CURRENT ASSETS			
NON CURRENT LIABILITY				Stores, spare parts and loose tools	11	11,640,000	13,150,000
Staff retirement gratuity	6	7,635,280	5,440,765	Stock of oil and lubricants	12	11,203,567	11,203,567
CURRENT LIABILITIES				Trade debts	13	-	1,455,908
Trade and other payables	7	11,800,415	14,136,405	Loans and advances	14	2,044,543	2,424,135
Unclaimed dividend		31,348	31,348	Other receivables	15	5,862,800	7,210,595
Short term borrowings	8	58,010,000	46,450,000	Cash and bank balances	16	520,653	327,911
		69,841,763	60,617,753			31,271,563	35,772,116
TOTAL LIABILITIES		<u>77,477,043</u>	<u>66,058,518</u>	TOTAL ASSETS		<u>174,727,833</u>	<u>190,315,082</u>
CONTINGENCIES AND COMMITMENTS	9						
TOTAL EQUITY AND LIABILITIES		<u>174,727,833</u>	<u>190,315,082</u>				

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 RUPEES	2019 RUPEES
SALES		-	6,252,057
COST OF GENERATION	17	(16,321,535)	(17,436,713)
GROSS LOSS		<u>(16,321,535)</u>	<u>(11,184,656)</u>
ADMINISTRATIVE EXPENSES	18	(7,005,757)	(6,379,277)
OTHER EXPENSES	19	(3,361,666)	-
OTHER INCOME	20	831,761	1,883,539
FINANCE COST	21	(2,014)	(3,135)
LOSS BEFORE TAXATION		<u>(25,859,211)</u>	<u>(15,683,529)</u>
TAXATION	22	-	-
LOSS AFTER TAXATION		<u><u>(25,859,211)</u></u>	<u><u>(15,683,529)</u></u>
LOSS PER SHARE - BASIC AND DILUTED - RUPEES	23	<u><u>(3.23)</u></u>	<u><u>(1.96)</u></u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	2020 RUPEES	2019 RUPEES
LOSS AFTER TAXATION	(25,859,211)	(15,683,529)
OTHER COMPREHENSIVE (LOSS) / INCOME		
Items that will not be reclassified subsequently to profit or loss:		
(Decrease) / increase in surplus on revaluation of property, plant and equipment - net	(157,835)	3,004,530
Remeasurements of staff retirement gratuity	(988,728)	(1,511,678)
	(1,146,563)	1,492,852
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year	(1,146,563)	1,492,852
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(27,005,774)	(14,190,677)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

SHARE CAPITAL	RESERVES					TOTAL	ACCUMULATED LOSS	TOTAL EQUITY
	CAPITAL RESERVES			REVENUE RESERVE	TOTAL			
	Premium on issue of right shares	Surplus on revaluation of property, plant and equipment	Sub total	General				
-----RUPEES-----								
Balance as at 01 July 2018	80,000,000	80,000,000	43,215,514	123,215,514	14,408,600	137,624,114	(79,176,873)	138,447,241
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(509,552)	(509,552)	-	-	509,552	-
Loss for the year	-	-	-	-	-	(15,683,529)	(15,683,529)	(15,683,529)
Other comprehensive income for the year	-	-	3,004,530	3,004,530	-	1,492,852	(1,511,678)	1,492,852
Total comprehensive loss for the year	-	-	3,004,530	3,004,530	-	(14,190,677)	(17,195,207)	(14,190,677)
Balance as at 30 June 2019	80,000,000	80,000,000	45,710,492	125,710,492	14,408,600	123,433,437	(95,862,528)	124,256,564
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(804,424)	(804,424)	-	-	804,424	-
Loss for the year	-	-	-	-	-	(25,859,211)	(25,859,211)	(25,859,211)
Other comprehensive loss for the year	-	-	(157,835)	(157,835)	-	(1,146,563)	(988,728)	(1,146,563)
Total comprehensive loss for the year	-	-	(157,835)	(157,835)	-	(27,005,774)	(26,847,939)	(27,005,774)
Balance as at 30 June 2020	80,000,000	80,000,000	44,748,233	124,748,233	14,408,600	96,427,663	(121,906,043)	97,250,790

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 RUPEES	2019 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	24	(11,298,258)	(29,298,805)
Income tax paid		-	(24,600)
Staff retirement gratuity paid		(69,000)	(830,000)
Net cash used in operating activities		(11,367,258)	(30,153,405)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		11,560,000	29,300,057
Net cash from financing activities		11,560,000	29,300,057
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		192,742	(853,348)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		327,911	1,181,259
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 16)		520,653	327,911

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1. THE COMPANY AND ITS OPERATIONS

Arshad Energy Limited (the Company) is a public limited company incorporated in Pakistan on 20 February 1994 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at Room No. 404 and 405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi, Sindh. The principal activity of the Company is generation and distribution of electricity. The project is located at 35 - Kilometers, Sheikhpura Road, Tehsil Jaranwala, District Faisalabad, Punjab. Head office of the Company is located at 16th Floor, Tricon Corporate Center, Gulberg-II, Lahore, Punjab.

1.1 Non-going concern basis of accounting

Previously the Company was in operations due to decrease in the furnace oil prices in the world market as the cost of generation of electricity by the Company was decreased. However, during the last couple of years the price of furnace oil has increased which ultimately resulted in suspension of Company's operations. During the year ended 30 June 2020, the Company has loss after taxation of Rupees 25.859 million. Moreover the Company has suffered accumulated loss of Rupees 121.906 million as on 30 June 2020.

In view of the aforesaid reasons, the Company is not considered a going concern. These financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively.

1.2 Impact of COVID-19 on these financial statements

The pandemic of COVID-19 which rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. From 24 March 2020, Government of Punjab announced a temporary lockdown as a measure to reduce the spread of COVID-19. The lockdown impacted the business of various industries severely. However as the Company has suspended its operations even before the pandemic occurred, therefore there was no effect on the operations of the Company. However the fair market values of certain items of property, plant and equipment along with stores, spare parts and loose tools were decreased significantly which have been disclosed in Note 10 and Note 11.1 respectively to these financial statements. The reason of which includes the impact of COVID-19 which significantly affected the markets of plant and machinery along with stores and spares items. Apart from these, according to management's assessment there is no other significant accounting impact of the effects of COVID-19 on these financial statements.

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 using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively. In realizable / settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, which are the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the 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:

- i) Realizable / settlement values of assets and liabilities respectively
- ii) Useful lives, patterns of economic benefits and impairments
- iii) Provisions
- iv) Inventories
- v) Employees' retirement benefit

The Company started preparing its financial statements using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively from the year ended 30 June 2014 and recorded adjustments to account for differences between the Company's recognized assets and the measurement of its assets and liabilities (including measurement changes resulting from changes in assumptions). Subsequently, at each reporting date the Company re-measures its assets and liabilities to reflect changes in value since the previous date. Hence, during the financial year ended 30 June 2020, the Company has recognized impairment on plant and machinery of Rupees 4,788,614 (Note 17), provision for slow moving and obsolete stores, spare parts and loose tools of Rupees 1,617,593 (Note 19), provision for doubtful loans and advances of Rupees 369,030 (Note 19) and provision for doubtful other receivables of Rupees 1,047,042 (Note 19) in these financial statements.

Analysis of upside not recognized in the profit or loss on assets during the period:

Expected profit on disposal of items of property, plant and equipment of the Company, which are not revalued (Note 10) shall be Rupees 0.239 million. Hence, there is an upside of Rupees 0.239 million not recognized in the profit or loss on property, plant and equipment.

The Company have no items that it plans to sell that the Company have not previously recognized in these financial statements.

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

Following interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2019:

- Amendments to IFRS 09 'Financial Instruments'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRSs: 2015 – 2017 Cycle

The amendments and interpretation listed above do not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or prior periods

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

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2019 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 July 2020 or later periods:

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs. The amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 1 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2022). These amendments have been added to further clarify when a liability is classified as current. These amendments also changes 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 these amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2022). These amendments clarify that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply these amendments retrospectively, but only to items of property, plant and equipment which are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' (effective for annual periods beginning on or after 01 January 2022). These amendments clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

On 14 May 2020, IASB issued Annual Improvements to IFRSs: 2018 - 2020 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 9 'Financial Instruments', relevant to the Company. The amendments are effective for annual periods beginning on or after 01 January 2022. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the IASB has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits—this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, de-recognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRSs. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.

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 accounting standards that are mandatory for accounting periods beginning on or after 01 July 2020 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 Staff retirement benefit

The Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The net defined benefit liability recognized in the statement of financial position is the present value of the defined benefit obligation computed at the reporting date. The liability relating to defined benefit plan is determined through actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2020.

Remeasurement changes which comprise actuarial gains and losses are recognized in the statement of financial position immediately, with a charge or credit to other comprehensive income in the period of occurrence.

2.3 Inventories

These are valued at the lower of moving average cost and net realizable value. Items considered obsolete are carried at nil value and items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision for obsolete and slow moving stores, spares and loose tools is determined based on yearly valuation carried out by an independent valuer.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.4 Taxation

Current

The provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available under the law. However as stated in Note 22 to the financial statements, the Company's income is exempt from tax, therefore, no provision for current tax has been recognized in these financial statements.

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 bases 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 statement of 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 of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

2.5 Functional and presentation currency along with foreign currency transactions and translation

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. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.6 Property, plant, equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the assets to working condition.

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

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the assets charged to the statement of profit or loss and depreciation based on the asset's original cost, is reclassified from surplus on revaluation of property, plant and equipment to accumulated loss. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation

Depreciation on property, plant and equipment is charged to statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 10. The Company charges the depreciation on additions from the month of acquisition and on deletions up to the month preceding the disposal when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

Capital work-in-progress

Capital work-in-progress is stated at cost less any recognized impairment loss and is transferred to the property, plant and equipment as and when asset is available for use.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

2.7 Revenue from contracts with customers

i) Revenue recognition

Sale of electricity

Revenue from sale of electricity is recognized at the time of transmission.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by supplying electricity to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Contract liabilities

Contract liability is the obligation of the Company to provide electricity to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company provides electricity, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.8 Financial Instruments

i) Recognition of financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii) Classification and measurement of financial instruments

a) Classification

The Company classifies its financial assets and financial liabilities at amortized cost.

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

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments at 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 amortized cost. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses).

iii) Impairment of financial assets

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

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

iv) De-recognition

Financial assets

The Company de-recognizes 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.

Financial liabilities

The Company de-recognizes 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 expired.

v) 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.

2.9 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts overdue by 365 days.

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.10 Borrowings

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.

2.11 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

2.12 Trade and other payables

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

2.13 Provisions

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

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the best reliable evidence available at the reporting date including the risks and uncertainties associated with the present obligation.

2.14 Earnings / (loss) per share

The Company presents Earnings Per Share (EPS) or Loss Per Share (LPS) data for its ordinary shares. EPS / LPS 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.

2.15 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 reporting 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 asset's 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 statement of profit or loss.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current accounts and 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.

2.17 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

This represents 8 000 000 (2019: 8 000 000) ordinary shares of Rupees 10 each fully paid up in cash. 373 750 (2019: 373 750) ordinary shares of the Company are held by Arshad Textile Mills Limited - an associated company.

4. PREMIUM ON ISSUE OF RIGHT SHARES

This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

	2020 RUPEES	2019 RUPEES
5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Surplus on revaluation of property, plant and equipment as at 01 July	45,710,492	43,215,514
Less: (Decrease) / increase in surplus on revaluation of property, plant and equipment - net	(157,835)	3,004,530
	<u>45,552,657</u>	<u>46,220,044</u>
Less:		
Transferred to accumulated loss in respect of incremental depreciation charged during the year	804,424	509,552
	<u>44,748,233</u>	<u>45,710,492</u>

5.1 This represents surplus resulting from revaluation of freehold land and buildings thereon along with plant and machinery carried out on 30 June 2020 by Messrs Creative Consultants & Construction using present market values. Previously revaluations were carried out by independent valuers on 30 June 2014, 30 June 2016, 30 June 2017, 30 June 2018 and 30 June 2019.

6. STAFF RETIREMENT GRATUITY

Opening balance	5,440,765	3,837,695
Charge for the year (Note 6.2)	1,274,787	921,392
Retirement benefit paid	(69,000)	(830,000)
Remeasurements chargeable in other comprehensive income (Note 6.3)	988,728	1,511,678
Closing balance	<u>7,635,280</u>	<u>5,440,765</u>

	2020 RUPEES	2019 RUPEES
6.1 Movement in the net liability recognized		
Opening balance	5,440,765	3,837,695
Add:		
Charge for the year (Note 6.2)	1,274,787	921,392
Remeasurements chargeable in other comprehensive income (Note 6.3)	988,728	1,511,678
	<u>7,704,280</u>	<u>6,270,765</u>
Less: Paid during the year	(69,000)	(830,000)
	<u><u>7,635,280</u></u>	<u><u>5,440,765</u></u>
6.2 Charge for the year		
Current service cost	504,394	613,349
Interest cost	770,393	308,043
	<u>1,274,787</u>	<u>921,392</u>
6.3 Remeasurements chargeable in other comprehensive income		
Actuarial (gains) / losses from changes in financial assumptions	(4,627)	2,981
Experience adjustments	993,355	1,508,697
	<u>988,728</u>	<u>1,511,678</u>

	2020	2019
6.4 Significant actuarial assumptions used		
Discount rate for interest cost in profit or loss charge (per annum)	14.25%	9.00%
Discount rate for year end obligation (per annum)	8.50%	14.25%
Expected rate of increase in salary (per annum)	7.50%	13.25%
Average duration of the benefit (years)	1	2
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rates	Age based	Age based
Retirement assumption	Age 60	Age 60

6.5 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2021 are Rupees 1,002,338.

6.6 Sensitivity analysis for actuarial assumptions:

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

Discount rate	1.00%	1.00%
Increase in assumption (Rupees)	(84,784)	(57,861)
Decrease in assumption (Rupees)	97,570	65,565
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees)	97,570	65,565
Decrease in assumption (Rupees)	(86,267)	(58,830)

6.7 Amounts for the current and previous four years:

	2020	2019	2018	2017	2016
	RUPEES				
Present value of defined benefit obligation	7,635,280	5,440,765	3,837,695	3,394,052	2,888,853
Experience adjustment on obligation	988,728	1,511,678	(316,205)	572,063	-

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 plan to significant actuarial assumptions, the same method (present value of the defined benefit plan calculated with the projected unit credit method at the end of the reporting period) has been applied.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year, except for certain changes as given in Note 6.4.

6.8 Risk associated with the scheme

a) Final salary risk (linked to inflation risk)

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

b) Demographic risks

Mortality risk

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

Withdrawal

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

c) Investment risk

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

	2020 RUPEES	2019 RUPEES
7. TRADE AND OTHER PAYABLES		
Creditors (Note 7.1)	10,420,201	11,321,760
Accrued liabilities	1,007,518	559,353
Advances from customer (Note 7.2)	27,556	2,172,397
Income tax deducted at source	345,140	82,895
	<u>11,800,415</u>	<u>14,136,405</u>

7.1 This includes Rupees 9.705 million (2019: Rupees 9.680 million) due to an associated company / undertaking.

7.2 This represents the advances received from Arshad Corporation (Private) Limited, a related party, against electricity supply.

8. SHORT TERM BORROWINGS

Unsecured

From directors (Note 8.1)	<u>58,010,000</u>	<u>46,450,000</u>
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8.1 These represent interest free loans obtained from directors of the Company to meet the Company's working capital requirements. These are repayable on demand.

9. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 30 June 2020 (2019: Rupees Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Plant and machinery	Factory equipment	Electric Installations	Office equipment	Computers	Electric appliances	Furniture and fittings	Vehicles	Total
RUPEES											
At 30 June 2018											
Cost / revalued amount	30,487,500	58,170,756	338,702,124	248,147	6,540,882	227,030	273,280	635,821	352,873	899,814	436,538,227
Accumulated depreciation	-	(36,186,256)	(230,043,140)	(226,190)	(5,928,430)	(201,667)	(253,478)	(535,439)	(311,934)	(898,883)	(274,585,417)
Impairment loss	-	-	(5,434,984)	-	-	-	-	-	-	-	(5,434,984)
Net book value	<u>30,487,500</u>	<u>21,984,500</u>	<u>103,224,000</u>	<u>21,957</u>	<u>612,452</u>	<u>25,363</u>	<u>19,802</u>	<u>100,382</u>	<u>40,939</u>	<u>931</u>	<u>156,517,826</u>
Year ended 30 June 2019											
Opening net book value	30,487,500	21,984,500	103,224,000	21,957	612,452	25,363	19,802	100,382	40,939	931	156,517,826
Effect of surplus on revaluation	2,032,500	518,550	453,480	-	-	-	-	-	-	-	3,004,530
Depreciation charge	-	(1,099,225)	(5,161,200)	(2,196)	(61,245)	(2,536)	(5,940)	(10,038)	(4,094)	(186)	(6,346,660)
Reversal of impairment loss	-	-	1,356,720	-	-	-	-	-	-	-	1,356,720
Closing net book value	<u>32,520,000</u>	<u>21,403,825</u>	<u>99,873,000</u>	<u>19,761</u>	<u>551,207</u>	<u>22,827</u>	<u>13,862</u>	<u>90,344</u>	<u>36,845</u>	<u>745</u>	<u>154,532,416</u>
At 30 June 2019											
Cost / revalued amount	32,520,000	58,689,306	339,155,604	248,147	6,540,882	227,030	273,280	635,821	352,873	899,814	439,542,757
Accumulated depreciation	-	(37,285,481)	(235,204,340)	(228,386)	(5,989,675)	(204,203)	(259,418)	(545,477)	(316,028)	(899,069)	(280,932,077)
Impairment loss	-	-	(4,078,264)	-	-	-	-	-	-	-	(4,078,264)
Net book value	<u>32,520,000</u>	<u>21,403,825</u>	<u>99,873,000</u>	<u>19,761</u>	<u>551,207</u>	<u>22,827</u>	<u>13,862</u>	<u>90,344</u>	<u>36,845</u>	<u>745</u>	<u>154,532,416</u>
Year ended 30 June 2020											
Opening net book value	32,520,000	21,403,825	99,873,000	19,761	551,207	22,827	13,862	90,344	36,845	745	154,532,416
Effect of surplus on revaluation	1,016,250	616,651	(1,790,736)	-	-	-	-	-	-	-	(157,835)
Depreciation charge	-	(1,070,191)	(4,993,650)	(1,976)	(55,121)	(2,283)	(4,158)	(9,034)	(3,685)	(149)	(6,140,247)
Impairment loss	-	-	(4,788,614)	-	-	-	-	-	-	-	(4,788,614)
Closing net book value	<u>33,536,250</u>	<u>20,950,285</u>	<u>88,300,000</u>	<u>17,785</u>	<u>496,086</u>	<u>20,544</u>	<u>9,704</u>	<u>81,310</u>	<u>33,160</u>	<u>596</u>	<u>143,445,720</u>
At 30 June 2020											
Cost / revalued amount	33,536,250	59,305,957	337,364,868	248,147	6,540,882	227,030	273,280	635,821	352,873	899,814	439,384,922
Accumulated depreciation	-	(38,355,672)	(240,197,990)	(230,362)	(6,044,796)	(206,486)	(263,576)	(554,511)	(319,713)	(899,218)	(287,072,324)
Impairment loss	-	-	(8,866,878)	-	-	-	-	-	-	-	(8,866,878)
Net book value	<u>33,536,250</u>	<u>20,950,285</u>	<u>88,300,000</u>	<u>17,785</u>	<u>496,086</u>	<u>20,544</u>	<u>9,704</u>	<u>81,310</u>	<u>33,160</u>	<u>596</u>	<u>143,445,720</u>
Annual rate of depreciation (%)	-	5	5	10	10	10	30	10	10	20	

- 10.1** If the freehold land, buildings thereon and plant and machinery were measured using the cost model, the carrying amounts would be as follows:

	Cost	Accumulated depreciation	Impairment loss	Book value
	----- RUPEES -----			
Freehold land	2,898,010	-	-	2,898,010
Buildings on freehold land	40,912,131	(33,955,088)	-	6,957,043
Plant and machinery	333,904,335	(236,854,208)	(8,866,878)	88,183,249
2020	<u>377,714,476</u>	<u>(270,809,296)</u>	<u>(8,866,878)</u>	<u>98,038,302</u>
2019	<u>377,714,476</u>	<u>(265,549,879)</u>	<u>(4,078,264)</u>	<u>108,086,333</u>

- 10.2** Depreciation charge for the year has been allocated as follows:

	2020 RUPEES	2019 RUPEES
Cost of generation (Note 17)	6,129,972	6,333,904
Administrative expenses (Note 18)	10,275	12,756
	<u>6,140,247</u>	<u>6,346,660</u>

- 10.3** Particulars of immovable properties (i.e. land and buildings) are as follows:

Particulars	Location	Area	Covered area
		Acres	Sq. Ft.
Generation facility	35-Kilometers, Sheikhupura Road, Tehsil Jaranwala, District Faisalabad, Punjab.	5.08	26 362

- 10.4** Forced sales value of property, plant and equipment is Rupees 126.266 million as at 30 June 2020 (2019: Rupees 130.727 million).

	2020 RUPEES	2019 RUPEES
11. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	747,987	640,394
Spare parts	19,716,007	19,716,007
Loose tools	14,286	14,286
	<u>20,478,280</u>	<u>20,370,687</u>
Less: Provision for slow moving and obsolete stores, spare parts and loose tools (Note 11.1)	8,838,280	7,220,687
	<u>11,640,000</u>	<u>13,150,000</u>
11.1 Provision for slow moving and obsolete stores, spares and loose tools		
Balance as on 01 July	7,220,687	7,582,792
Provision made during the year (Note 19)	1,617,593	-
Provision reversed during the year	-	(362,105)
Balance as on 30 June	<u>8,838,280</u>	<u>7,220,687</u>
12. STOCK OF OIL AND LUBRICANTS		
Furnace oil	10,296,213	10,296,213
Diesel oil	187,363	187,363
Lube oils	719,991	719,991
	<u>11,203,567</u>	<u>11,203,567</u>
13. TRADE DEBTS		
Considered good:		
Unsecured:		
Related party (Note 13.1 and Note 13.2)	-	1,455,908
Others	-	865,228
	-	<u>2,321,136</u>
Less: Allowance for expected credit losses (Note 13.3)	-	(865,228)
	-	<u>1,455,908</u>

- 13.1** This represented amount due from Arshad Textile Mills Limited, a related party. Whole of the amount was not past due.
- 13.2** The maximum aggregate amount receivable from the related party at the end of any month during the year was Rupees 1.276 million (2019: Rupees 1.456 million).

	2020 RUPEES	2019 RUPEES
13.3 Allowance for expected credit losses		
Opening balance	865,228	-
Add: Recognized during the year	-	865,228
	<u>865,228</u>	<u>865,228</u>
Less: Written off during the year	(865,228)	-
Closing balance	<u>-</u>	<u>865,228</u>
14. LOANS AND ADVANCES		
Considered good:		
Employees - interest free (Note 14.1)	26,000	21,500
Advances to suppliers	95,422	110,484
Income tax	<u>2,292,151</u>	<u>2,292,151</u>
	2,413,573	2,424,135
Less: Provision for doubtful loans and advances (Note 14.2)	(369,030)	-
	<u>2,044,543</u>	<u>2,424,135</u>
14.1 These represent interest free loans given to employees for meeting their personal expenditure and are secured against balance to the credit of employees in the staff retirement gratuity. These are recoverable in equal monthly installments.		
14.2 Provision for doubtful loans and advances:		
<i>Income tax</i>		
As at 01 July	-	-
Add: Provision made during the year (Note 19)	(369,030)	-
As at 30 June	<u>(369,030)</u>	<u>-</u>
15. OTHER RECEIVABLES		
Considered good:		
Sales tax refundable	6,909,842	6,908,550
Others	-	302,045
	<u>6,909,842</u>	<u>7,210,595</u>
Less: Provision for doubtful sales tax refundable (Note 15.1)	(1,047,042)	-
	<u>5,862,800</u>	<u>7,210,595</u>
15.1 Provision for doubtful other receivables:		
<i>Sales tax refundable</i>		
As at 01 July	-	-
Add: Provision made during the year (Note 19)	(1,047,042)	-
As at 30 June	<u>(1,047,042)</u>	<u>-</u>
16. CASH AND BANK BALANCES		
With banks:		
On current accounts	474,813	235,287
Cash in hand	45,840	92,624
	<u>520,653</u>	<u>327,911</u>

	2020 RUPEES	2019 RUPEES
17. COST OF GENERATION		
Oil and lubricants consumed	-	6,027,307
Electricity duty	-	36,579
Salaries and other benefits	4,532,830	3,844,824
Staff retirement benefit	858,718	569,638
Stores, spare parts and loose tools consumed	-	595,739
Repair and maintenance	11,400	28,722
Impairment loss on plant and machinery (Note 10)	4,788,614	-
Depreciation (Note 10.2)	6,129,972	6,333,904
	<u>16,321,535</u>	<u>17,436,713</u>
18. ADMINISTRATIVE EXPENSES		
Salaries and other benefits	2,196,256	2,361,986
Staff retirement benefit	416,069	351,754
Postage and telephone	23,400	15,445
Vehicles' running	622,158	504,298
Traveling and conveyance	191,160	235,755
Printing and stationery	27,705	35,294
Repair and maintenance	68,658	3,210
Entertainment	19,912	83,999
Legal and professional	111,000	92,000
Fee and subscription	716,897	747,839
Advertisement	181,170	118,800
Auditor's remuneration (Note 18.1)	150,000	150,000
Insurance	17,247	22,910
Depreciation (Note 10.2)	10,275	12,756
Utilities	2,247,330	1,576,747
Others	6,520	66,484
	<u>7,005,757</u>	<u>6,379,277</u>
18.1 Auditor's remuneration		
Audit fee	100,000	100,000
Half yearly review	25,000	25,000
Other certification	25,000	25,000
	<u>150,000</u>	<u>150,000</u>
19. OTHER EXPENSES		
Provision for slow moving and obsolete stores, spare parts and loose tools (Note 11.1)	1,617,593	-
Loans and advances written off	25,956	-
Other receivables written off	302,045	-
Provision for doubtful loans and advances (Note 14.2)	369,030	-
Provision for doubtful other receivables (Note 15.1)	1,047,042	-
	<u>3,361,666</u>	<u>-</u>

	2020 RUPEES	2019 RUPEES
20. OTHER INCOME		
Income from non-financial assets		
Reversal of impairment loss on plant and machinery	-	1,356,720
Reversal of provision for slow moving and obsolete stores, spare parts and loose tools	-	362,105
Credit balances written back	831,761	164,714
	<u>831,761</u>	<u>1,883,539</u>

21. FINANCE COST

Bank charges and commission	<u>2,014</u>	<u>3,135</u>
-----------------------------	--------------	--------------

22. TAXATION

The profit and gains derived by the Company from the electric power generation projects are exempt from levy of income tax under Clause 132 of Part-I of the Second Schedule of the Income Tax Ordinance,

23. LOSS PER SHARE - BASIC AND DILUTED

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

		2020	2019
Loss for the year	(Rupees)	<u>(25,859,211)</u>	<u>(15,683,529)</u>
Weighted average number of ordinary shares	(Numbers)	<u>8 000 000</u>	<u>8 000 000</u>
Loss per share	(Rupees)	<u>(3.23)</u>	<u>(1.96)</u>

	2020 RUPEES	2019 RUPEES
24. CASH USED IN OPERATIONS		
Loss before taxation	(25,859,211)	(15,683,529)
Adjustments for non-cash charges and other items:		
Depreciation	6,140,247	6,346,660
Impairment / (reversal) of impairment loss on plant and machinery	4,788,614	(1,356,720)
Provision for staff retirement gratuity	1,274,787	921,392
Provision / (reversal of provision) for slow moving and obsolete stores, spare parts and	1,617,593	(362,105)
Credit balances written back	(831,761)	(164,714)
Loans and advances written off	25,956	-
Other receivables written off	302,045	-
Provision for doubtful loans and advances	369,030	-
Provision for doubtful other receivables	1,047,042	-
Working capital changes (Note 24.1)	(172,600)	(18,999,789)
	<u>(11,298,258)</u>	<u>(29,298,805)</u>

	2020 RUPEES	2019 RUPEES
24.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(107,593)	432,105
Stock of oil and lubricants	-	903,749
Trade debts	1,455,908	(1,401,937)
Loans and advances	(15,394)	181,039
Other receivables	(1,292)	(52,572)
	<u>1,331,629</u>	<u>62,384</u>
Decrease in trade and other payables	(1,504,229)	(19,062,173)
	<u>(172,600)</u>	<u>(18,999,789)</u>

24.2 Reconciliation of movement of liability to cash flows from financing activity:

	Short term borrowings	
	2020 RUPEES	2019 RUPEES
Opening balance	46,450,000	17,149,943
Borrowings obtained	11,560,000	29,300,057
Closing balance	<u>58,010,000</u>	<u>46,450,000</u>

25. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for the year in respect of the remuneration including certain benefits to Chief Executive Officer, Director and Executives of the Company is as follows:

	Executive	
	2020 RUPEES	2019 RUPEES
Managerial remuneration	2,226,667	-
Allowances		
House rent	1,002,000	-
Utilities	111,333	-
	<u>3,340,000</u>	<u>-</u>
Number of persons	<u>1</u>	<u>-</u>

25.1 No remuneration, fee or any other expenses were paid to Chief Executive Officer or any Director of the Company.

25.2 The Executive is provided with Company maintained vehicles and is entitled to reimbursement of travelling expenses and other utilities.

26. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies / undertaking, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

Name	Basis of relationship	Nature of transactions	2020 RUPEES	2019 RUPEES
Associated companies				
Arshad Textile Mills Limited	Common directorship	Sale of energy Sharing of costs	- 2,247,330	3,248,692 1,576,747
Arshad Corporation (Private) Limited	Common directorship	Sale of energy	-	3,003,365
Other related parties				
Directors	Members of board of directors of the Company	Loans obtained from directors	11,560,000	33,150,000

27. NUMBER OF EMPLOYEES

	2020	2019
Number of employees as on 30 June	8	8
Average number of employees during the year	8	13

28. PLANT CAPACITY AND ACTUAL PRODUCTION

Number of generators installed	3	3
Number of generators worked	-	1
Installed energy generation capacity (MWH)	96 480	96 480
Actual energy generation (MWH)	-	351

28.1 REASON FOR NO GENERATION DURING THE YEAR

No demand of electricity by the purchasers and increase in price of furnace oil resulted in suspension of Company's operations during the year.

29. FINANCIAL RISK MANAGEMENT

29.1 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 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 under policies approved by the Board of Directors. 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, investment of excess liquidity and use of non-derivative financial instruments.

(a) Market risk

Market risk is the risk that the fair value or the future cash flows of financial instrument may fluctuate as a result of changes in market prices. Market risk mainly comprises of currency risk, other price risk and interest rate 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. The Company, at present is not exposed to currency risk as its all transactions are carried out in Pak Rupees.

(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). The Company is not exposed to commodity price risk.

(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 has no interest-bearing assets and liabilities.

(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:

	2020 RUPEES	2019 RUPEES
Trade debts	-	1,455,908
Loans and advances	26,000	21,500
Deposits	10,550	10,550
Bank balances	474,813	235,287
	<u>511,363</u>	<u>1,723,245</u>

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			2020 RUPEES	2019 RUPEES
	Short Term	Long term	Agency		
Banks					
Conventional Accounts					
Habib Bank Limited	A-1+	AAA	VIS	113,404	113,404
National Bank of Pakistan	A-1+	AAA	VIS	49,329	13,544
Bank Al-Habib Limited	A1+	AA+	PACRA	50,747	51,555
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	239,500	34,951
United Bank Limited	A-1+	AAA	VIS	5,284	5,284
				<u>458,264</u>	<u>218,738</u>
Shariah Compliant Account					
AlBaraka Bank (Pakistan) Limited	A-1	A+	VIS	16,549	16,549
				<u>474,813</u>	<u>235,287</u>

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 13.

Due to the Company's long standing business relationships with these counterparties, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities which are settled by delivering cash or another financial asset.

The Company manages liquidity risk by maintaining sufficient cash. At 30 June 2020, the Company had Rupees 520,653 (2019: Rupees 327,911) cash and bank balances. The management believes liquidity risk to be high.

Contractual maturities of financial liabilities as at 30 June 2020

	Carrying Amount	Contractual Cash Flows	6 months or less
----- RUPEES -----			
Non-derivative financial liabilities:			
Short term borrowings	58,010,000	58,010,000	58,010,000
Unclaimed dividend	31,348	31,348	31,348
Trade and other payables	11,427,719	11,427,719	11,427,719
	<u>69,469,067</u>	<u>69,469,067</u>	<u>69,469,067</u>

Contractual maturities of financial liabilities as at 30 June 2019

Non-derivative financial liabilities:			
Short term borrowings	46,450,000	46,450,000	46,450,000
Unclaimed dividend	31,348	31,348	31,348
Trade and other payables	11,881,113	11,881,113	11,881,113
	<u>58,362,461</u>	<u>58,362,461</u>	<u>58,362,461</u>

29.2 Financial instruments by categories

	2020	2019
	RUPEES	RUPEES
	At amortized cost	
Financial assets as per statement of financial position		
Trade debts	-	1,455,908
Loans and advances	26,000	21,500
Deposits	10,550	10,550
Cash and bank balances	520,653	327,911
	<u>557,203</u>	<u>1,815,869</u>
Financial liabilities as per statement of financial position		
Short term borrowings	58,010,000	46,450,000
Unclaimed dividend	31,348	31,348
Trade and other payables	11,427,719	11,881,113
	<u>69,469,067</u>	<u>58,362,461</u>

29.3 Offsetting financial assets and liabilities

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

29.4 Capital risk management

Due to factors stated in Note 1.1 to these financial statements, the management concludes that the Company is not a going concern. Therefore, there is no need to maintain and adjust the capital structure and monitor the issues pertaining to the capital risk management of the Company.

30. RECOGNIZED FAIR VALUE MEASUREMENTS

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 the 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. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized 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 has classified its financial instruments into 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 measurements of instruments using quoted prices in active markets at the end of reporting period 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 maximize 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: Fair value measurements of instruments using inputs for the asset or liability which are not based on observable market data are included in level 3.

31. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

The judgments and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

	Level 1	Level 2	Level 3	Total
----- RUPEES -----				
At 30 June 2020				
Freehold land	-	33,536,250	-	33,536,250
Buildings on freehold land	-	20,950,285	-	20,950,285
Plant and machinery	-	88,300,000	-	88,300,000
Total non-financial assets	-	142,786,535	-	142,786,535
At 30 June 2019				
Freehold land	-	32,520,000	-	32,520,000
Buildings on freehold land	-	21,403,825	-	21,403,825
Plant and machinery	-	99,873,000	-	99,873,000
Total non-financial assets	-	153,796,825	-	153,796,825

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuation for its freehold land, buildings thereon along with plant and machinery (classified as property, plant and equipment) at least annually. The management updates the assessment of the fair value of each property taking into account the most recent independent valuation. The management determines property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market of similar properties. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the value of new plant and machinery of the same specifications.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land, buildings thereon along with plant and machinery. As at 30 June 2020, the fair value of these assets has been determined by Messrs Creative Consultants and Construction.

Changes in fair values are analyzed at the reporting date during the annual valuation discussion between the management and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

32. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2020	2019
		Rupees	
Revenue earned from shariah compliant business		-	6,252,057
Shariah compliant bank deposits and bank balances			
Bank balance	29.1 (b)	16,549	16,549
Loans / advances obtained as per Islamic mode			
Advances from customers	7	-	2,172,397
Short term borrowings	8	58,010,000	46,450,000

There is no profit earned from shariah compliant bank balance as it is in current account. Moreover there was no exchange gain earned, no investment except for the bank balances and no profits earned or interest paid on any conventional loan / advance. The relationship with all shariah compliant bank is related to bank account only as given in Note 29.1(b).

33. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 05, 2020 by the Board of Directors of the Company.

34. CORRESPONDING FIGURES

Corresponding figures have been rearranged, where necessary, for the purpose of comparison. However, no significant rearrangements have been made.

35. GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise stated.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED

PATTERN OF SHAREHOLDING Pattern of Holding of Shares held by the Shareholders As at June 30,2020

Type of Share		Numner of Share Holders	Total Share Held
1	100	117	2993
101	500	49	22831
501	1000	46	44475
1001	5000	94	266638
5001	10000	26	216000
10001	15000	8	109000
15001	20000	7	124500
20001	25000	2	46500
30001	35000	1	35000
40001	45000	1	44500
45001	50000	1	47625
50001	55000	1	50500
55001	60000	1	56800
130001	145000	1	135000
135001	140000	1	137375
140001	145000	1	142875
195001	200000	1	200000
205001	210000	1	207000
215001	220000	1	216000
265001	270000	3	807820
295001	300000	1	300000
330001	335000	1	331180
370001	375000	1	373750
485001	490000	2	978438
755001	760000	1	760000
1135001	1140000	1	1139500
1200001	1205000	1	1203700
TOTAL		371	8000000

ARSHAD ENERGY LIMITED

Categories of Shareholding

As at June 30,2020

Categories of Shareholding	Numbers	Shares held	Percentage (%)
Associated companies,			
ARSHAD TEXTILE MILLS LTD	1	373750	4.67
Directors,Chief Executive & their Spouse and Children			
Mr.Muhammad Arshad	3	1347200	16.84
Spouse	2	547180	6.84
Mr.Nisar Ahmed	3	1187750	14.85
Spouse	1	135000	1.69
Mr.Shahzad Ahmed Sheikh	1	760000	9.50
Spouse	1	56800	0.71
Mr.Shehryar Arshad	2	757945	9.47
Resham Shahzad	2	626313	7.83
Mr.Waseem Ashfaq	1	500	0.00
Mr.Moez ur Rehman	1	10	0.00
Financial Institution	2	300499	3.76
Joint Stock Companies	3	1501	0.02
Individuals	348	1905552	23.82
TOTAL	371	800000	100.00

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

Name of Shareholder	No of Sharrs held	Percentage
Mr.Muhammad Arshad	1347200	16.84
Mr.Nisar Ahmed	1187750	14.85
Mr.Shahzad Ahmed Sheikh	760000	9.50
Mr.Shehryar Arshad	757945	9.47
Miss.Resham Shahzad	626313	7.83
Mrs.Shahida Arshad	547180	6.84

ARSHAD ENERGY LIMITED

M/S F.D.Registrar Services (SMC-Pvt) Ltd.,
1705,17th Floor Saima Trade Tower-A
I.I.Chundrigar Road Karachi-74000

Dear Sir

The Share Registrar Arshad Energy Limited
Request for E-Transmission of Annual Report

Pursuant to S.R.O.787(1)/2014 dated September 08,2014 issued by the Securities and Exchange Commission of Pakistan (SECP),kindly note requisite information for electronic transmission of annual balance sheet and profit and loss account, auditor's report and directors report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) {collectively referred to as 'Annual Report'} of Arshad Energy Limited (AEL).The email address provided hereunder may please be recorded in the members' register of the Company being maintained under Section 473 of the Companies Act 2017.

Particulars	
Name of shareholder	
Folio No./ CDC ID No.	
CNIC No.	
Passport No.(for Foreign shareholder	
E-mail address	
Land line Telephone No.	
Cell No.	

It is stated that the above-mentioned information is correct and I hereby agree and give my consent for future transmission of the Company's Annual Report via email address provided above.

It is further stated that being the shareholder of Company, it my responsibility to communicate any change in the registered email address in a timely manner.

Yours Truly,

Shareholder's Signature

Complete Address -----

Copy to -----

The Company Secretary
Arshad Energy Limited
404/05, Business Centre, Mumtaz Hasan Road
Karachi

ARSHAD ENERGY LIMITED

THE MANAGER

F.D.REGISTRAR SERVICES(SMC-PVT) LTD
OFFICE#.1705, 17TH FLOOR, TRADE TOWER
A-II,CHUNDRIGAR ROAD KARACHI
KARACHI-74000
[TEL:92-21-32271905-6](tel:92-21-32271905-6)

DATE: _____

MANDATORY PAYMENT OF DIVIDEND THROUGH ELECTRONIC MODE

Dear Sir,

I hereby communicate to receive my future dividend directly in my bank account as detailed below

A. Shareholder's Detail	
Name of Company	
Name of shareholder	
Folio No. /CDC Participant ID A/c No.	
CNIC No.	
Passport No. (in case of foreign shareholder)	
Land Line Phone Number	
Cell Number	
E-mail address of shareholder	

B. Shareholder's Bank Detail	
Title of bank account	
Bank Account (IBAN 24-DIGITS starting with PK)	
Bank Name	
Bank's Branch Name	
Branch's complete address	

It is stated that the above-mentioned information is correct, that I will intimate the changes in the above-mentioned information to the above addresses as soon as these occur.

Signature of shareholder

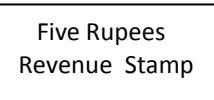
ARSHAD ENERGY LIMITED

FORM OF PROXY 26TH ANNUAL GENERAL MEETING

I/We _____ S/o/D/o/W/o _____
of _____ being a member
of **ARSHAD ENERGY LIMITED** and holder of _____ Ordinary Shares as per Share Register
Folio No. _____ and/or CDC Participant ID No. _____ and Account / Sub-account _____
No. _____ do hereby appoint Mr./Mrs./Miss _____
_____ Folio No./CDC No. of _____ failing him/her .
Mr./Mrs./Miss _____ Folio No./CDC No. _____ of
_____ as my. our proxy to attend, act and vote for me/us on my/our behalf at Annual General
Meeting of the Company to be held on Wednesdays, October 28, 2020 at 12.30 p.m at Room no.404/5,4th
Floor Business Centre Mumtaz Hasan Road Karachi. and at any adjournment thereof in the same
manner as I/we myself/ourselves would vote if personally present at such meeting.

Signature of Shareholder
Folio / CDC A/C NO.

Signature of Proxy



Signed this _____ day of _____ 2020

WITNESS:

- | | |
|---|--|
| 1. Signature -----
Name -----
Address -----
CNIC No. -----
or Passport No.----- | 2. Signature -----
Name -----
Address -----
CNIC No.-----
or Passport No.----- |
|---|--|

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on member's behalf.
 2. If a member is unable to attend the meeting. He/She may complete and sign this form and send it to the Company's Share Registrar M/s. F.D. Registrar Service (SNC-PVT) Limited 1705 17th Floor Saima Trade Tower A, I.I. Chundrigar Road Karachi so as to reach not less than 48 hours before the time appointed for holding the Meeting.
 3. For CDC Account Holders / Corporate Entities; in addition to the above the following Requirements have to be met:
 - (a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers be stated on the form.
 - (b) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- © The proxy shall produce his original CNIC or original passport at the time of the meeting. In case of a corporate entity, the Board of Directors resolution/ power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

ارشدا نرجی لمیٹڈ
26 واں سالانہ اجلاس عام
پراکسی فارم

میں / ہم بطور ممبر ارشدا نرجی
لمیٹڈ حامل عمومی شیئر ہڈر ایج ہڈا
جناب / مسز / محترمہ کو فو لیو نمبر / سی ڈی سی آئی ڈی اور اکاؤنٹ نمبر
..... یا جناب / مسز / محترمہ کو فو لیو
نمبر / سی ڈی سی آئی ڈی اور اکاؤنٹ نمبر کو جو کہ ارشدا نرجی لمیٹڈ کے ممبر بھی ہیں پراکسی بروز بدھ
128 اکتوبر 2020 بوقت 12:30 بجے سہ پہر بمقام کمرہ نمبر 405-404 چوتھی منزل برنس سینٹر ممتاز حسن روڈ، کراچی 74000 کمپنی کے منعقد ہونے والے
غیر معمولی اجلاس عام اور اُس کے کسی التواء تک میری / ہماری جانب سے ووٹ دینا اور اجلاس میں شرکت کرنے کا حق دینا ہوں / دیتے ہیں۔
دستخط بتاریخ 2020

ریونیو اسٹامپ
5/- روپے

دستخط شیئر ہولڈر

..... فو لیو / سی ڈی سی آئی ڈی اور اکاؤنٹ نمبر

گواہان	گواہان
..... دستخط دستخط
..... نام نام
..... ایڈریس ایڈریس
..... شناختی کارڈ شناختی کارڈ
..... پاسپورٹ پاسپورٹ

نوٹس:

- (1) ایک رکن جو اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے اس کو حق حاصل ہے کہ وہ کسی دوسرے فرد کو بطور پراکسی اپنی جانب سے شرکت کرنے اور ووٹ دینے کیلئے مقرر کرے۔
- (2) اگر کوئی رکن اجلاس عام میں شرکت کرنے کے قابل نہیں ہے تو وہ یہ فارم مکمل اور تصدیق شدہ کمپنی کے شیئر رجسٹر اریٹرز ایف۔ ڈی رجسٹر اریٹرز (SNC-PVT) لمیٹڈ 1705، 17، فلور صائمہ ٹریڈ ٹاور A، آئی آئی چندریگر روڈ کراچی کو اجلاس کے منعقد ہونے سے 48 گھنٹے قبل بھجوائے۔
- (3) CDC اکاؤنٹ ہولڈرز / کارپوریٹ انٹیس مندرجہ بالا کے علاوہ مذکورہ شقوں پر عمل کریں۔
 - (a) پراکسی فارم میں دو گواہان کے دستخط نیز ان کے پتے اور شناختی کارڈ نمبر کا اندراج بھی لازمی ہے۔
 - (b) رکن اور پراکسی کی تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی نقول پراکسی فارم کے ساتھ فراہمی۔
 - (c) پراکسی کیلئے لازم ہے کہ وہ اجلاس کے وقت اصل قومی شناختی کارڈ یا اصل پاسپورٹ تصدیق کیلئے فراہم کرے۔ Corporate Entity کی صورت میں بورڈ آف ڈائریکٹرز کی تصدیق شدہ قرارداد کی نقول بشمول Power of Attorney دستخط کیساتھ (بجز اگر پہلے ہی جمع کروادی گئی ہے) پراکسی فارم کے ہمراہ کمپنی کو جمع کروائے۔