

LALPIR POWER LIMITED



SECY/Stock Exch/

April 27, 2020

The General Manager
Pakistan Stock Exchange Ltd
Stock Exchange Building
Stock Exchange Road, Karachi.

PUCAR / TCS

SUB: NOTICE ANNUAL GENERAL MEETING

Dear Sir,

Further to our Letter No. SECY/Stock Exch/ dated April 23, 2020, enclosed please find a copy of the Notice of Annual General Meeting of the Members of Lalpir Power Limited to be held on May 22, 2020 (Friday) at 10:00 a. m for circulation amongst the TRE certificate holders.

Thanking you,

Yours sincerely,

KHALID MAHMOOD GHOHAN
Company Secretary

Copy to: -

The Director / HOD,
Surveillance, Supervision and Enforcement Department,
Securities & Exchange Commission of Pakistan,
NIC Building, 63 Jinnah Avenue, Blue Area,
ISLAMABAD.

Fax No. (051) 9100440/TCS

HEAD OFFICE

: 1-B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL: +92-42-36717000-06, 36717199-63, FAX: +92-42-36717238, WEBSITE: www.lalpir.com, E-MAIL: lalpir@lalpir.com

REGISTERED OFFICE

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

POWER STATIONS

: LALPIR THERMAL POWER STATIONS, P.O. BOX NO. 89, MUZAFFARGARH. PC-34200, PAKISTAN. TEL: +92-66-2300030 FAX: +92-66-2300280, www.lalpir.com

LALPIR POWER LIMITED



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Lalpir Power Limited (the "Company") will be held on May 22, 2020 (Friday) at 10:00 A.M. at Nishat House 53-A, Lawrence Road, Lahore and if the current situation of COVID-19 pandemic and lockdown is continued the meeting will be held through video link to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2019 together with the Chairman Review, Directors' and Auditors' reports.
2. To elect Seven (7) Directors of the Company, as fixed by the Board of Directors, for the next term of three years, in accordance with the provisions of Section 159 of the Companies Act 2017, in place of following retiring Directors.

1. Mian Hassan Mansha
3. Mr. Jawaid Iqbal
5. Mr. Muhammad Azam
7. Mr. Tanvir Khalid

2. Mr. Aurangzeb Firoz
4. Mr. Mahmood Akhtar
6. Mr. Inayat Ullah Niazi

A Statement of Material Facts as required under Section 166(3) of the Companies Act, 2017 concerning the manner of selection of Independent Directors is annexed to the notice of meeting circulated to the members of the Company.

3. To appoint statutory Auditors of the Company for the year ending 2020 and fix their remuneration.
4. **Special Business:-**

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

A) RESOLVED that approval of the members of Lalpir Power Limited (the "Company") be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 for renewal of investment upto PKR 1,000,000,000/- (Rupees One Billion Only) in the form of loan / advance to Pakgen Power Limited ("Pakgen"), an associated company, for a period of one year starting from the date of approval by the members, at the mark up rate of 1 Month KIBOR plus 1% (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions of loan agreement in writing and as disclosed to the members.

FURTHER RESOLVED the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things and take any or all necessary steps and actions to complete all

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HEAD OFFICE

: 1-B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL: +92-42-35717080-86, 35717169-63, FAX: +92-42-35717238, WEBSITE: www.lalpir.com, E-MAIL: lalpir@lalpir.com

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LALPIR POWER LIMITED



legal formalities including signing of agreement and other documents and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolution.

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

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

Statement under Section 134(3) of the Companies Act, 2017 concerning special business is annexed to the notice of meeting circulated to the members of the Company.

By order of the Board

(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

Lahore
April 23, 2020

NOTES:

1. BOOK CLOSURE NOTICE:

The Ordinary Shares Transfer Books of the Company will remain closed from **11-05-2020 to 22-05-2020** (both days inclusive) for attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on May 8, 2020 at Share Registrar, CDC Share Registrar Services Ltd, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, will be considered in time for attending of meeting.

LALPIR POWER LIMITED



2. ATTENDANCE AT MEETING

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

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

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

A. For Attending the Meeting

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

B. For Appointing Proxies

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

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

STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017.

The election of directors of the Company was due in the AGM on April 26, 2020 but the AGM was extended to May 22, 2020 under the general extension granted by SECP through its Circular No. 06 dated April 01, 2020 read with Circular 10 dated April 06, 2020 and an Impediment Report was submitted with SECP as required under Section 158 of the Companies Act, 2017.

LALPIR POWER LIMITED



Pursuant to the requirements of Section 166(3) of the Companies Act, 2017, independent directors will be appointed through the process of Election of Directors as laid down under Section 159 of the Companies Act, 2017. The names of Mr. Jawaid Iqbal and Mrs. Hajra Arham have been proposed as Independent Directors to be elected by the members. They are qualified and experienced professional and their names have been selected from the data bank of independent directors maintained by Pakistan Institute of Corporate Governance because they meet the criteria of independence as laid down in Section 166(2) of the Companies Act, 2017. The candidates are requested to read the relevant provisions / requirements relating to the appointment / election of directors, as mentioned in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 and ensure compliance with the same in letter and spirit.

The present Directors are interested to the extent that they are eligible for re-election as Directors of the Company.

3. SUBMISSION OF COPY OF CNIC (MANDATORY):

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

4. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:

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

5. CIRCULATION OF ANNUAL REPORTS THROUGH DIGITAL STORAGE

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

6. UNCLAIMED DIVIDEND / SHARES

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

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7. VIDEO CONFERENCE FACILITY

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

8. IN CASE THE MEETING WILL HELD UNDER WEBINAR ARRANGEMENTS THROUGH VIDEO LINK DUE TO COVID-19 PANDEMIC AND CONTINUED LOCKDOWN SITUATION

The shareholders will be able to login and participate in the proceedings of AGM through their smartphones or computer devices from their homes or any convenient location after completing meeting attendance formalities on the following video link. For this purpose, shareholders are requested to get their particulars registered with the Company Secretary (Mobile phone 03334411103/03412031111) at least one working day before holding the meeting and they will be provided with their login details.

Video Link facility: <https://zoom.us/download>

The shareholders can also provide their comments/suggestions for the agenda items of the AGM on the following Cell No., WhatsApp No. and Email ID.

Mobile No.: 0333 4411103 / 0341 2031111

WhatsApp No.: 0333 4411103 / 0341 2031111

Email: kchohan@lalpir.com or kchohan@ducement.com or smahmood@ducement.com

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

This Statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on May 22, 2020.

A) LOAN ADVANCE TO PAKGEN POWER LIMITED

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

Pakgen has a persistent problem with its trade debt balances which fluctuate routinely due to delay in payments from WAPDA. This creates liquidity problems for Pakgen due to which it has to borrow funds from Banks and Financial Institutions to meet its working capital requirements.

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Considering the average borrowing rate of the Company and the return offered by Banks on term deposits, the Directors of the Company has recommended loan / advance in the form working capital loan up to Rs. 1 billion to Pakgen at the interest rate of 1 Month KIBOR plus 1% which shall not be less than borrowing cost of the Company. Repayment of the principle amount of loan/advance shall be made within one year from the date of approval by the members while payment of interest due shall be made on monthly basis. The Management expects the transaction to be beneficial for the Company and its shareholders as this will enhance the return on surplus funds available with the Company.

Prospective Benefits of the Proposed Investment

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

- a. Earnings of Rs.93.8 million interest income on proposed investment for 336 days i.e. upto the date of next Annual General Meeting of the Company. It is linked with the interest rate of KIBOR plus 1% (i.e. 1M KIBOR +1%).
- b. Opportunity for short term investment to earn more than average borrowing cost of the Company.
- c. Return on proposed investment is linked with KIBOR and there is increasing trend in rate of KIBOR. Hence, better than making any other investment.

Other Relevant Information to the Satisfaction of Minority Shareholders

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

- All business decisions being made by the board of directors of the Company are aimed at securing the best interests of the Company and its shareholders.
- The investment decisions implemented by the board of directors of the Company are a direct manifestation of the will of the majority shareholders through resolutions passed at the general meetings which the board of directors is duty bound to comply with as per the law.
- The Company is interested in maximizing returns for all its stakeholders and bases its business decisions on this principle of maximization of returns. Some business decisions are more fruitful than others, however, we assure you that none are motivated by ill-intent.

The Directors have certified that they have carried out necessary due diligence for the proposed investment before making recommendation for approval of the members and duly signed recommendation of the due diligence report shall be made available for inspection of members in the general meeting along with latest financial statements of Pakgen.

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

HEAD OFFICE

: 1-B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL: +92-42-35717090-96, 36717159-63, FAX: +92-42-35717239, WEBSITE: www.lalpir.com, E-MAIL: lalpir@lalpir.com

REGISTERED OFFICE

: NISHAT HOUSE, 63/A, LAWRENCE ROAD, LAHORE. TEL: 111-113-333 FAX: +92-42-36367414

POWER STATIONS

: LALPIR THERMAL POWER STATIONS, P.O. BOX NO. 69, MUZAFFARGARH. PC-34200, PAKISTAN. TEL: +92-66-2300030 FAX: +92-66-2300290, www.lalpir.com

LALPIR POWER LIMITED



Name	% of Shareholding
Mian Hassan Mansha	6.84
Mr. Aurangzeb Firoz	0.00

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

(a) Disclosure for all types of investments:			
(A) Disclosure regarding associated company			
(i)	Name of Associated Company or Associated Undertaking	Pakgen Power Limited (Pakgen)	
(ii)	Basis of Relationship	Common Directorship	
(iii)	Earnings / (Loss) per Share for the last three years	Sr.	Year
			Earnings / (Loss) per Share Rs.
		1.	2019
		2.	2018
		3.	2017
(iv)	Break-up value per Share, based on last audited financial statements	PKR 51.20 per share as at 31 December 2019.	
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest audited financial statements as on 31, Dec 2019.	<p><u>Assets as at 31 December 2019 (Rupees '000)</u></p> <p>Non-current assets – 6,832,035 Current assets – 24,623,019 Total assets – 31,455,054</p> <p><u>Total Current Liabilities – (Rupees '000)</u></p> <p>Net equity – 19,054,062 Revenue 2019 – 12,185,385 Expenses (CGS+Admin) – 9,436,115 Other income – 161,771 Profit/(Loss) after tax- 2,911,041</p>	

LALPIR POWER LIMITED



185	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	N/A
I	Description of the project and its history since conceptualization	N/A
II	Starting date and expected date of completion of work	N/A
III	Time by which such project shall become commercially operational	N/A
IV	Expected time by which the project shall start paying return on investment	N/A
V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	N/A
(B) General Disclosures:		
(i)	Maximum amount if investment to be made	PKR 1,000,000,000/- (Rupees One Billion Only).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	The company will earn income on its surplus funds which will add to profitability of the Company.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	Surplus funds of the Company
(I)	Justification for investment through borrowings	NA

LALPIR POWER LIMITED



	(II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	NA																				
	(III) Cost of benefit analysis	NA																				
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	<p>Agreement will be signed after approval by the members. Other significant terms and conditions are as under:</p> <ol style="list-style-type: none"> 1. Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20th of every month starting from the next month of the disbursement of loan. 2. In case of delay in re-payment principal and interest, an additional sum equivalent to 2% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by associated company to the Company in addition to the agreed interest amount. 3. All payments under the loan agreement shall be made through crossed cheques. 4. The associated company shall provide a corporate guarantee to secure the loan. 																				
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	<p>The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under:</p> <p>Two Directors of Lalpir Power Limited, Mian Hassan Mansha currently holds 3.93% shares, Mr. Aurangzeb Firoz currently holds 0.03% shares in Pakgen Power Limited.</p> <p>The associated companies holding shares of Lalpir Power Limited are interested in Pakgen Power Limited to the extent of their shareholding as follows:</p> <table border="0" style="width: 100%;"> <tr> <td></td> <td style="text-align: right;">%</td> </tr> <tr> <td>Nishat Mills Limited</td> <td style="text-align: right;">27.55</td> </tr> <tr> <td>Security General Insurance Co. Ltd.</td> <td style="text-align: right;">1.72</td> </tr> <tr> <td>Adamjee Insurance Co. Ltd.</td> <td style="text-align: right;">6.89</td> </tr> <tr> <td>Engen (Pvt) Limited</td> <td style="text-align: right;">17.33</td> </tr> </table> <p>The associated Companies holding shares of Pakgen Power Limited are interested in Lalpir Power Limited to the extent of their shareholding as follows:</p> <table border="0" style="width: 100%;"> <tr> <td></td> <td style="text-align: right;">%</td> </tr> <tr> <td>Nishat Mills Limited</td> <td style="text-align: right;">28.80</td> </tr> <tr> <td>Security General Insurance Co. Ltd.</td> <td style="text-align: right;">1.80</td> </tr> <tr> <td>Adamjee Insurance Co. Ltd.</td> <td style="text-align: right;">7.20</td> </tr> <tr> <td>Engen (Pvt) Limited</td> <td style="text-align: right;">18.17</td> </tr> </table>		%	Nishat Mills Limited	27.55	Security General Insurance Co. Ltd.	1.72	Adamjee Insurance Co. Ltd.	6.89	Engen (Pvt) Limited	17.33		%	Nishat Mills Limited	28.80	Security General Insurance Co. Ltd.	1.80	Adamjee Insurance Co. Ltd.	7.20	Engen (Pvt) Limited	18.17
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REGISTERED OFFICE

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LALPIR POWER LIMITED



(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	<table border="1"> <thead> <tr> <th>S.No.</th> <th>Description</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Maximum loan advanced to Pakgen since last approval</td> <td>166,519,249</td> </tr> <tr> <td>2</td> <td>Amount outstanding on the date of the notice of the AGM</td> <td>-</td> </tr> <tr> <td>3</td> <td>Markup accrued and recovered since inception upto 31-12-2019</td> <td>101,221,979</td> </tr> <tr> <td>4</td> <td>Mark up accrued since the last date of approval</td> <td>303,384</td> </tr> <tr> <td>5</td> <td>Mark-up recovered since the last date of approval</td> <td>303,384</td> </tr> <tr> <td>6</td> <td>Mark up outstanding at the date of notice of the AGM</td> <td>-</td> </tr> </tbody> </table>		S.No.	Description	Amount (Rs.)	1	Maximum loan advanced to Pakgen since last approval	166,519,249	2	Amount outstanding on the date of the notice of the AGM	-	3	Markup accrued and recovered since inception upto 31-12-2019	101,221,979	4	Mark up accrued since the last date of approval	303,384	5	Mark-up recovered since the last date of approval	303,384	6	Mark up outstanding at the date of notice of the AGM	-
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6	Mark up outstanding at the date of notice of the AGM	-																						
(vii)	Any other important details necessary for the members to understand the transaction	None																						
Additional disclosure regarding investment in the form of Loan / Advance																								
(i)	Category-wise amount of investment	PKR 1,000,000,000 (Rupees One Billion Only) in the form of working capital loan.																						
	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for <i>Shariah</i> compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	<p>The current average borrowing cost of the Company for the year ended 31 December, 2019 was 12.76%.</p> <p>1 Month KIBOR as on April 22, 2020 is 9.19%.</p>																						
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	The Company shall charge mark up at the rate of 1 Month KIBOR plus 1% (which shall not be less than the average borrowing cost of the Company).																						
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	The associated company shall provide a corporate guarantee to secure the loan.																						
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not applicable																						

LALPIR POWER LIMITED



(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Repayment of principal will be made within one year with payment of interest due on monthly basis.
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B) LOAN ADVANCE TO NISHAT HOTELS AND PROPERTIES LIMITED

Nishat Hotels and Properties Limited (NHPL) was incorporated on 04 October 2007 as a public company limited by shares. Its authorized share capital is Rs. 12,000,000,000/- (Rupees Twelve Billion Only) divided into 1,200,000,000 (One Billion Two Hundred Million) ordinary shares of PKR 10 each. Its main object is to carry on retail and hospitality business in Pakistan. For the intended purpose, NHPL has acquired site of 119 Kanals, 6 Marlas and 73 SFT of Commercial Land situated at Trade and Finance Block, Johar Town, Lahore, from Lahore Development Authority (LDA) – Urban Development Wing and constructed Emporium Mall which is fully operational from September 2016. Hotel has been opened from 20th May 2017 and 198 rooms are fully operational. The Building has a covered area of 2.742 Million Square Feet comprising the following building components (3 basements, ground floor and 11 floors):

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

Since NHPL has recently achieved commercial operation of hotel, short term finance is needed by NHPL for meeting expense of staff salary, power generation, maintenance of HVAC and other working capital requirements.

Considering the average borrowing rate of the Company and the return offered by Banks on term deposits, the Directors of the Company in their meeting held on April 23, 2020 has recommended renewal of working capital loan upto PKR 500 million extended to NHPL at the interest rate of 1 Month KIBOR plus 1% (which shall not be less than the Karachi Inter Bank Offered Rate (KIBOR) or borrowing cost of the Company whichever is higher) for a further period of one year starting from the date of this AGM i.e. May 22, 2020 on the terms and conditions of loan agreement in writing and as disclosed to the members

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

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Prospective Benefits of the Proposed Investment

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

- Earnings of Rs.46.9 million interest income on proposed investment for 336 days i.e. upto the date of next Annual General Meeting of the Company. It is linked with the interest rate of KIBOR plus 1%(i.e. 1M KIBOR + 1%).
- Opportunity for short term investment to earn more than average borrowing cost of the Company.
- Return on proposed investment is linked with KIBOR and there is increasing trend in rate of KIBOR. Hence, better than making any other investment.

Other Relevant Information to the Satisfaction of Minority Shareholders

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

- All business decisions being made by the board of directors of the Company are aimed at securing the best interests of the Company and its shareholders.
- The investment decisions implemented by the board of directors of the Company are a direct manifestation of the will of the majority shareholders through resolutions passed at the general meetings which the board of directors is duty bound to comply with as per the law.
- The Company is interested in maximizing returns for all its stakeholders and bases its business decisions on this principle of maximization of returns. Some business decisions are more fruitful than others, however, we assure you that none are motivated by ill-intent.

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

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

Name	% of Shareholding
Mian Hassan Mansha	6.84
Mr. I.U. Niazi	0.00
Mr. Muhammad Azam	0.00

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

(a) Disclosure for all types of investments:				
(A) Disclosure regarding associated company				
(i)	Name of Associated Company or Associated Undertaking	Nishat Hotels and Properties Limited (NHPL)		
(ii)	Basis of Relationship	Common Directorship		
(iii)	Earnings / (Loss) per Share for the last three years	Sr.	Year	Earnings / (Loss) per Share Rs.
		1.	31 st December 2019	(0.46)
		2.	30 th June 2019	1.42
		3.	30 th June 2018	(0.30)
(iv)	Break-up value per Share, based on last audited financial statements	PKR 18.84 per share as at 31 st December 2019.		
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest audited financial statements as on 30 Jun, 2019.	Audited financial statements as at 31 st Dec 2019: Rs. in millions Balance Sheet: Assets Non-current assets 34,365 Current assets 2,906 Total assets 37,271 Liabilities Borrowings 17,578 Other liabilities 2,062 19,640 Equity 17,630 Profit & loss: Sales 2,397 Gross Profit 901 Gross Profit Ratio 37.58% Net loss after tax (458)		

LALPIR POWER LIMITED



		Net loss after tax Ratio EPS	(19.09%) (0.47)
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	N/A	
	I Description of the project and its history since conceptualization	N/A	
	II Starting date and expected date of completion of work	N/A	
	III Time by which such project shall become commercially operational	N/A	
	IV Expected time by which the project shall start paying return on investment	N/A	
	V Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	N/A	

(B) General Disclosures:

(i)	Maximum amount if investment to be made	Upto PKR 500,000,000 (Pak Rupees Five Hundred Million only)
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	<p>Purpose: Renewal of working capital loan.</p> <p>Benefits: The Company expects significant financial gains through higher interest rates charged to NHPL which will eventually enhance the return on investment of the shareholders of the Company.</p>

LALPIR POWER LIMITED



		The investment in NHPL will be to the date of forthcoming Annual General Meeting from the date of approval by the members unless renewed by the members under Section 199 of the Companies Act, 2017.								
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	Company's own funds.								
	(I) Justification for investment through borrowings	NA								
	(II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	NA								
	(III) Cost of benefit analysis	NA								
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	<p>Followings are the salient features of loan agreement already in existence:</p> <p>Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20th of every month starting from the next month.</p> <p>In case of delay in re-payment of principal and interest, an additional sum equivalent to 7.50% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by Nishat Hotels and Properties Limited to Lalpir Power Limited in addition to the agreed interest amount.</p> <p>All payments under the loan agreement shall be made through crossed cheque.</p> <p>The associated company shall provide corporate guarantee to secure extension of loan.</p>								
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	<p>The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under:</p> <p>The directors of Lalpir Power Limited (Lalpir), their relatives and associated companies holding shares of Nishat Hotels and Properties Limited (NHPL) are interested to the extent of their shareholding as under:-</p> <table border="0"> <thead> <tr> <th><u>Directors:</u></th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>Mian Hassan Mansha</td> <td>21.82</td> </tr> <tr> <td>Mr. I.U. Niazi</td> <td>0.00</td> </tr> <tr> <td>Mr. Muhammad Azam</td> <td>0.00</td> </tr> </tbody> </table>	<u>Directors:</u>	% of Shareholding	Mian Hassan Mansha	21.82	Mr. I.U. Niazi	0.00	Mr. Muhammad Azam	0.00
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LALPIR POWER LIMITED



		<p>Relatives:</p> <table> <tr> <td>Mian Umer Mansha</td> <td>21.82</td> </tr> <tr> <td>Mian Raza Mansha</td> <td>21.69</td> </tr> <tr> <td>Both brothers of Mian Hassan Mansha.</td> <td></td> </tr> <tr> <td>Mrs. Iqraa Hassan Mansha (Spouse of Mian Hassan Mansha)</td> <td>0.00</td> </tr> </table> <p>Associated Companies</p> <table> <tr> <td>Nishat Mills Limited</td> <td>7.40</td> </tr> <tr> <td>Security General Insurance Co. Ltd.</td> <td>12.60</td> </tr> <tr> <td>D. G. Khan Cement Company Limited</td> <td>10.42</td> </tr> </table> <p>The directors of NHPL are interested in Lalpir to the extent of their shareholding as under:-</p> <table> <thead> <tr> <th>Name</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>Mian Hassan Mansha</td> <td>6.84</td> </tr> <tr> <td>Mr. I.U. Niazi</td> <td>0.00</td> </tr> <tr> <td>Mr. Muhammad Azam</td> <td>0.00</td> </tr> </tbody> </table> <p>The associated Companies holding shares of NHPL are interested in Lalpir to the extent of their shareholding as follows:</p> <table> <thead> <tr> <th>Name</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>Nishat Mills Limited</td> <td>28.80</td> </tr> <tr> <td>Security General Insurance Co. Ltd.</td> <td>1.80</td> </tr> </tbody> </table>	Mian Umer Mansha	21.82	Mian Raza Mansha	21.69	Both brothers of Mian Hassan Mansha.		Mrs. Iqraa Hassan Mansha (Spouse of Mian Hassan Mansha)	0.00	Nishat Mills Limited	7.40	Security General Insurance Co. Ltd.	12.60	D. G. Khan Cement Company Limited	10.42	Name	% of Shareholding	Mian Hassan Mansha	6.84	Mr. I.U. Niazi	0.00	Mr. Muhammad Azam	0.00	Name	% of Shareholding	Nishat Mills Limited	28.80	Security General Insurance Co. Ltd.	1.80
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(vii)	Any other important details necessary for the members to understand the transaction	None																												
Additional disclosure regarding investment in the form of Loan/Advance																														
(i)	Category-wise amount of investment	Running Finance Loan upto PKR 500,000,000 (Pak Rupees Five Hundred Million Only).																												

LALPIR POWER LIMITED



N I S H A T

(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for <i>Shariah</i> compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	The current average borrowing cost of the Company for the year ended 31-Dec-2019 12.76%. 1 Months KIBOR as on April 22, 2020 is 9.19%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	1 Months KIBOR + 1% (which shall not be less than the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period or the borrowing cost of the company whichever is higher) 1 Month KIBOR as on April 22, 2020 is 9.19%.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Corporate Guarantee of the associated company.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not applicable
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Repayment of principal will be made to the date of forthcoming Annual General Meeting from the date of approval by the shareholders while payment of interest due will be made on monthly basis.

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

Name of Investee Company	Pakgen Power Limited	Nishat Hotels and Properties Limited
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LALPIR POWER LIMITED



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Total Investment Approved:	Investment by way of loan/advance of Rs 1,000,000,000 (Rupees One Billion Only) was approved by members in AGM held on April 30,2019 for the period of 1 year from the date of approval by members.	Equity investment upto Rupees 200 million was approved by members in AGM held on April 30 2019 for the period of three (3) years.	Investment of Rs. 500,000,000 by way of working capital loan was approved by members in EOGM held on October 24, 2019 Up to the date of forthcoming AGM.
Amount of Investment Made to date:	Investment of Rupees 166.519 million was made for 5 days for the month of June against this approval to date.	Nil	.350 million
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	No deviation from the approved time line.	No deviation from the approved time line	No deviation from the approved time line.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2018, the earnings per share was Rs.3.99 and breakup value per share was Rs.44.87. As per latest available financial statements for the year ended December 31, 2019 the earnings per share is Rs. 7.82 and breakup value per share is Rs. 51.20.	At the time of approval as per available latest audited financial statements for the year ended June 30, 2018 the basic loss per share was Rs. 0.30 and breakup value per share was Rs. 12.65. As per latest available (unaudited) financial statements for the half year ended December 31, 2019 the basic loss per share is Rs.(0.46) and breakup value per share is Rs. 18.84.	At the time of approval, as per available latest audited financial statements for the year ended June 30, 2019, the basic earnings per share was Rs. 1.42 and breakup value per share was Rs. 18.09. As per latest available (unaudited) financial statements for the half year ended December 31, 2019 the basic loss per share is Rs.(0.46) and breakup value per share is Rs. 18.84.