

# PAKGEN POWER LIMITED



SECY/ 2014

November 14, 2014

1) The General Manager,  
Karachi Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road, KARACHI.

Fax No. (021) 111 573 329

2) The Secretary,  
Lahore Stock Exchange Ltd.  
19-Khyaban-e-Aiwan-e-Iqbal, LAHORE.

Fax No. (042) 3638485

3) The Executive Director  
Monitoring & Enforcement Division  
Securities & Exchange Commission of Pakistan  
8<sup>th</sup> Floor, NIC Building, Jinnah Avenue,  
Blue Area, ISLAMABAD.

Fax No. (051) 9218592, 9204915

## **SUB: NOTICE OF EXTRA ORDINARY GENERAL MEETING**

Dear Sir,

Further to our Letter No. SECY/STOCKEXC/ dated October 27, 2014, enclosed please find a copy of the Notice of Extra Ordinary General Meeting of the shareholders of **Pakgen Power Limited** to be held on December 15, 2014 (Monday) at 12:00 noon for circulation amongst the members.

Thanking you

Yours sincerely,

**KHALID MAHMOOD CHOCHAN**  
**COMPANY SECRETARY**

# PAKGEN POWER LIMITED



## NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that Extra Ordinary General Meeting of the Shareholders of Pakgen Power Limited ("the Company") will be held on December 15, 2014 (Monday) at 12:00 Noon at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore to transact the following business:

### 1. Special Business:

To consider and if deemed fit, to pass the following resolutions as special resolutions under Section 208 of the Companies Ordinance, 1984, with or without modification(s), addition(s) or deletion(s):

**RESOLVED**, "pursuant to the requirements of Section 208 of the Companies Ordinance, 1984, Pakgen Power Limited ("the Company") be and is hereby authorized to invest up to Rs. 4,875,000,000 (Rupees Four Billion Eight Hundred and Seventy Five Hundred only) by way of acquisition, from time to time, of 487,575,000 ordinary shares of the face value of PKR 10 of Nishat Energy Limited, an associated company."

**FURTHER RESOLVED** that the above said resolution of investment shall be valid for 3 years and any two of Mian Hassan Mansha, Chairman/Director and/or Mr. Ghazanfar Hussain Mirza, Chief Executive Officer and/or Mr. Khalid Qadeer Qureshi, Chief Financial Officer and/or Mr. Khalid Mahmood Chohan, Company Secretary of the Company be and are hereby jointly empowered and authorized to undertake the decision of said investment of shares as and when deemed appropriate and necessary in the best interest of the Company and its shareholders.

**FURTHER RESOLVED** that Mian Hassan Mansha, Chairman/Director and/or Mr. Ghazanfar Hussain Mirza, Chief Executive Officer and/or Mr. Khalid Qadeer Qureshi, Chief Financial Officer and/or Mr. Khalid Mahmood Chohan, Company Secretary of the Company be and are hereby singly authorized to take all steps and actions necessary, incidental and ancillary for the acquisition of shares of Nishat Energy Limited including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the special resolution for making investment from time to time.

**FURTHER RESOLVED** that any two of Mian Hassan Mansha, Chairman/Director and/or Mr. Ghazanfar Hussain Mirza, Chief Executive Officer and/or Mr. Khalid Qadeer Qureshi, Chief Financial Officer and/or Mr. Khalid Mahmood Chohan, Company Secretary of the Company be and are hereby authorized jointly to dispose off through any mode, a part or all of equity investments made by the Company from time to time as and when deemed appropriate and necessary in the best interest of the Company and its shareholders.

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By Order of the Board

( KHALID MAHMOOD CHOHAÑ )  
COMPANY SECRETARY

Lahore  
October 27, 2014

## NOTES:

### 1. BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from 08-12-2014 to 15-12-2014 (both days inclusive) for attending and voting at Extra Ordinary General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 05-12-2014 at Company's Shares Registrar, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahr-e-Faisal, Karachi-74400, Pakistan will be considered in time for attending of meeting.

2. A member eligible to attend and vote at this meeting may appoint another member his / her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting. Proxies of the Members through CDC shall be accompanied with attested copies of their Computerized National identity Card (CNIC). In case of corporate entity, the Board's Resolution/power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholder through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

3. Shareholders are requested to immediately notify the change in address, if any.

### STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984.

This statement sets out the material facts pertaining to the special business to be transacted at the Extra Ordinary General Meeting of the Company to be held on December 15, 2014.

Nishat Energy Limited ("Nishat Energy") is a Special Purpose Vehicle (SPV) incorporated in May 2014, to set up a coal powered power project under the Power Policy 2002 as an Independent Power Producer (IPP). It is an associated company of Pakgen Power Limited.

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The principal activity of Nishat Energy will be to build, own, operate and maintain a coal fired power station having gross capacity of 660 MW with net estimated generation capacity of approximately 600 MW with super critical technology using a boiler/turbine system and water-steam cycle equipment along with ancillary equipment i.e. cooling tower, cooling water pump, unit transformer and electric generator etc. The location will be in Rahim Yar Khan Punjab, Pakistan.

Punjab Power Development Board (PPDB) advertised for pre-qualification of sponsors for the development of Coal Power Projects having generation capacity of 600 MW. Six raw sites were identified by PPDB for the submission of proposals. The Consortium in the name Nishat Group Companies & Associates, participated in the pre-qualification and successfully got the Project Site at Rahim Yar Khan District to conduct the Feasibility Study. PPDB has awarded Letter of Interest to the Company on 23 May 2014.

Based on proposed plant capacity i.e., 660 MW and notional project cost i.e. US \$ 1.5 Million / MW, the total project cost is estimated around US\$ 990 Million. The Project financing is based on 80% Debt and 20% Equity. The equity will be apportioned in terms of Joint Venture Agreement to be executed among Consortium members. The Consortium members are Nishat Power Limited, Nishat Mills Limited, Lalpir Power Limited and Pakgen Power Limited.

After issuance of LOI, Nishat Energy will take about 09 months to complete the feasibility study, subject to any delay on the part of any Government department which would not be counted towards the delay in completion of Feasibility Study, since few parts of Feasibility Study would require proper feedback/response from Government departments, including but not limited to;

1. Environmental Impact Assessment with the help of EPA
2. Interconnection study is complete with timely feedback from NTDC.
3. Assistance from Pakistan Railway for providing necessary information/documents.

As a consortium member of Nishat Group Companies & Associates, Pakgen Power Limited will make an equity investment up to 25% in Nishat Energy Limited. Total amount of equity investment to be made by Pakgen Power Limited will be Rs. 4,875 million. Considering the attractive return on equity of 27.20% it will enhance the value of shareholders of Pakgen Power Limited. The consortium members shall collectively hold at least 51% of the total issued and paid up share capital of Nishat Energy Limited until the sixth anniversary of the successful commissioning of the project.

Information for making equity investment in Nishat Energy Limited as required under Clause (a) of sub-regulation (1) of regulation 3 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

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Ref. No.	Requirement	Information
i	Name of associated company	Nishat Energy Limited
	Criteria of associated relationship	Shareholding
ii	Purpose	To participate in the coal based power projects through equity investment
	Benefits	To earn dividend income and prospective capital gain
	Period of investment	Long term investment
iii	Maximum amount of investment	Rs. 4,875 million (Rupees Four billion Eight Hundred and Seventy Five million Only)
iv	Maximum price/share	The price to be paid for the equity investment will be par value of Rs. 10/- per share since the project is a green field project and the price is less than the fair value determined by independent firm of Chartered Accountants.
v	Maximum number of shares to be acquired	487,500,000 shares
vi	Shareholding before investment	No. of shares: Nil
		Shareholding percentage: Nil
	Shareholding after investment	No. of shares: 487,500,000
		Shareholding percentage: 25%
vii	Requirement in case of investment in listed associated company	Not Applicable as Nishat Energy Limited is an unlisted Company.

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Fair market value of shares

The fair value of the share determined in terms of Regulation 6(1) is Rs. 57.82 per share based on discounted cash flows using "Free Cash Flow" to the Company at discount rate of 12%. Copy of fair valuation report issued by HBL Ijaz Tabussam & Co., Chartered Accountants, is available at Registered

Office of the Company and can be inspected in working hours up to December 13, 2014.

ix	Break-up value of shares	Rs. 10 per share
x	Earnings per share for the last three years	Not applicable.
xi	Sources of fund from which shares will be acquired	Surplus funds of the Company.
xii	Requirements if shares are intended to be acquired using borrowed funds	Not applicable.
xiii	Salient features of agreement(s) entered into with the associated company	A Joint Venture Agreement will be executed to invest in associated company.
xiv	Direct/Indirect interest of directors in the associated company	Shareholding of Associated Companies of the investing company in investee company is as follows:
		%
		Nishat Power Limited 25
		Lalpir Power Limited 25
		Nishat Mills Limited 25

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xv	Any other important detail	None
xvi	Description of the project	<p>Punjab Power Development Board (PPDB) advertised for pre qualification of sponsors for the development of Coal Power Projects having generation capacity of 600 MW. Six raw sites were identified by PPDB for the submission of proposals. Nishat Group Companies &amp; Associates participated in the pre qualification and successfully got the Project Site at Rayim Yar Khan District to conduct the Feasibility Study. Nishat Group Companies has submitted a performance guarantee of US\$ 660,000/- in favour of PPDB to show the commitment and agreed to complete the Feasibility Study within stipulated time frame.</p> <p>For this purpose a special purpose vehicle namely, Nishat Energy Ltd., has been incorporated as per Companies Ordinance 1984 to develop, construct, own, operate and maintain power generation project (“the Project”).</p> <p>The Consortium would hold at least 51% equity in Nishat Energy for six year from Commercial operation date (COD).</p>
	Starting date of work	<p>The Letter of Interest has been awarded bearing No PPDB/659/2014 dated May 23, 2014 and Feasibility Consultant yet to be appointed.</p> <p>The Project Company is required to conduct feasibility study till February 2015. Subsequently the Construction &amp;</p>

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	Development Works will start based on Feasibility Study.
Completion of work	Based on Project Feasibility
Commercial operations date	To be decided subsequent to Feasibility Study
Expected time by which the project shall start paying return on investment	ROI will start right from COD.

## Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

- Name of Investee Company : Lalpir Power Limited
- Total Investment Approved : PKR 1,000,000,000 (Rupees One Billion Only) by way of loans and advances was approved by members in AGM held on April 26, 2014 for the period of three (3) years.
- Amount of Investment Made to date : NIL
- Reason for not having made complete Investment so far where resolution Required to be implemented in Specified time. : The approval was not for long term debts. The companies have expense share agreement between them. Whenever expenses are incurred by one company, the other company's account is debited and subsequently clear the account after receiving the payment.
- Material change in financial statements of associated company or associated undertaking since date of the resolution : At the time of approval, as per then available latest financial statements for the year ended December 31, 2013, the

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passed for approval of investment in  
such company.

basic Earnings per Share was Rs. 2.98 and Break-up Value per Share was Rs. 38.58. As per Latest available financial statements for the 3<sup>rd</sup> Quarter ended 30 September 2014, the Basic Earnings per share is Rs. 0.73 and Break-up Value per Share is Rs. 38.74.