



PAKGEN POWER LIMITED

POWERFUL PACE OF GROWTH

Changing lives as
we grow.



ANNUAL REPORT 2016



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COMPANY PROFILE

THE COMPANY

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

BOARD OF DIRECTORS

Mian Hassan Mansha	Chairman
Mr. Ghazanfar Hussaim Mirza	Chief Executive Officer
Mr. Shahid Malik	
Dr. Arif Bashir	
Mr. Aurangzeb Feroz	
Mr. Kamran Rasool	
Mr. Muhammad Younas	
Mr. Mahmood Akhtar	

AUDIT COMMITTEE

Mr. Aurangzeb Firoz	Chairman
Mr. Shahid Malik	
Mr. Khawaja Mohammad Younus	

CHIEF FINANCIAL OFFICER

Mr. Khalid Qadeer Qureshi

AUDITOR OF THE COMPANY

Riaz Ahmad & Co.
Chartered Accountants

REGISTERED OFFICE

53-A, Lawrence Road,
Lahore-Pakistan
UAN: 042-111-11-33-33

SHARE REGISTRAR

Central Depository Company of Pakistan Limited
CDC House,99-B, Block-B, S.M.C.H.S
Shahra-e-Faisal, Karachi – 74400
Tel: (92-21) 111-111-500
Fax: (92-21) 34326053

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

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

LEGAL ADVISOR OF THE COMPANY

Mr. M. Aurangzeb Khan
Advocate High Court

HEAD OFFICE

1-B, Aziz Avenue, Gulberg-V,
Lahore- Pakistan
Tel:042-35717090-96
Fax:042-35717239

PLANT

Mehmood Kot, Muzaffargarh,
Punjab – Pakistan.



The background of the entire page is a bright, solid yellow color. Silhouetted against this background are various construction elements: a large crane arm extending from the left side across the upper portion of the image; two vertical scaffolding or support structures on the right side; and the dark silhouettes of construction workers wearing hard hats, one on the left and one on the right, positioned as if working on a structure. The sun is visible as a bright, glowing circle on the left side, partially obscured by the silhouettes.

VISION STATEMENT

ENLIGHTEN THE FUTURE THROUGH EXCELLENCE,
COMMITMENT, INTEGRITY AND HONESTY

MISSION STATEMENT

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

RESOLVED that pursuant to Section 28 and other applicable provisions, if any, of the Companies Ordinance, 1984 and any other law(s), Articles of Association of the Company be and are hereby amended by inserting new Articles 75A and 75B immediately after the existing Article 75 to read as under;

75-A. A member may opt for E-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016, as amended from time to time. In the case of E-voting, both members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through email. The Company will arrange E-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power.

75-B. An instrument of proxy in relation to E-voting shall be in the following form:

I/We, _____ of _____ being a member of the _____, holder of _____ share(s) as per register Folio No. / CDC Account No. _____ hereby opt for E-voting through Intermediary and hereby consent the appointment of Execution Officer _____ as proxy and will exercise E-voting as per The Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is _____, please send login details, password and electronic signature through email.

Signed in the presence of;

Signature of Witness
CNIC No. _____

Signature of Member
CNIC No. _____

Signature of Witness
CNIC No. _____

Further Resolved that the Chief Executive Officer and/or Company Secretary be and is hereby authorized singly to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution.

C) To consider and if deemed fit, to pass the following resolutions as special resolution, with or without modification, addition(s) or deletion(s), as recommended by the Board of Directors.

RESOLVED Unanimously that approval of the members of Pakgen Power Limited (the "Company") be and is hereby accorded for transmission of Annual Audited Accounts of the Company to its members through CD/DVD/USB at their registered addresses instead of transmitting the said accounts in hard copies as allowed by Securities and Exchange Commission of Pakistan vide its S.R.O.470(I)/2016 dated May 31, 2016



FURTHER RESOLVED that 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 complete all legal requirements and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents 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 above special resolutions.

By order of the Board



(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

LAHORE
March 20, 2017

NOTES:

1. BOOK CLOSURE NOTICE:-

The Share Transfer Books of Ordinary Shares of the Company will remain closed from 14-04-2017 to 26-04-2017 (both days inclusive) for entitlement of 10 % Final Cash Dividend i.e. Re.1 (Rupee One Only) Per Ordinary Share and attending and voting at Annual General Meeting. Physical transfers / CDS Transactions IDs received in order up to 1:00 p.m. on 13-04-2017 at Share Registrar Office, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, will be considered in time for entitlement of 10% Final Cash Dividend and 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 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.
- 4. Submission of copy of CNIC (Mandatory):**

The Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 779 (i) 2011 dated August 18, 2011 has directed the company to print your Computerized National Identity Card (CNIC) number on your dividend warrants and if your CNIC number is not available in our records, your dividend warrant will not be issued / dispatched to you. In order to comply with this regulatory requirement, you are requested to kindly send photocopy of your CNIC to your Participant / Investor Account Services or to us (in case of physical shareholding) immediately to Company's Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

5. Dividend Mandate:

Under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desires, direct the Company to pay dividend through his/ her/its bank account. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular Number 18 of 2012 dated June 05, 2012, kindly authorize the company for direct credit of your cash dividend in your bank account (please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore this notice, dividend will be paid to you through dividend warrant at your registered address). If you want to avail the facility of direct credit of dividend amount in your bank account, please provide following information to Company's Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

Bank Account Details of Shareholder

Title of Bank Account
Bank Account Number
Bank's name
Branch name and address
Cell number of shareholder
Landline number of shareholder, if any

It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate to the company and the concerned share registrar.

Name, signature, folio # and CNIC number of shareholder

Notes:

- (1) Those shareholders, who hold shares in book entry form in their CDS accounts, will provide the above dividend mandate information directly to their respective Participant / CDC Investor Account Services Department.
- (2) If dividend mandate information has already been provided by you, ignore this request.

6. Transmission of Annual Financial Statements Through Email:

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.pakgenpower.com and send the said form duly signed by the shareholder along with copy of his CNIC to the Company's Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice, Financial Statements will be sent to you at your registered address.

7. Submission of Zakat Declaration (Form-CZ-50) (Mandatory)

All Shareholders, physical and CDC account holders /Sub account holders, requiring exemption of Zakat deduction under Zakat & Usher Ordinance, 1980 are requested to submit immediately certified copies of their Zakat Declarations (Form CZ-50) to Company's Office at 53-A, Lawrence Road, Lahore or Company's Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, irrespective of the claim in account opening form.

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 Annual General Meeting of the Company to be held on April 26, 2017.

A) Investment in Lalpir Power Limited:

Lalpir Power Limited ("Lalpir") was incorporated in Pakistan on 08 May 1994 under the Companies Ordinance, 1984. The registered office of Lalpir is situated at 53-A, Lawrence Road, Lahore. The principal activities of Lalpir are to own, operate and maintain an oil fired power station having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. It is currently listed on the Pakistan Stock Exchange Limited.

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

The Company feels that it can benefit itself from this opportunity by lending funds at a rate higher than the interest payable by the Company on its borrowing. The average borrowing rate of the Company was 6.59% per annum for the year ended December 31, 2016. The Company will invest surplus funds available in order to enhance its profitability and good financial management.

The Company obtained approval from its Board of Directors on April 05, 2016 and from its shareholders on 30 April 2016 to make an investment up to Rs. 1 billion in Lalpir in the form of working capital loan/advance at the interest rate of 1 month KIBOR + 0.50% as and when required by Lalpir.

Since the approval of shareholders for investment in Lalpir in the form of working capital loan/advance has lapsed and considering the present average borrowing cost of the Company and the return offered to the Company by Banks on term deposits, the Directors of the Company has again recommended to seek the approval of shareholders for the renewal of the working capital loan of Rs 1 billion to Lalpir for a further period of one year on the same interest rate as approved by the shareholders in their meeting held on 30 April 2016. 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.

The directors have carried out necessary due diligence for the proposed investment. The duly signed recommendation of the due diligence report and latest Annual Audited Financial Statements shall be available for inspection in the annual general meeting.

Information for extending running finance facility to Lalpir Power 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.

Ref. No.	Requirement	Information																																												
i	Name of associated company	Lalpir Power Limited																																												
	Criteria of associated relationship	Common Directorship																																												
ii	Amount of loans and advances	Rs. 1,000,000,000/- (Rupees One Billion Only)																																												
iii	Purpose	Both the companies are located in one place and they have some common facilities. The expenses of the facilities are shared between the companies according to share facility agreement. To cover DR and CR side of such transaction companies required the approval of the members.																																												
	Benefits	For smooth running of company's operations																																												
iv	Details of existing loans	Nil																																												
v	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	<p>Audited Financial Statements for the year ended December 31, 2016 showed:</p> <p style="text-align: right;">Rs. in million</p> <table> <tbody> <tr> <td colspan="2">Balance Sheet:</td> </tr> <tr> <td colspan="2">Assets</td> </tr> <tr> <td>Property, plant & equipment</td> <td style="text-align: right;">9,868.334</td> </tr> <tr> <td>Inventories</td> <td style="text-align: right;">1,326.126</td> </tr> <tr> <td>Trade debts</td> <td style="text-align: right;">1,101.782</td> </tr> <tr> <td>Other assets</td> <td style="text-align: right;">11,521.560</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">23,817.802</td> </tr> <tr> <td colspan="2">Liabilities</td> </tr> <tr> <td>Borrowings</td> <td style="text-align: right;">8,631.862</td> </tr> <tr> <td>Trade and Other payables</td> <td style="text-align: right;">1,116.226</td> </tr> <tr> <td>Other liabilities</td> <td style="text-align: right;">1,451.080</td> </tr> <tr> <td>Equity</td> <td style="text-align: right;">12,618.630</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">23,817.802</td> </tr> <tr> <td>Current Ratio</td> <td style="text-align: right;">1:1.335</td> </tr> <tr> <td colspan="2">Profit & loss:</td> </tr> <tr> <td colspan="2">Rs in Million</td> </tr> <tr> <td>Sales</td> <td style="text-align: right;">15,366.041</td> </tr> <tr> <td>Gross Profit</td> <td style="text-align: right;">1,855.951</td> </tr> <tr> <td>Gross Profit Ratio</td> <td style="text-align: right;">12.07%</td> </tr> <tr> <td>Net Profit after tax</td> <td style="text-align: right;">994.697</td> </tr> <tr> <td>Net Profit after tax Ratio</td> <td style="text-align: right;">6.47%</td> </tr> <tr> <td>EPS</td> <td style="text-align: right;">2.62</td> </tr> </tbody> </table>	Balance Sheet:		Assets		Property, plant & equipment	9,868.334	Inventories	1,326.126	Trade debts	1,101.782	Other assets	11,521.560		23,817.802	Liabilities		Borrowings	8,631.862	Trade and Other payables	1,116.226	Other liabilities	1,451.080	Equity	12,618.630		23,817.802	Current Ratio	1:1.335	Profit & loss:		Rs in Million		Sales	15,366.041	Gross Profit	1,855.951	Gross Profit Ratio	12.07%	Net Profit after tax	994.697	Net Profit after tax Ratio	6.47%	EPS	2.62
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vi	Average borrowing cost of the investing company	6.59%
vii	Rate of interest, mark up, profit, fees or commission etc. to be charged	1 Month kibar +0.50%
viii	Sources of funds from where loans or advances will be given	Surplus funds of the company.
ix	Where loans or advances are being granted using borrowed funds; justification for granting loan or advance out of borrowed funds; detail of guarantees/assets pledged for obtaining such funds, if any; and repayment schedules of borrowing of the investing company.	No
x	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any.	Corporate Guarantee
xi	If the loans or advances carry conversion feature:	Not applicable
xii	Repayment schedule and terms of loans or advances to be given to the investee company.	Repayment of principal will be made within one year with payment of interest due on monthly basis.
xiii	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to 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 extension of loan.

xiv	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or the transaction under consideration:	<p>Two directors of Pakgen Power Limited, Mian Hassan Mansha currently holds 6.84% shares and Mr. Aurangzeb Firoz currently holds 0.00% shares, in Lalpir Power Limited.</p> <p>The directors of Lalpir (the associated company) are interested in the investing company to the extent of their shareholding as under:-</p> <table border="1" data-bbox="815 520 1345 743"> <thead> <tr> <th data-bbox="815 520 1182 583">Name</th> <th data-bbox="1182 520 1345 583">% of Shareholding</th> </tr> </thead> <tbody> <tr> <td data-bbox="815 596 1182 625">Mian Hassan Mansha</td> <td data-bbox="1182 596 1345 625">3.93</td> </tr> <tr> <td data-bbox="815 625 1182 655">Mr. Aurangzeb Firoz</td> <td data-bbox="1182 625 1345 655">0.03</td> </tr> <tr> <td data-bbox="815 655 1182 684">Mr. Khalid Qadeer Qureshi</td> <td data-bbox="1182 655 1345 684">0.00</td> </tr> <tr> <td data-bbox="815 684 1182 714">Mr. Kamran Rasool</td> <td data-bbox="1182 684 1345 714">0.00</td> </tr> <tr> <td data-bbox="815 714 1182 743">Mr. Mahmood Akhtar</td> <td data-bbox="1182 714 1345 743">0.00</td> </tr> </tbody> </table> <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="1" data-bbox="815 869 1345 1129"> <thead> <tr> <th data-bbox="815 869 1182 898"></th> <th data-bbox="1182 869 1345 898">%</th> </tr> </thead> <tbody> <tr> <td data-bbox="815 898 1182 928">Nishat Mills Limited</td> <td data-bbox="1182 898 1345 928">27.55</td> </tr> <tr> <td data-bbox="815 928 1182 957">Engen (Pvt) Limited</td> <td data-bbox="1182 928 1345 957">17.33</td> </tr> <tr> <td data-bbox="815 957 1182 987">Security General Insurance Co. Ltd.</td> <td data-bbox="1182 957 1345 987">1.72</td> </tr> <tr> <td data-bbox="815 987 1182 1016">Adamjee Insurance Co. Ltd.</td> <td data-bbox="1182 987 1345 1016">6.89</td> </tr> <tr> <td data-bbox="815 1016 1182 1045">Masood Fabrics Limited</td> <td data-bbox="1182 1016 1345 1045">5.62</td> </tr> <tr> <td data-bbox="815 1045 1182 1075">Roomi Enterprises (Pvt) Limited</td> <td data-bbox="1182 1045 1345 1075">4.37</td> </tr> <tr> <td data-bbox="815 1075 1182 1104">Roomi Fabrics Ltd</td> <td data-bbox="1182 1075 1345 1104">2.17</td> </tr> <tr> <td data-bbox="815 1104 1182 1134">Masood Spinning Mills Limited</td> <td data-bbox="1182 1104 1345 1134">3.69</td> </tr> </tbody> </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="1" data-bbox="815 1260 1345 1520"> <thead> <tr> <th data-bbox="815 1260 1182 1289"></th> <th data-bbox="1182 1260 1345 1289">%</th> </tr> </thead> <tbody> <tr> <td data-bbox="815 1289 1182 1318">Nishat Mills Limited</td> <td data-bbox="1182 1289 1345 1318">28.80</td> </tr> <tr> <td data-bbox="815 1318 1182 1348">Engen (Pvt) Limited</td> <td data-bbox="1182 1318 1345 1348">18.17</td> </tr> <tr> <td data-bbox="815 1348 1182 1377">Security General Insurance Co. Ltd.</td> <td data-bbox="1182 1348 1345 1377">1.80</td> </tr> <tr> <td data-bbox="815 1377 1182 1407">Adamjee Insurance Co. Ltd.</td> <td data-bbox="1182 1377 1345 1407">7.20</td> </tr> <tr> <td data-bbox="815 1407 1182 1436">Masood Fabrics</td> <td data-bbox="1182 1407 1345 1436">1.13</td> </tr> <tr> <td data-bbox="815 1436 1182 1465">Roomi Enterprises</td> <td data-bbox="1182 1436 1345 1465">2.45</td> </tr> <tr> <td data-bbox="815 1465 1182 1495">Roomi Fabrics</td> <td data-bbox="1182 1465 1345 1495">1.54</td> </tr> <tr> <td data-bbox="815 1495 1182 1520">Masood Spinning</td> <td data-bbox="1182 1495 1345 1520">3.69</td> </tr> </tbody> </table>	Name	% of Shareholding	Mian Hassan Mansha	3.93	Mr. Aurangzeb Firoz	0.03	Mr. Khalid Qadeer Qureshi	0.00	Mr. Kamran Rasool	0.00	Mr. Mahmood Akhtar	0.00		%	Nishat Mills Limited	27.55	Engen (Pvt) Limited	17.33	Security General Insurance Co. Ltd.	1.72	Adamjee Insurance Co. Ltd.	6.89	Masood Fabrics Limited	5.62	Roomi Enterprises (Pvt) Limited	4.37	Roomi Fabrics Ltd	2.17	Masood Spinning Mills Limited	3.69		%	Nishat Mills Limited	28.80	Engen (Pvt) Limited	18.17	Security General Insurance Co. Ltd.	1.80	Adamjee Insurance Co. Ltd.	7.20	Masood Fabrics	1.13	Roomi Enterprises	2.45	Roomi Fabrics	1.54	Masood Spinning	3.69
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xv	Any other important details necessary for the members to understand the transaction:	None																																																
xvi	In case of investment in a project of an associated company or associated undertaking that has not commenced operations:	Not applicable																																																
	Starting date of work	Not applicable																																																
	Completion of work	Not applicable																																																
	Commercial operations date	Not applicable																																																
	Expected time by which the project shall start paying return on investment	Not applicable																																																

- B.** To amend Articles of Association of the Company to facilitate E-voting in general meetings of the Company in compliance with the requirements of The Companies (E-voting) Regulations, 2016.

The Board of Directors of Pakgen Power Limited (“the Company”) in their meeting held on March 20, 2017 recommended to amend Articles of Association of the Company in compliance with the requirements of The Companies (E-voting) Regulations 2016 in order to allow members of the Company to opt for E-voting in a general meeting of the Company in compliance with the requirements of the Companies (E-Voting) Regulations, 2016, as amended from time to time. In the case of E-voting, both members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company’s registered office address or through email. The Company will arrange E-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power.

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.

- C.** To consider and if deemed fit, to pass the following resolutions as special resolutions, as recommended by the Board of Directors:

The Securities and Exchange Commission of Pakistan vide its S.R.O.470(I)/2016 dated May 31, 2016 has allowed companies to circulate annual audited accounts to its members through CD/ DVD/USB at their registered addresses, therefore the Board of Directors of Pakgen Power Limited (“the Company”) in their meeting held on March 20, 2017 has recommended for transmission of Annual Audited Accounts of the Company to its members through CD/DVD/USB at their registered addresses instead of transmitting the said accounts in hard copies, however, hard copies of the annual audited accounts will be supplied to the shareholders, on demand, at their registered addresses, free of cost, within one week of such demand.

If a member prefers to receive hard copies for all the future annual audited accounts, then such preference of the members shall be given to the Company in writing on the Standard Request Form available on the website of the Company and the Company will provide hard copies of all the future annual audited accounts to such member.

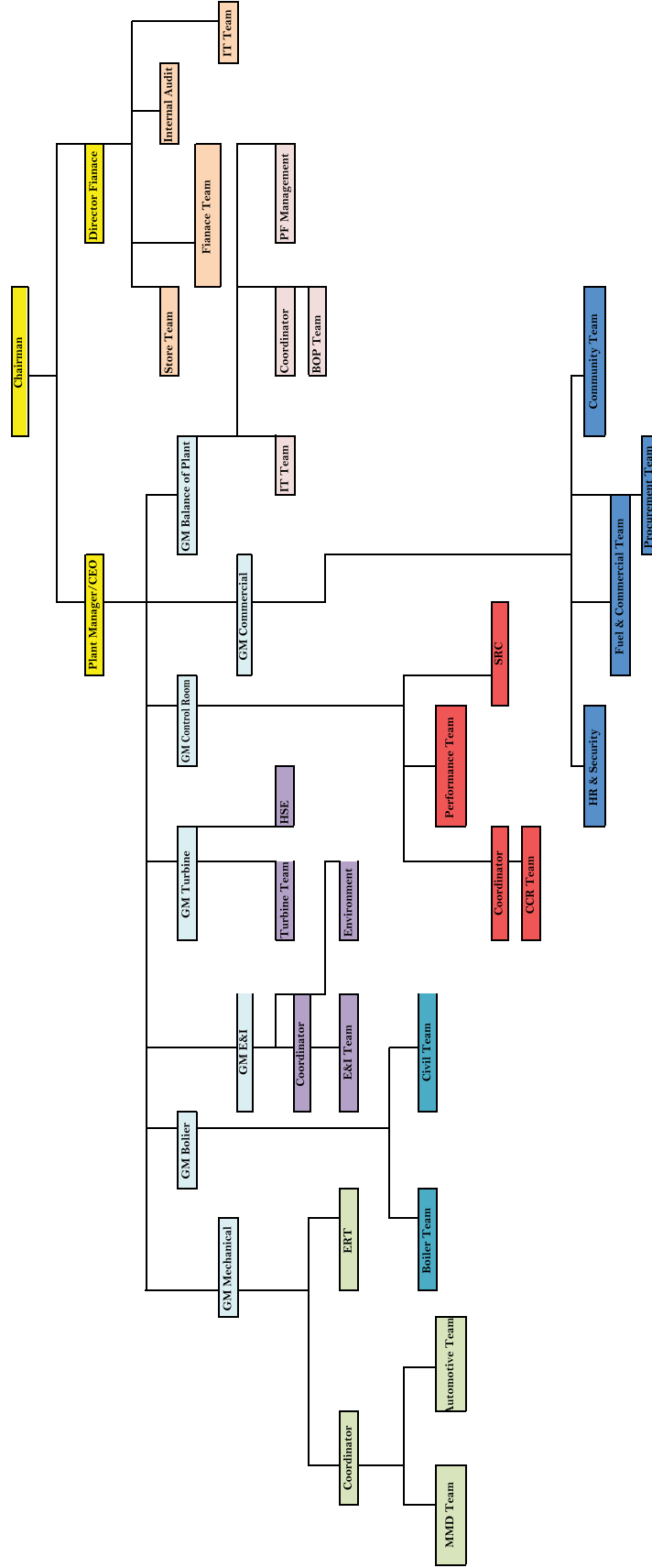
The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.

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

Name of Investee Company	:	Nishat Energy Limited	Lalpir Solar (Pvt) Limited
Total Investment Approved	:	Equity investment of Rs 4,875,000,000 (Rupees Four Billion Eight Hundred Seventy Five Million Only) was approved by members in EOGM held on December 15, 2014 for the period of (3) years.	Equity investment of Rs 270,270,000 (Rupees Two Hundred Seventy Million Two Hundred Seventy Thousand Only) was approved by members in AGM held on April 30, 2016 for the period of (3) years.
Amount of Investment Made to date	:	PKR 2,500,000/-	NIL

<p>Reason for not having made complete Investment so far where resolution Required to be implemented in Specified time.</p>	<p>: Investment in Nishat Energy is based on certain milestones which have not been accomplished yet. The first such milestone was conducting the Feasibility Study. Feasibility of the project was duly completed and has been approved by Punjab Power Development Board (PPDB).</p> <p>The second milestone was to procure Grid Interconnection Permit from NTDC whose study has been admitted and under final stage of review with National Transmission & Despatch Company (NTDC).</p> <p>Generation License application has been admitted for consideration By NEPRA.</p> <p>Upfront Tariff for imported coal has expired and no new tariff has been announced in place. The company could not adopt the tariff due to inordinate pendency of Grid Interconnect Permit from NTDC. The company has already escalated the issue of delay with concerned quarters in Govt.</p>	<p>Investment in Lalpir Solar Power Pvt Limited. is based on certain milestones which have not yet been accomplished. The first such milestone was to conduct Grid Interconnection Study (GIS), which has been approved by Multan Electric Power Company (MEPCO) however, approval/vetting of GIS is yet to be required from planning power wing of National Transmission & Dispatch Company Limited.</p>
<p>Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.</p>	<p>: Nishat Energy Limited has issued paid-up share capital of 1,000,000 shares of Rs 10 each amounting to Rs 10,000,000 (Rupees ten million only). As per latest available financial statements for the year ended June 30, 2016, the loss per share is Rs. 1.48 and Break-up value per share is Rs. 3.58.</p>	<p>Lalpir Solar Power (Pvt.) Limited has issued paid-up share capital of 50,000 shares of Rs 10 each amounting to Rs.500,000 (Rupees five hundred thousand only). As per latest available Financial Statements for the year ended June 30, 2016 basic loss per share is Rs. 11.50 and break-up value per share is negative Rs. 1.50.</p>

ORGANIZATION CHART



DIRECTOR'S PROFILE



Mian Hassan Mansha

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



Mr. Aurangzeb Firoz

Mr. Aurangzeb Firoz is a graduate from the Lahore American School and of the University of London. He has recently completed his MBA from Cornell University, USA. His prime experience is focused in the areas of finance, business strategy and operation management. He is a director of City Schools Group and has been instrumental in providing strategic and operational support in driving business expansion into Arab States for City Schools' (Pvt) Limited.

Mr. Aurangzeb Firoz holds directorships of Pakgen Power Limited, Engen (Pvt) Limited, Educational System (Pvt) Limited, City APIIT (Pakistan) (Pvt) Limited and City Hospitality Management Services (Pvt) Limited, his primary interest remains in the development of the new projects, especially in power and Energy and Educational Sector of Pakistan.



**Mr. Khawaja
Muhammad Younus**

Mr. Khawaja Muhammad Younus holds B.Sc (Hons) degree from Bahauddin Zakariya University. He is managing the family owned business as Director in the name and style of Mahmood Group of Industries and running ginning, spinning, weaving, garments and leather tannery since 1977. He has a vast experience in leading different Government, Semi Government and Public Limited Companies. He holds Directorship of Mahmood Textile Mills Limited, Masood Spinning Mills Limited, Masood Fabrics Limited, Roomi Enterprises (Pvt) Limited, Roomi Foods (Pvt) Limited, He is also CEO of Roomi Fabrics Limited., Tritex Cotton Mills Limited, and Khawaja Tanneries (Pvt) Limited. He also holds other positions such as Chairman of Multan Dry port Trust, he is also a Director of Punjab Social Security Health Management Company, and Member of Board of Director of Textile College (Bahauddin Zakariya University, Multan). Formerly, he was also director of Northern Power Generation Company Limited.



Mr. Shahid Malik

Shahid Malik is a seasoned professional with over 37 years of experience in the Diplomatic Service of Pakistan. He held key assignments as High Commissioner of Pakistan to India (2007-2013) and Canada (2002-2006), with concurrent accreditation as Ambassador to Venezuela and High Commissioner to Trinidad and Guyana. His other diplomatic assignments include Washington (as Minister), Rome (as Charge d' Affaires), and Tokyo.

Mr. Malik has also served as Director General and Additional Foreign Secretary in the Ministry of Foreign Affairs. He also brings with him diversified academic experience being part of the faculty at various universities worldwide, and has represented Pakistan at international forums including the UN (United Nations), Commonwealth, OIC (Organization of Islamic Countries), NAM (Non-Aligned Movement) and SAARC (South Asian Association for Regional Cooperation).



Mr. Hassan Nawaz Tarar

Mr. Hassan Nawaz Tarar is a seasoned civil servant having 34 years of rich administrative experience in a broad range of public services. He has held key assignments in the areas of district administration, public security, finance, international development cooperation, taxation, urban management, planning and HR development among others. He retired as the Federal Secretary Planning, Development & Reform in 2015. He has served on the Boards of corporate bodies including CAA, PSO, PASSCO, MCBESSS, as well as national policy and planning platforms. He has attended several national and international conferences and training modules, including executive development programmes in the John F. Kennedy School of Government at Harvard University and Lee Kuan Yew School of Public Policy, Singapore. Mr. Tarar obtained his Master's in Development Administration from Birmingham University, UK and also holds Master's Degrees in Political Science and Journalism in addition to a LLB from the University of Punjab. He works at MCB Bank Ltd.



Dr. Arif Bashir

Dr. Arif Bashir holds PhD degree in Chemical Engineering and has over 31 years of experience in the fields of project planning and execution; operation and maintenance of Cement Plant, power plants, paper plant etc. Currently, he is working as Director (Technical and Operations) of D. G. Khan Cement Company Limited (DGKCC) and responsible for the smooth operation and maintenance of cement production lines having capacity over 4.8 million tons/year. Captive Power Plants of about 100 MW capacity. Paper Sack plant having production capacity of 500,000 bags/day. Also responsible for Captive Coal based Power Plant, Alternate Fuels, Waste Heat Recovery projects of DGKCC.



Mr. Badar Ul Hassan

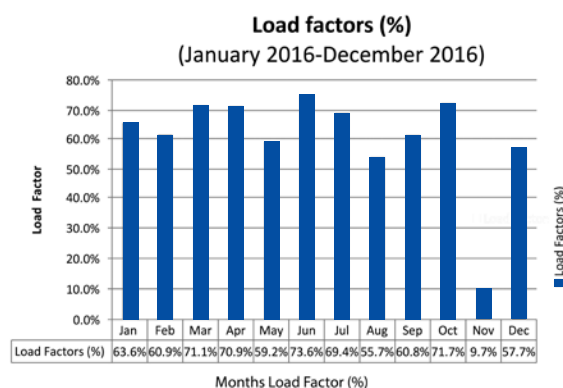
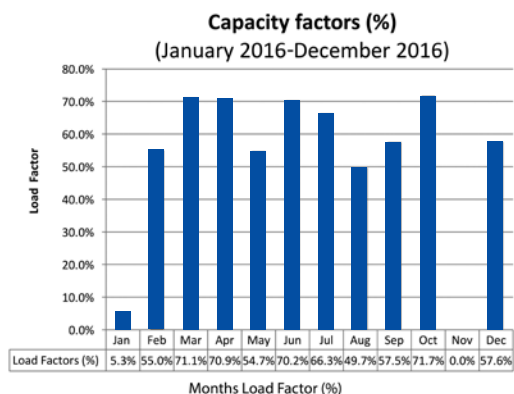
Mr. Badar is a dynamic finance professional with exceptional analytical and management skills for developing and implementing financial systems, strategies, processes and controls that significantly improve organizational functions and systems leading to cost-reduction, automation and goal-surpassing strategies.

He also serves on the Board of Security General Insurance Company Limited and Chief Financial Officer of Nishat Mills Limited, Nishat Dairy (Pvt) Limited, Nishat Hospitality (Pvt) Limited and Nishat Linen (Pvt) Limited.



DIRECTORS' REPORT

The Directors are pleased to present the Annual Report and the audited financial statements of the Company for the year ended December 31, 2016 together with the auditors' report thereon.



GENERAL

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

FINANCE

We report that during the year 2016 the total sales revenue of the Company was Rupees 16.044 billion (2015: Rupees 6.523 billion) and operating costs were Rupees 14.73 billion (2015: Rupees 4.544 billion), resulting in gross profit of Rupees 1.32 billion (2015: Rupees 1.979 billion). The Company earned a net profit of Rupees 516.890 Million resulting in earnings per share of Rupees 1.39 per share as compared to a net profit of Rupees 1,598 million and earnings per share of Rupees 4.29 last year.

Other reason for variation in net profit for period ended 31st Dec, 2016 in Comparison with period ended 31st Dec, 2015 is increased in delta loss by Rupees 660.566 Million.

OPERATIONS AND SIGNIFICATE EVENTS

In response to load demanded by CPPA, the Pakgen plant operated at capacity factor of 57.2% with an average load factor of 66.1% and an average complex availability of 86.1% and dispatched 1,464.5GWh of electricity. The

Company continues to allocate funds on various improvement projects towards the ongoing modernization of the plant in order to ensure its long term integrity and maximum availability for our customer CPPA.

OPERATIONS AND SIGNIFICATE EVENTS:

Our sole customer CPPA Central Power Purchasing Agency remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. As on 31 December 2016 an amount of Rupees 11.635 billion was outstanding against CPPA of this Rupees 7.613 billion was classified overdue. Despite frequent follow-up with the concerned Ministry of Government of Pakistan it is regretted there has been no improvement in the situation and this has resulted in irregular supply of fuel which has affected Plant Operations. In addition, CPPA has failed to provide its obligatory Letter of Credit for Rupees 2.789 billion as required under the PPA. The Company is persistently pursuing CPPA/NTDC and the Government of Pakistan for early retirement of the entire outstanding amounts. The Company is also pursuing CPPA for establishing the letter of credit as required under its Power Purchase Agreement.

CORPORATE OBJECTIVE

Being a responsible and reliable energy company, we aim to facilitate the nation in reducing its cost of energy. To accomplish this objective MOU (Memorandum of Understanding) has been signed between Government of Pakistan and the company to convert its oil fired plant into coal or petcoke on 28 June 2013. Conversion is expected to take place within three years.

The company filed petition with NEPRA for tariff determination in September 2014. NEPRA awarded tariff in March 2015. Due to shortcomings in the tariff, a review petition was filed and the final award was received in November 2015. The tariff did not meet fully meet the requirements of the project. The company decided to appoint an engineering consultant to advice on the technical details of project. Lahmeyer, Germany, was appointed as the consultant who is in the process of defining project parameters.

The progress has been slowed down due to government policy to restrict use of imported coal on certain projects only e.g. CPEC. There is recent SBP restriction on local financing for import of large project machinery. The company has approached PPIB and other organizations to seek favorable solutions of the challenges.

LALPIR SOLAR POWER (PVT) LIMITED

During the year Board of Directors of the Company has approved investment in the Lalpir Solar Power (Pvt) Limited (LPSL). The principal activity of LPSL will be to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MWp with net estimated generation capacity of approx 19 MWp at project site located at Mehmood Kot, Dist. Muzaffar Garh.

Nishat Group Companies & Associates (Nishat) has submitted Expression of Interest (EOI) to Punjab Power Development Board (PPDB)/ Alternate Energy Development Board (AEDB) to conduct feasibility study. Subsequent to approval from PPDB and/or AEDB Nishat will submit a performance guarantee in favour of PPDB/AEDB to show the commitment and agree to complete the feasibility study within stipulated time frame.

Consortium members (Lalpir Power Limited, Pakgen Power Limited and Nishat power Limited and any other appropriate investor) can share the equity stake subsequently. The consortium members shall collectively hold

at least 51% (fifty-one percent) of the total issued and paid up share capital of Lalpir Solar, until the sixth (6th) anniversary of successful commissioning of the Project.

The management has decided to temporality put on hold solar project due to a downward revision of upfront tariff by NEPRA which has adversely affected the feasibility of the project.

CREDIT RATINGS

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

HUMAN RESOURCES

The Company has employed experienced and qualified human resources to meet the challenges ahead and to achieve its management objectives. The Company offers an encouraging work environment and employs a dedicated management team and workforce who are instrumental in achieving higher levels of productivity through continuous growth and expansion. The Company has transparent Human Resource policies, including succession planning, hiring, developing and retaining the best talent.

INTERNAL AUDIT AND CONTROL:

The board has set up an independent audit function headed by a qualified person reporting to the Audit Committee. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its' internal control system.

ENVIRONMENT HEALTH AND SAFETY

Pakgen Power Limited is proud of its commitment to protecting the environment and enhancing the health and safety of its employees. We continued our pursuit of Health, Safety and Environment (HSE) excellence remaining true to

our corporate values. We recognize and applaud the exceptional efforts of our employees for the work they do to protect the environment and to promote health and safety.

Health and safety excellence, integrated with our business goals, positions our Company for continued leadership and future growth. The Company continues to maintain the safer work place for all of the employees. 'Put Safety First' is among the highest priorities of our Company's management. A complete medical checkup of the employees is carried out every year and where required a full concentration is given to any required medical treatment.

SOCIAL RESPONSIBILITY AND COMMUNITY WELFARE

Company since inception has consistently worked for the uplift of communities that are influenced directly or indirectly by our business. The Corporate Social Responsibility (CSR) program is based on the principles of transparency, accountability, integrity and sustainability. Community and stakeholder needs are carefully assessed and strategic support is extended in line with the Company's Policies, Code of Business Ethics and business objectives. The Company takes its responsibilities to the society seriously. We want to be perceived as a good neighbor within the communities where we are present, and to contribute to worthy causes wherever and whenever we can.

Our CSR program has focused on Healthcare, education, environment and infrastructure. The initiatives undertaken seek to ensure that there is clear value addition and that the real impact is made at the grassroots level.

CSR INITIATIVES:

- The company is managing a clinic that is fully equipped with emergency facilities and diagnostics laboratory for the local community. Additionally company also arranges special eye camp for the local community on annual basis.
- Supporting operational expenses to CARE Foundation for the five adopted government schools of local community.
- Continuing support to TCF schools in local

community, started from primary level and being upgraded to metric level.

- Company also running a little angle program for the free education to the house maids working in employee's community. The company has upgraded many local government institutions like Vocational Training Institute and higher secondary school.
- Extensive Plantation of trees. The Company has built/upgrade the infrastructure in the surrounding community like building houses damaged by flood, roads, bridges, drinking water etc. on as and when required basis.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no doubts upon Company's ability to continue as going concern.
- All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.

The key operating and financial data of last six years is attached to the report.

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

Sr. #	Name of Directors	No. of Meetings Attended
1	Mian Hassan Mansha (Director/Chairman)	5
2	Mr. Aurangzeb Firoz	4
3	Mr. Shahid Malik	3
4	Mr. Kamran Rasool	5
5	Dr. Arif Bashir	3
6	Mr. Mahmood Akhtar	4
7	Khawaja Mohammad Younus	3
8	Mr. Ghazanfar Hussain Mirza CEO	5

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

Sr. #	Name of Directors	No. of Meetings Attended
1.	Mr. Aurangzeb Firoz (Member/ Chairman)	3
2	Mr. Shahid Malik (Member)	2
3	Mr. Khawaja Mohammad Younus (Member)	3

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

Sr. #	Name of Directors	No. of Meetings Attended
1.	Mr. Hassan Mansha (Member/Chairman)	2
2.	Mr. Kamran Rasool (Member)	2
4.	Mr. Ghazanfar Hussain Mirza (Member)	2

CORPORATE GOVERNANCE:

The Statement of Compliance with the best practices of Code of Corporate Governance is annexed.

PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding as on 31 December 2016 is attached.

TRADING IN THE SHARES OF THE COMPANY

All the trades in the shares of the listed Company, carried out by its directors, executives and their spouses and minor children during the year ended December 31,2016 is annexed to this report.

RELATED PARTIES

Related party transactions were placed before the Audit Committee and approved by the Board. These transactions were in line with the requirements of IFRS and the Companies Ordinance, 1984. The Company maintains a record of all such transactions.

APPROPRIATION

The Board of Directors take pleasure to recommend, to the shareholders of the Company for approval in the ensuing Annual General Meeting, a final dividend at the rate of Rupees 1 per ordinary share of Rupees 10/ each (i.e. @10%) which will be paid to those shareholders whose names would appear on members' register on the date as mentioned in the notice of AGM.

AUDITORS

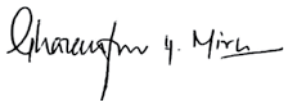
The present auditors M/s Riaz Ahmad and Company, Chartered Accountants retired and being eligible, offer themselves for re-appointment for the year 2017. The Audit Committee of the Board has recommended the reappointment of the retiring auditors.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors



(Ghazanfar Hussain Mirza)

Chief Executive Officer
Lahore: 20th March, 2017

ڈائریکٹرز رپورٹ پاک جن پاور لمیٹڈ

پاک جن پاور لمیٹڈ " کمپنی " کے ڈائریکٹرز 31 دسمبر 2016 مختتمہ مدت کے لئے آپ کی کمپنی کی سالانہ رپورٹ اور تنقیح شدہ مالی حسابات پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

عام معلومات

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

مالی نتائج

ہم بیان کرتے ہیں کہ سال 2016 کے دوران کمپنی کی فروخت کی کل آمدنی 16.044 بلین روپے (2015: 6.523 بلین روپے) اور آپریٹنگ اخراجات 14.73 بلین روپے (2015: 4.544 بلین روپے) جس کے نتیجے میں 1.32 بلین روپے کا مجموعی منافع (2015: 1.979 بلین روپے) حاصل ہوا تھا۔ کمپنی نے گزشتہ سال 1,598 ملین روپے خالص منافع اور 4.29 روپے فی شیئر آمدنی کے مقابلے میں 516.890 ملین روپے خالص منافع کمایا جس کے نتیجے میں 1.39 روپے فی شیئر آمدنی حاصل ہوئی۔

31 دسمبر 2015 مختتمہ مدت کے موازنہ میں 31 دسمبر 2016 مختتمہ مدت کے خالص منافع میں فرق کی دوسری بڑی وجہ 660.566 ملین روپے کے ڈیلیٹا نقصان میں اضافہ ہے۔

آپریٹنگ اور اہم واقعات:

واپڈا کی طرف سے مطلوبہ لوڈ کے جواب میں پاک جن پلانٹ 66.1 فیصد اوسط لوڈ فیکٹر اور 86.1 فیصد اوسط کمپلیکس کی دستیابی کے ساتھ 57.2 فیصد کے صلاحیتی عنصر پر چلایا اور 1,464.5 GWh بجلی ترسیل کی گئی۔ کمپنی ہمارے صارف واپڈا کے لئے اپنی طویل مدتی سالمیت اور زیادہ سے زیادہ دستیابی کو یقینی بنانے کے لئے پلانٹ کی جدت طرازی کی خاطر مختلف بہتری کے منصوبوں پر فنڈز مختص کرتی رہتی ہے۔ ہماری واحد صارف CPPA سینٹرل پاور پراجیکٹس ایجنسی بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خود مختار ضمانت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ 31 دسمبر 2016 کو CPPA کے ذمہ بقایا رقم 11.635 بلین روپے تھے جس میں سے 7.613 بلین روپے کی رقم زائد المیعا تھی۔ حکومت پاکستان کی متعلقہ وزارت کے ہاں بارہا مرتبہ

کنسورشیم ارکان (لال پیر پاور لمیٹڈ، پاک جن پاور لمیٹڈ اور نشاط پاور لمیٹڈ اور کوئی موزوں سرمایہ کار) اس کے بعد ایکویٹی اسٹیک اشتراک کر سکتے ہیں۔ کنسورشیم ارکان پروجیکٹ کی کامیاب کمیشننگ کی چھٹی (6th) سالگرہ تک لال پیر سولر کے کل جاری اور ادا شدہ شیئر سرمایہ کا مجموعی کم از کم 51 فیصد (اکیاون فیصد) کا حامل ہوگا۔

انتظامیہ نے نیچر کی طرف سے اپ فرنٹ ٹیرف پر کم نظر ثانی جس نے منصوبہ کی فزہیلٹی کو بری طرح متاثر کیا ہوا ہے کی وجہ سے سولر منصوبے کو عارضی طور پر روکنے کا فیصلہ کیا ہے۔

کریڈٹ ریٹنگ

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

انسانی وسائل

کمپنی پیش آنے والے چیلنجوں کا سامنا کرنے کے لئے اور اپنے انتظامات کے مقاصد کو حاصل کرنے کے لئے تجربہ کار اور مستند انسانی وسائل کی حامل ہے۔ کمپنی ایک حوصلہ افزاء کام کا ماحول پیش کرتی ہے اور ایک سرشار مینجمنٹ ٹیم اور افرادی قوت کو ملازمت دیتی ہے جو مسلسل ترقی اور توسیع کے ذریعے پیداوار کی اعلیٰ سطح کے حصول میں اہم کردار کرتی ہے۔ کمپنی شفاف انسانی وسائل کی پالیسیاں، جانیشینی کی منصوبہ بندی سمیت، ہائرنگ، ترقی پذیر اور بہترین ذہانت کو برقرار رکھتی ہے۔ اندرونی آڈٹ اور کنٹرول:

بورڈ نے آڈٹ کمیٹی کو ریٹنگ کے لئے ایک تعلیم یافتہ شخص کی سربراہی میں ایک آزاد آڈٹ قائم کیا ہے۔ کمپنی کے اندر اندرونی آڈٹنگ کا دائرہ کار واضح طور پر بیان کیا جاتا ہے جو اندرونی کنٹرول کے نظام کا جائزہ اور تشخیص کرتا ہے۔

صحت اور سیفٹی کا ماحول

پاک جن پاور لمیٹڈ کو ماحول کے تحفظ اور اپنے ملازمین کی صحت اور حفاظت کو بہتر بنانے کے عزم پر فخر ہے۔ ہم اپنی کارپوریٹ اقدار کے لئے صحت، تحفظ اور ماحولیات (HSE) کی برتری کو قائم رکھتے ہیں۔ ہم ماحول کی حفاظت اور صحت و سلامتی کو فروغ دینے کے لئے کام کرنے والے اپنے ملازمین کی غیر معمولی کوششوں کو تسلیم اور سراہتے ہیں۔

صحت اور حفاظت کی برتری، ہمارے کاروبار کے مقاصد کے ساتھ مربوط، قیادت اور مستقبل کی ترقی کے لئے ہماری کمپنی کی حیثیت قائم

رکھتے ہیں۔ کمپنی تمام ملازمین کے لئے محفوظ کام کی جگہ برقرار رکھتی ہے۔ 'حفاظت پہلے رکھو' ہماری کمپنی کی انتظامیہ کی اعلیٰ ترین ترجیحات میں شامل ہے۔ ملازمین کا مکمل میڈیکل چیک اپ ہر سال کیا جاتا ہے اور جہاں مکمل ارتکاز کی ضرورت ہو کوئی بھی مطلوبہ طبی علاج کیا جاتا ہے۔

سماجی ذمہ داری اور کمیونٹی و بلیفیسر

قیام کے آغاز سے کمپنی نے کمیونٹیز کی بہتری کے لئے مسلسل کام کیا ہے جو ہمارے کاروبار سے براہ راست یا بالواسطہ طور پر متاثر ہوتی ہیں۔ کارپوریٹ سماجی ذمہ داری (سی ایس آر) پروگرام شفافیت، احتساب، سالمیت اور پائیداری کے اصولوں پر مبنی ہے۔ کمیونٹی اور اسٹیک ہولڈر کی ضروریات کا احتیاط سے تعین کیا جاتا ہے اور اسٹریٹجک سپورٹ کمپنی کی پالیسیوں، کاروباری اخلاقیات اور کاروباری مقاصد کی لائن میں توسیع کی جاتی ہے۔ کمپنی سنجیدگی سے معاشرے کے لیے اپنی ذمہ داریوں کو پورا کرتی ہے۔ ہم خواہش ہے کہ جس کمیونٹی میں ہم موجود ہیں کے اندر ایک اچھا پڑوسی خیال کیا جائے، اور قابل وجوہات جہاں بھی اور جب بھی ہم کر سکیں میں شرکت کریں۔

ہمارا CSRI پروگرام صحت کی دیکھ بھال، تعلیم، ماحول اور بنیادی ڈھانچے پر توجہ مرکوز کئے ہوئے ہے۔ واضح قدر میں اضافہ اور عوامی سطح پر حقیقی اثر کو یقینی بنانے کے لئے بنیادی اقدامات اٹھائے گئے ہیں۔

CSR اقدامات:

- کمپنی نے ایک کلینک کا انتظام کیا ہے جو مقامی کمیونٹی کے لئے ہنگامی سہولیات اور تشخیص کی لیبارٹری سے مکمل طور پر لیس کیا گیا ہے۔ اس کے علاوہ کمپنی سالانہ بنیاد پر مقامی کمیونٹی کے لئے خصوصی آئی کیو کا بھی انتظام کرتی ہے۔
- مقامی کمیونٹی کے پانچ سرکاری اسکولوں کی سرپرستی کے لئے کیئر فاؤنڈیشن کی آپریشنل اخراجات میں تعاون کرتی ہے۔
- مقامی کمیونٹی میں TCF اسکولوں کی پرائمری سطح سے شروع اور میٹرک سطح تک اپ گریڈ کرنے میں تعاون کر رہی ہے۔
- کمپنی ملازمین کی کمیونٹی میں گھریلو کام کرنے والوں کو مفت تعلیم دینے کے لئے ایک چھوٹا سا ایہ پروگرام بھی چلا رہی ہے۔
- کمپنی نے ویکیشنل ٹریننگ انسٹی ٹیوٹ اور ہائر سیکنڈری اسکول کی طرح کے بہت سے مقامی حکومتی اداروں کو اپ گریڈ کیا ہے۔
- وسیع پیمانے پر درختوں کی شجرکاری کی گئی ہے۔ کمپنی نے ارد گرد کی کمیونٹی میں جب ضرورت ہو کی بنیاد پر سیلاب سے تباہ شدہ مکانات کی تعمیر، سڑکوں، پلوں اور پینے کے پانی وغیرہ کی تعمیر/بنیادی ڈھانچہ کو اپ گریڈ کیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

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

• کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
 - مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
 - مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
 - اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
 - کمپنی کے گورننگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
 - بورڈ کے تمام ڈائریکٹرز کا رپورٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے بخوبی واقف ہیں۔
 - ڈائریکٹرز کو اور اینڈیشن کورسز کے ذریعے ان کے فرائض اور ذمہ داریوں کے بارے میں آگاہ کیا گیا تھا۔
 - گذشتہ چھ سالوں کا کلیدی اور مالی اعداد و شمار رپورٹ کے ہمراہ منسلک ہے۔
- زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام ڈائریکٹر	تعداد اجلاس
1	میاں حسن منشا (چیئر مین/ ڈائریکٹر)	5
2	جناب اورنگ زیب فیروز	4
3	جناب شاہد ملک	3
4	جناب کامران رسول	5
5	جناب عارف بشیر	3
6	جناب محمود اختر	4
7	خواجہ محمد یونس	3
8	جناب غضنفر حسین مرزا	5

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

نمبر شمار	نام رکن	تعداد اجلاس

1	جناب اورنگ زیب فیروز (ممبر اچیئر مین)	3
2	جناب شاہد ملک (ممبر)	2
3	جناب خواجہ محمد یونس (ممبر)	3

زیر جائزہ سال کے دوران، ہیومن ریسورس & ریمیزیشن (R&HR) کمیٹی کا دو (2) اجلاس منعقد ہوا، حاضری کی پوزیشن حسب

ذیل تھی:-

نمبر شمار	نام رکن	تعداد اجلاس
1	جناب حسن منشا (ممبر اچیئر مین)	2
2	جناب کامران رسول (ممبر)	2
3	جناب غضنفر حسین مرزا (ممبر)	2

کارپوریٹ گورننس:

کارپوریٹ گورننس کے ضابطہء اخلاق پر بہترین عمل کی وضاحت منسلک ہے۔
حصص داری کا نمونہ:

برمطابق 31 دسمبر 2016 نمونہء حصص داری منسلک ہے۔

کمپنی کے حصص میں ٹریڈنگ:

31 دسمبر 2016 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، ایگزیکٹوز اور ان کے زوج اور نابالغ بچوں کی طرف سے لسٹڈ کمپنی کے حصص میں کی گئی تمام تجارت اس سالانہ رپورٹ کے ہمراہ منسلک ہے۔

متعلقہ پارٹیاں:

متعلقہ پارٹیوں کے درمیان لین دین آڈٹ کمیٹی کے سامنے پیش کیا گیا اور بورڈ نے منظور کیا۔ یہ لین دین IFRS اور کمپنیز آرڈیننس 1984 کی ضروریات کی لائن میں تھے۔ کمپنی ایسے تمام لین دین کا ریکارڈ برقرار رکھتی ہے۔

منافع منقسمہ کی تقسیم:

بورڈ آف ڈائریکٹرز نے کمپنی کے حصص یافتگان کو، 10 روپے ہر ایک (یعنی بشرح 10 فیصد) کے -1 روپے فی عام شیئر کی شرح پر حتمی منافع منقسمہ سالانہ اجلاس عام میں منظور کرنے کی سفارش کرتے ہوئے خوشی محسوس کرتی ہے جو ان حصص داران کو ادا کیا جائے گا جن کے

نام سالانہ اجلاس عام میں مذکورہ تاریخ کو رجسٹر میں درج ہوں گے۔

محاسب:

موجودہ محاسب میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے اہل ہونے کی بناء پر سال 2017 کے لئے دوبارہ تعیناتی کے لئے خود کو پیش کیا ہے بورڈ کی آڈٹ کمیٹی نے ریٹائر ہونے والے محاسب کی دوبارہ تقرری کی سفارش کی ہے۔
اظہار تشکر:

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

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

منجانب مجلس نطاء

(غضنفر حسین مرزا)

چیف ایگزیکٹو آفیسر

لاہور: 20 مارچ 2017ء

FINANCIAL DATA

	2016	2015	2014	2013	2012	2011
Dispatch Level %	52.5%	8	63	65	56	60
Dispatch (GWH)	1,723.8	245	1,906	1,981	1,725	1,844
Revenue (Rupees.000)						
Revenue	16,044,135	6,523,043	34,922,901	37,743,681	33,718,174	31,303,251
Cost of Sales	(14,728,099)	(4,543,926)	(33,607,721)	(35,611,924)	30,612,069	28,997,530
Gross Profit	1,316,036	1,979,117	1,315,180	2,131,757	3,106,105	2,305,721
Profitability (Rupees.000)						
Profit/(Loss) before Tax	516,890	1,597,726	612,110	1,109,735	2,030,910	1,368,223
Provision for Income Tax	-	-	-	-	-	-
Profit/(Loss) after Tax	516,890	1,597,726	612,110	1,109,735	2,030,910	1,368,223
Financial Position (Rupees.000)						
Non Current Assets	9,370,960	10,020,251	8,465,608	8,203,680	8,088,987	7,637,432
Current Assets	15,747,801	15,529,189	12,491,663	13,108,105	15,536,799	14,224,302
Less; Current Liabilities	9,304,190	9,061,770	6,549,182	6,957,684	9,637,256	8,601,828
Net Working Capital	6,443,611	6,467,419	5,942,481	6,150,421	5,899,543	5,622,474
Capital Employed	15,814,571	16,487,670	14,408,089	14,354,101	13,988,530	13,259,906
Less; Long Term Loans	780,194	1,226,019	-	-	-	-
Less; Differed Liabilities	-	-	-	-	-	-
Share Holders Equity	15,034,377	15,261,651	14,408,089	14,354,101	13,988,530	13,259,906
Represented by (Rupees.000)						
Share Capital	3,720,816	3,720,816	3,720,816	3,720,816	3,720,816	3,720,816
Capital Reserves	116,959	116,959	116,959	116,959	116,959	116,959
Un-appropriated profit	11,196,602	11,423,876	10,570,314	10,516,326	10,150,755	9,422,131
	15,034,377	15,261,651	14,408,089	14,354,101	13,988,530	13,259,906
Dividends (Rupees.000)	372,082	372,082	372,082	930,204	1,116,246	2,448,530
Earning Per Share (Rupees)	1.39	4.29	1.65	2.98	5.46	3.68
Delta Loss (Rupees.000)	753,770	93,205	2,100,494	1,689,168	1,038,203	1,703,868
Ratios:						
Return on assets	0.02	0.06	0.03	0.05	0.09	0.06
Break up value per share of Rs. 10 each- Rupees	40.41	41.02	38.72	38.58	37.60	35.64
Current Ratio	1.69	1.71	1.91	1.88	1.61	1.65
Net Profit / (Loss) to sales (%age)	3.22%	24.49%	1.75%	2.94%	6.02%	4.37%

VERTICAL ANALYSIS

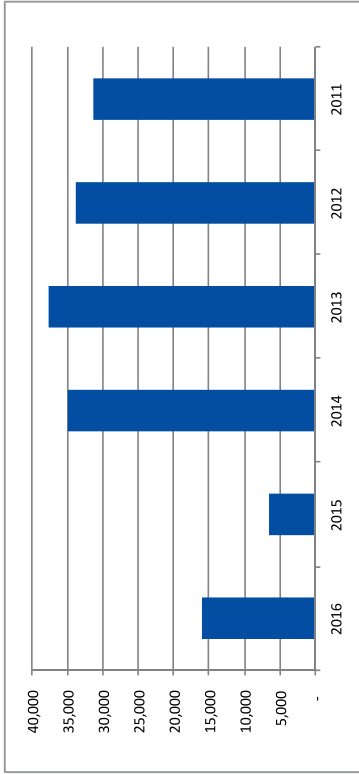
	2016	% of Turnover	2015	% of Turnover	2014	% of Turnover
Revenue	16,044,135	100	6,523,043	100	34,922,901	100
Cost of Sales	(14,728,099)	(91.80)	(4,543,926)	(69.66)	(33,607,721)	(96.23)
Gross Profit	1,316,036	8.20	1,979,117	30.34	1,315,180	3.77
Administration Expenses	(168,599)	(1.05)	(153,920)	(2.36)	(146,638)	(0.42)
Other operating Expenses	(30,944)	(0.19)	(2,569)	(0.04)	(2,341)	(0.01)
Other income	4,200	0.03	97,555	1.50	24,447	0.07
Finance Cost.	(603,676)	(3.76)	(321,037)	(4.92)	(578,427)	(1.66)
share of loss of associated company	(127)	0.00	(1,420)	0.03	(111)	-
Profit for the year	516,890	3.22	1,597,726	24.49	1,109,735	3.18

HORIZONTAL ANALYSIS

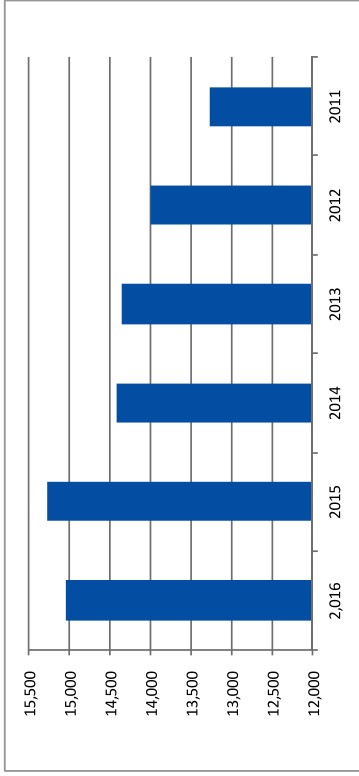
	2016	16 v 15	2015	15 v 14	2014	14 v 13
Revenue	16,044,135	145.96	6,523,043	(81.32)	34,922,901	(7.47)
Cost of Sales	(14,728,099)	224.13	(4,543,926)	(86.48)	(33,607,721)	(5.56)
Gross Profit	1,316,036	(33.50)	1,979,117	50.48	1,315,180	(38.99)
Administration Expenses	(168,599)	9.54	(153,920)	4.97	(146,638)	(9.50)
Other operating Expenses	(30,944)	1,104.52	(2,569)	9.74	(2,341)	(96.54)
Other income	4,200	(95.69)	97,555	299.05	24,447	32.84
Finance Cost.	(603,676)	88.04	(321,037)	(44.50)	(578,427)	(30.70)
share of loss of associated company	(127)	-	(1,420)	-	(111)	-
Profit for the year	516,890	(67.65)	1,597,726	43.97	1,109,735	(45.36)

PERFORMANCE REVIEW

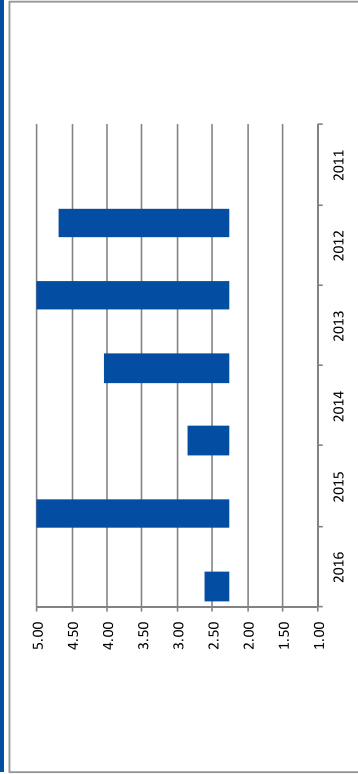
Sales



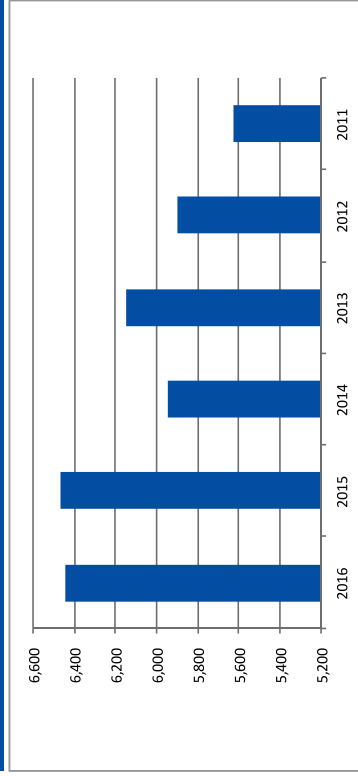
Shareholder Equity



Earning per Share



Working Capital



PATTERN OF SHAREHOLDINGS

As at December 31, 2016

# of Shareholders	Shareholdings' Slab		Total Shares Held
187	1	to 100	3,726
521	101	to 500	252,308
274	501	to 1000	269,655
447	1001	to 5000	1,363,867
181	5001	to 10000	1,552,516
61	10001	to 15000	820,504
40	15001	to 20000	743,500
30	20001	to 25000	734,500
24	25001	to 30000	706,500
14	30001	to 35000	470,000
8	35001	to 40000	304,500
4	40001	to 45000	168,800
25	45001	to 50000	1,248,500
5	50001	to 55000	272,000
6	55001	to 60000	350,000
5	60001	to 65000	317,500
4	65001	to 70000	274,490
5	70001	to 75000	374,500
5	75001	to 80000	392,500
2	80001	to 85000	166,500
3	85001	to 90000	266,500
2	90001	to 95000	188,000
28	95001	to 100000	2,798,500
1	100001	to 105000	102,000
2	105001	to 110000	213,500
1	110001	to 115000	115,000
2	125001	to 130000	255,500
1	130001	to 135000	132,500
1	135001	to 140000	140,000
2	145001	to 150000	300,000
1	150001	to 155000	155,000
1	155001	to 160000	156,000
1	160001	to 165000	165,000
1	165001	to 170000	166,000
1	170001	to 175000	175,000
2	190001	to 195000	385,500
3	195001	to 200000	600,000
1	200001	to 205000	204,500
2	205001	to 210000	416,000
1	225001	to 230000	230,000
2	230001	to 235000	467,500
1	235001	to 240000	240,000
1	240001	to 245000	243,000
2	245001	to 250000	500,000
1	255001	to 260000	257,000
1	265001	to 270000	267,000
1	270001	to 275000	275,000
1	290001	to 295000	291,500
2	295001	to 300000	600,000
1	300001	to 305000	303,000
1	305001	to 310000	308,500
1	325001	to 330000	329,500
1	345001	to 350000	350,000
1	445001	to 450000	450,000
1	450001	to 455000	450,198

# of Shareholders	Shareholdings' Slab		Total Shares Held
1	460001	to 465000	464,500
1	470001	to 475000	472,500
1	495001	to 500000	500,000
2	525001	to 530000	1,056,315
2	535001	to 540000	1,072,500
1	570001	to 575000	575,000
1	605001	to 610000	607,000
1	620001	to 625000	621,000
1	625001	to 630000	630,000
1	670001	to 675000	672,500
1	695001	to 700000	700,000
1	720001	to 725000	722,500
1	725001	to 730000	726,500
1	750001	to 755000	753,237
1	760001	to 765000	762,000
1	785001	to 790000	787,500
1	870001	to 875000	871,500
1	895001	to 900000	900,000
2	995001	to 1000000	2,000,000
1	1000001	to 1005000	1,001,500
1	1045001	to 1050000	1,050,000
1	1050001	to 1055000	1,052,631
1	1075001	to 1080000	1,079,500
1	1115001	to 1120000	1,115,500
1	1195001	to 1200000	1,200,000
1	1220001	to 1225000	1,221,500
1	1295001	to 1300000	1,300,000
1	1570001	to 1575000	1,575,000
1	1710001	to 1715000	1,714,000
1	1775001	to 1780000	1,775,500
1	1900001	to 1905000	1,901,500
1	2105001	to 2110000	2,108,500
1	2225001	to 2230000	2,225,500
1	2570001	to 2575000	2,575,000
1	2995001	to 3000000	3,000,000
1	3195001	to 3200000	3,200,000
1	3270001	to 3275000	3,270,845
1	3405001	to 3410000	3,406,500
1	3545001	to 3550000	3,550,000
1	3995001	to 4000000	3,997,000
1	4405001	to 4410000	4,407,500
1	5235001	to 5240000	5,240,000
1	5665001	to 5670000	5,667,500
1	6405001	to 6410000	6,407,296
1	7135001	to 7140000	7,139,000
1	8080001	to 8085000	8,082,500
1	11985001	to 11990000	11,986,000
1	13730001	to 13735000	13,732,500
1	14630001	to 14635000	14,631,340
1	20745001	to 20750000	20,747,000
1	25630001	to 25635000	25,631,181
1	64385001	to 64390000	64,387,954
1	102520001	to 102525000	102,524,228
1979			372,081,591

Categories of Shareholders

As at December 31, 2016

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MAHMOOD AKHTAR	1	500	0.00
ARIF BASHIR	1	1,000	0.00
KAMRAN RASOOL	1	1,000	0.00
AURANGZEB FIROZ	1	500	0.00
MIAN HASSAN MANSHA	1	14,631,340	3.93
SHAHID MALIK	1	500	0.00
KHAWAJA MUHAMMAD YOUNUS	1	5,000	0.00
Associated Companies, undertakings and related parties			
ENGEN (PRIVATE) LIMITED	3	64,476,954	17.33
ROOMI ENTERPRISES (PVT) LIMITED.	1	16,277,500	4.37
MASOOD FABRICS LTD	1	20,903,000	5.62
ROOMI FABRICS LTD	1	8,082,500	2.17
MASOOD SPINNING MILLS LIMITED	1	13,732,500	3.69
SECURITY GENERAL INSURANCE CO LTD	1	6,407,296	1.72
NISHAT MILLS LIMITED	1	102,524,228	27.55
ADAMJEE INSURANCE COMPANY LIMITED	1	25,631,181	6.89
Mr. Khalid Qadeer Qureshi	1	500	0.00
Public Sector Companies and Corporations	3	3,819,000	1.03
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	13	27,997,000	7.52
Mutual Funds			
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	3,303,000	0.89
CDC - TRUSTEE JS LARGE CAP. FUND	1	400,000	0.11
CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND	1	561,000	0.15
CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	1	215,000	0.06
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	500	0.00
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	5,000	0.00
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	1,320,500	0.35
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	1	500	0.00
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	500	0.00

General Public

	a. Local	1959	32,393,953	8.71
	b. Foreign	1	9,500	0.00
Foreign Companies		4	5,420,500	1.46
OTHERS		55	23,960,139	6.44
Totals		2062	372,081,591	100.00

Share holders holding 5% or more**Shares Held Percentage**

ENGEN (PRIVATE) LIMITED	64,476,954	17.33
MASOOD FABRICS LTD	20,903,000	5.62
NISHAT MILLS LIMITED	102,524,228	27.55
ADAMJEE INSURANCE COMPANY LIMITED	25,631,181	6.89

Information Under Listing Regulation No.5.19.11 (XII) of Pakistan Stock Exchange Limited Rule Book as on December 31, 2016

There is no trading in the shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Operating Chief Financial Officer, Head of Internal Audit, Company Secretary, their spouses and minor children during the period Jan01, 2016 to December 31, 2016.

Statement of Compliance with the Code of Corporate Governance (CCG) [See Clause 5.19.23]

Name of company: Pakgen Power Limited

Year ended December 31, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.5.19.23 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner: -

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Khwaja Muhammad Younas
Executive Directors	Mr. Ghazanfar Hussain Mirza
Non Executive Directors	Mian Hassan Mansha Mr. Aurangzeb Firoz Mr. Shahid Malik Mr. Hassan Nawaz Tarar (appointed in place of Mr. Kamran Rasool on February 08, 2017) Dr. Arif Bashir Mr. Badar-ul-Hassan (appointed in place of Mr. Mehmood Akhtar on February 08, 2017)

- The independent directors meets the criteria of independence under clause 5.19.1.(b) of the CCG.
2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
 3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
 4. No casual vacancy occurred on the board during the year ended December 31, 2016. Subsequently, two casual vacancies occurred on the board on February 08, 2017, and were filled up by the directors on the same day.
 5. 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.
 6. 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.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. 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 and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged following training programmes for its Directors during the year:

Orientation Course: -

All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.

Directors,, Training Programme: -

a). Position as on December 31, 2016:-

- (i) One (1) Director of the Company, Mr. Khawaja Muhammad Younus is exempt from directors training programme due to 14 years of education and 15 years of experience on the board of a listed company
- ii) Five (5) directors of the company, Mr. Aurangzeb Firoz, Mr. Ghazanfar Hussain Mirza and Dr. Arif Bashir, Mr. Mahmood Akhtar and Mr. Kamran Rasool have completed the directors training programme.

b). At Present:-

- i) One (1) Director of the Company, Mr. Khawaja Muhammad Younus is exempt from directors training programme due to 14 years of education and 15 years of experience on the board of a listed company.
 - ii) Three (3) directors of the company, Mr. Aurangzeb Firoz, Mr. Ghazanfar Hussain Mirza and Dr. Arif Bashir have completed the directors training programme.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been approved by the board. The remuneration of CFO, was revised during the year after due approval of the Board.
 11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
 12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of 3 members of whom 2 are non-executive directors and one is independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises 3 members of whom 2 are non-executive directors and the chairman of the committee is a non-executive director.
18. The board has set up an effective internal audit function and the members of internal audit function are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final financial results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.



GHAZANFAR HUSSAIN MIRZA
CHIEF EXECUTIVE
NIC Number: 35201-1478495-9

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of PAKGEN POWER LIMITED (“the Company”) for the year ended 31 December 2016 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company’s compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company personnel and reviews of various documents prepared by the Company to comply with the Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price and recording proper justification for using such alternate pricing mechanism. 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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended 31 December 2016.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: LAHORE

FINANCIAL HIGHLIGHTS





AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **PAKGEN POWER LIMITED** as at 31 December 2016 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 31 December 2016 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to note 10.1.3 to the financial statements which explains the uncertainty regarding outcome of claims lodged by Central Power Purchasing Agency (CPPA), which have been disputed by the company. Our opinion is not qualified in respect of this matter.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

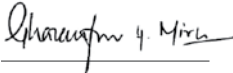
Date: 26 April 2017
LAHORE

BALANCE SHEET

As at 31 December 2016

	Note	2016 (Rupees in thousand)	2015
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 400,000,000 (2015: 400,000,000) ordinary shares of Rupees 10 each		4,000,000	4,000,000
Issued, subscribed and paid-up share capital	3	3,720,816	3,720,816
Capital reserve	5	116,959	116,959
Revenue reserve - un-appropriated profit		11,196,602	11,423,876
Total equity		15,034,377	15,261,651
LIABILITIES			
NON-CURRENT LIABILITY			
Long-term finance - secured	6	780,194	1,226,019
CURRENT LIABILITIES			
Trade and other payables	7	1,521,863	3,474,597
Accrued mark-up / interest	8	87,211	60,489
Short-term borrowings	9	7,249,291	5,080,859
Current portion of long-term finance	6	445,825	445,825
		9,304,190	9,061,770
Total liabilities		10,084,384	10,287,789
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		25,118,761	25,549,440

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


CHIEF EXECUTIVE

	Note	2016 (Rupees in thousand)	2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	9,369,818	10,018,982
Long-term investment	12	842	969
Long-term security deposit		300	300
		9,370,960	10,020,251
CURRENT ASSETS			
Stores, spare parts and other consumables		836,954	836,161
Fuel stock	13	319,573	186,875
Trade debts	14	11,634,502	10,833,800
Advances and short-term prepayment	15	349,090	297,907
Other receivables	16	293,319	2,286,015
Sales tax recoverable		1,723,285	1,087,628
Cash and bank balances	17	591,078	803
		15,747,801	15,529,189
TOTAL ASSETS		25,118,761	25,549,440



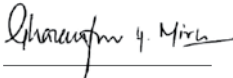
DIRECTOR

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2016

	Note	2016 (Rupees in thousand)	2015
REVENUE	18	16,044,135	6,523,043
COST OF SALES	19	(14,728,099)	(4,543,926)
GROSS PROFIT		1,316,036	1,979,117
ADMINISTRATIVE EXPENSES	20	(168,599)	(153,895)
OTHER EXPENSES	21	(30,944)	(2,594)
OTHER INCOME	22	4,200	97,555
PROFIT FROM OPERATIONS		1,120,693	1,920,183
FINANCE COST	23	(603,676)	(321,037)
SHARE OF LOSS FROM ASSOCIATED COMPANY	12	(127)	(1,420)
PROFIT BEFORE TAXATION		516,890	1,597,726
TAXATION	24	-	-
PROFIT AFTER TAXATION		516,890	1,597,726
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS ACCOUNT		-	-
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS ACCOUNT		-	-
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		516,890	1,597,726
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	25	1.39	4.29

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


CHIEF EXECUTIVE

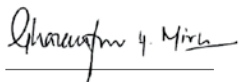

DIRECTOR

CASH FLOW STATEMENT

for the year ended 31 December 2016

	Note	2016 (Rupees in thousand)	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	26	409,724	773,838
Finance cost paid		(576,954)	(493,457)
Interest income received		2,032	5,299
Income tax paid		(13,897)	(116,899)
Gratuity paid		(11,045)	(11,045)
Net cash (used in) / generated from operating activities		(190,140)	157,736
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(199,549)	(2,390,889)
Net cash used in investing activities		(199,549)	(2,390,889)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finance		-	1,783,300
Repayment of long-term finance		(445,825)	(111,456)
Dividend paid		(742,643)	(743,397)
Net cash (used in) / from financing activities		(1,188,468)	928,447
Net decrease in cash and cash equivalents		(1,578,157)	(1,304,706)
Cash and cash equivalents at beginning of the year		(5,080,056)	(3,775,350)
Cash and cash equivalents at end of the year		(6,658,213)	(5,080,056)
CASH AND CASH EQUIVALENTS			
Cash in hand		238	101
Cash at banks		590,840	702
Short-term borrowings		(7,249,291)	(5,080,859)
		(6,658,213)	(5,080,056)

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


CHIEF EXECUTIVE


DIRECTOR

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

SHARE CAPITAL	RESERVES		TOTAL EQUITY
	Capital	Revenue	
	Retained payments reserve	Un-appropriated profit	

(-----Rupees in thousand-----)

Balance as at 31 December 2014 3,720,816 116,959 10,570,314 14,408,089

Transactions with owners:

Final dividend for the year ended 31 December 2014 @ Rupee 1 per share	-	-	(372,082)	(372,082)
Interim dividend for the year ended 31 December 2015 @ Rupee 1 per share	-	-	(372,082)	(372,082)

Transactions with owners of the Company recognised directly in equity - - (744,164) (744,164)

Profit for the year ended 31 December 2015	-	-	1,597,726	1,597,726
Other comprehensive income for the year ended 31 December 2015	-	-	-	-

Total comprehensive income for the year ended 31 December 2015 - - 1,597,726 1,597,726

Balance as at 31 December 2015 3,720,816 116,959 11,423,876 15,261,651

Transactions with owners:

Final dividend for the year ended 31 December 2015 @ Rupee 1 per share	-	-	(372,082)	(372,082)
Interim dividend for the year ended 31 December 2016 @ Rupee 1 per share	-	-	(372,082)	(372,082)

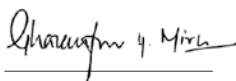
Transactions with owners of the Company recognised directly in equity - - (744,164) (744,164)

Profit for the year ended 31 December 2016	-	-	516,890	516,890
Other comprehensive income for the year ended 31 December 2016	-	-	-	-

Total comprehensive income for the year ended 31 December 2016 - - 516,890 516,890

3,720,816 116,959 11,196,602 15,034,377

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


CHIEF EXECUTIVE


DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. THE COMPANY AND ITS OPERATIONS

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

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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

Securities and Exchange Commission of Pakistan (SECP) granted waiver to all companies from the requirements of International Financial Reporting Interpretation Committee (IFRIC) 4 'Determining Whether an Arrangement Contains a Lease' through its notification, S.R.O.24(1)/2012 dated 16 January 2012. Therefore, the Company is not required to account for the portion of its Power Purchase Agreement (PPA) with Central Power Purchasing Agency (CPPA) as a lease under International Accounting Standard (IAS) 17 'Leases'. Further, SECP has also granted waiver for the requirements of IAS 21 'The Effects of Changes in Foreign Exchange Rates' in respect of accounting principle of capitalization of exchange differences to power sector companies.

However, if the Company followed IFRIC 4 and IAS 17, the effect on the financial statements would be as follows:

	2016 (Rupees in thousand)	2015
De-recognition of property, plant and equipment	(9,358,649)	(10,007,044)
Recognition of lease debtor	4,363,590	4,431,856
	<u>(4,995,059)</u>	<u>(5,575,188)</u>
Decrease in un-appropriated profit at the beginning of the year	(5,575,188)	(3,898,310)
Increase / (decrease) in profit for the year	580,129	(1,676,878)
Decrease in un-appropriated profit at the end of the year	<u>(4,995,059)</u>	<u>(5,575,188)</u>

b) Accounting convention

These financial statements have been prepared on historical cost basis, except for recognition of certain financial instruments at fair value.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Taxation

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

Useful lives, pattern of economic benefits and impairment

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

Provisions for doubtful debts

The Company reviews its receivables against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

Provision for obsolescence of stores, spares parts and other consumables

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

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 January 2016:

IFRS 7 (Amendments) 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2016). The amendment clarifies that the additional disclosure required by the amendments to IFRS 7 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34 'Interim Financial Reporting'.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

IAS 34 (Amendments) 'Interim Financial Reporting'. This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

There are other amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2016 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) Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2017 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price;

allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements. IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments will result in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The amendment is not likely to have an impact on the Company's financial statements.

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

There are other standard and amendments to published approved standards that are mandatory for accounting periods beginning on or after 01 January 2017 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 Property, plant and equipment

2.2.1 Operating fixed assets

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

Depreciation is charged to income applying the straight line method whereby cost of an asset less its residual value is written off over its estimated useful life at the rates given in Note 11.1. Depreciation on additions is charged for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion.

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 included in the profit and loss account during the period in which they are incurred.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated remaining useful life.

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

2.2.2 Capital work-in-progress

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

2.3 Leases

The Company is the lessee:

2.3.1 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to income on a straight line basis over the lease term.

2.4 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for “Investment at fair value through profit or loss” which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 ‘Financial Instruments: Recognition and Measurement’ to all investments, except investment accounted for under equity method for associate, which is tested for impairment in accordance with the provisions of IAS 36 ‘Impairment of Assets’.

2.4.1 Investment at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

2.4.2 Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

2.4.3 Investment in associate - (with significant influence)

Investment in associate is valued using equity method in accordance with the IAS 28 “Investments in Associates and Joint Ventures”.

2.4.4 Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in profit and loss account. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date. Fair value of investments in open-end mutual funds is determined using redemption price.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'.

2.5 Foreign currency translation

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

2.6 Employee benefits

2.6.1 Defined contribution plan

The Company contributes towards a funded contributory provident fund scheme being maintained by Lalpir Power Limited – associated company at the rate of 10% of basic salary of employees.

2.6.2 Defined benefit plan

The Company contributes (as per actuarial valuation) towards a gratuity fund scheme being maintained by Lalpir Power Limited – associated company on fifty-fifty basis in accordance with "Shared Facilities Agreement".

2.7 Inventories

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

2.7.1 Fuel stock

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

2.7.2 Stores, spare parts and other consumables

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

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

2.8 Financial instruments

2.8.1 Recognition and de-recognition

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of financial assets and financial liabilities is included in the profit and loss account.

Financial instruments carried on the balance sheet include deposits, trade debts, accrued mark-up / interest, other receivables, cash and bank balances, long-term finance, short-term borrowings and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item.

2.8.2 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value and are subsequently re-measured at their fair value. Fair value of the derivative financial instrument is determined using estimated discounted future cash flows. Derivatives are carried as assets where fair value is positive and as liabilities where fair value is negative.

Derivatives embedded in other financial instruments or non-derivative host contracts are traced as separate derivatives when their risks and economic characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealized gains or losses reported in the profit and loss account.

If the fair value of an embedded derivative that is required to be separated cannot be reliably measured, the entire combined contract is treated as a financial instrument held for trading. The combined contract is measured at fair value if the fair value of the combined instrument can be reliably measured.

Changes in fair value of derivative financial instruments are recognized in the profit and loss account.

2.8.3 Offsetting

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash, balance with banks in current, saving and deposit accounts and short-term borrowings under mark up arrangements.

2.10 Provision

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

2.11 Taxation

2.11.1 Current

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

2.11.2 Deferred

Deferred tax is accounted for using the balance sheet 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 profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

2.12 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued mark-up / profit to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2.13 Borrowing costs

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

2.14 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect the entire amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

2.15 Trade and other payables

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

2.16 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade debts, deposits, other receivables and bank balances in the balance sheet.

2.17 Impairment

2.17.1 Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

2.17.2 Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

2.18 Revenue

2.18.1 Sale of electricity

Revenue from sale of electricity to the CPPA, the sole customer of the Company, is recorded on the basis of output delivered and capacity available at rates specified under the Power Purchase Agreement (PPA). PPA is a contract over a period of 30 years.

2.18.2 Interest income

Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

2.18.3 Rental income

Rental income is recognized on accrual basis.

2.19 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.

2.20 Share capital

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

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2016 (Number of Shares)	2015		2016 (Rupees in thousand)	2015
370,586,125	370,586,125	Ordinary shares of Rupees 10 each fully paid-up in cash	3,705,861	3,705,861
1,495,466	1,495,466	Ordinary shares of Rupees 10 each issued as fully paid-up for consideration other than cash	14,955	14,955
<u>372,081,591</u>	<u>372,081,591</u>		<u>3,720,816</u>	<u>3,720,816</u>

3.1 Ordinary shares of the Company held by associated companies:

	2016 (Number of shares)	2015
Nishat Mills Limited	102,524,228	102,524,228
Adamjee Insurance Company Limited	25,631,181	25,631,181
Security General Insurance Company Limited	6,407,296	6,407,296
Engen (Private) Limited	64,476,954	64,476,954
Masood Fabrics Limited	20,747,000	20,747,000
Masood Spinning Mills Limited	13,732,500	13,732,500
Roomi Enterprises (Private) Limited	7,139,000	7,139,000
Roomi Fabrics Limited	8,082,500	8,082,500
	<u>248,740,659</u>	<u>248,740,659</u>

4. CAPITAL RISK MANAGEMENT

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

	2016 (Rupees in thousand)	2015
Long-term finance	1,226,019	1,671,844
Short-term borrowings	7,249,291	5,080,859
Cash and bank balances	(591,078)	(803)
Net debt	<u>7,884,232</u>	<u>6,751,900</u>
Equity	15,034,377	15,261,651
Equity and net debt	<u>22,918,609</u>	<u>22,013,551</u>
Gearing ratio	<u>34.40%</u>	<u>30.67%</u>

5. CAPITAL RESERVE

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

6. LONG TERM FINANCE

From banking company - secured

	2016 (Rupees in thousand)	2015
Long term loan (Note 6.1)	1,226,019	1,671,844
Less: Current portion shown under current liabilities	445,825	445,825
	780,194	1,226,019

- 6.1** This represents syndicated term finance facility obtained from NIB Bank Limited to finance the replacement of turbine rotors of the Complex against sanctioned limit of Rupees 3,000 million (2015: Rupees 3,000 million). This facility carries mark-up at the rate of three months KIBOR plus 2.25% per annum payable quarterly. The effective mark-up rate charged during the year is ranged from 8.28% to 8.75% (2015: 8.75% to 11.88%) per annum. This facility is repayable in sixteen equal quarterly instalments with a grace period of six months and is secured by the way of first pari passu charge over present and future plant and machinery of the Company amounting to Rupees 4,000 million and first pari passu hypothecation charge over present and future current assets amounting to Rupees 4,000 million.

7. TRADE AND OTHER PAYABLES

	2016 (Rupees in thousand)	2015
Creditors (Note 7.1)	722,492	142,660
Accrued liabilities (Note 7.2)	765,051	3,244,359
Workers' profit participation fund payable (Note 7.3)	25,845	79,886
Unclaimed dividend	7,532	6,011
Income tax deducted at source	391	733
Others	552	948
	1,521,863	3,474,597

- 7.1** These include an amount of Rupees Nil (2015: 26.069 million) payable to Security General Insurance Company Limited - associated company in the ordinary course of business.

- 7.2** These include liquidated damages of Rupees 718.620 million (2015: Rupees 3,198.828 million) imposed by CPPA on account of forced outage.

	2016 (Rupees in thousand)	2015
7.3 Workers' profit participation fund payable		
Opening balance	79,886	30,606
Allocation for the year (Note 21.2)	25,845	79,886
Payments made during the year	(79,886)	(30,606)
	<hr/>	<hr/>
Closing balance	25,845	79,886
	<hr/> <hr/>	<hr/> <hr/>
8 ACCRUED MARK-UP / PROFIT		
Long-term finance	1,406	2,004
Short term borrowings	85,805	58,485
	<hr/>	<hr/>
	87,211	60,489
	<hr/> <hr/>	<hr/> <hr/>
9. SHORT TERM BORROWINGS		
From banking companies		
Working capital finances - secured (Note 9.1)	6,592,791	5,080,859
From related party		
Lalpir Power Limited (Note 9.2)	656,500	-
	<hr/>	<hr/>
	7,249,291	5,080,859
	<hr/> <hr/>	<hr/> <hr/>

9.1 The Company has total working capital finance facilities of Rupees 10,368 million (2015: Rupees 8,727 million) available from commercial banks out of which Rupees 3,775 million (2015: Rupees 3,646 million) remained unutilized at year end. These facilities carry mark-up at average offer rate for 1 month to 6 months KIBOR plus 0.25% to 2.50% (2015: 1 month to 3 months KIBOR plus 0.40% to 2.50%) per annum payable monthly / quarterly / semi annually (2015: monthly / quarterly). The effective interest rate charged during the year ranges from 6.31% to 8.52% (2015: from 6.89% to 11.90%) per annum. These facilities are secured by way of charge to the extent of Rupees 17,581 million (2015: Rupees 14,017 million) on the present and future current assets of the Company.

9.2 This represents loan obtained from Lalpir Power Limited, an associated company to meet short term working capital requirements. Out of the available loan facility of Rupees 1,000 million (2015: Rupees Nil), Rupees 343.50 million (2015: Rupees Nil) remained unutilized at year end. This loan carries mark-up equivalent to the average borrowing cost of Lalpir Power Limited for each month with minimum rate of average offer rate for 1 month KIBOR plus 0.50% per annum payable on monthly basis. This is unsecured loan and for a period of one year renewable by members of the Company. The effective interest rate charged during the year ranges from 6.72% to 7.00% (2015: Nil) per annum.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

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

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

Management, based on legal advice, asserts that if the Company does not succeed in the above petition and it is held that the scheme is applicable to the Company, any payments that the Company is ultimately required to make under the provision of the Act are considered as pass through items recoverable from Central Power Purchasing Agency (CPPA) under the provisions of the Power Purchase Agreement (PPA). Consequently, there will be no impact on its financial position and its results of operations, even if it does not succeed in the above petition.

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

The changes to the law will not affect the aforementioned petition filed by the Company. The Company expects a favourable outcome of the matter.

- 10.1.2** The banks of the Company have issued letters of credit in favour of Central Power Purchasing Agency (CPPA) for amount of Rupees 651 million (2015: Rupees 651 million) to meet its obligations under the Power Purchase Agreement (PPA).

- 10.1.3** CPPA has raised invoices for liquidated damages to the Company from 11th to 19th (up to December 2016) agreement year (after taking into account forced outage allowance stipulated under the terms of Power Purchase Agreement) on account of short supply of electricity by the Company, which was due to cash constraints of the Company as a result of default by CPPA in making timely payments. Liquidated damages invoiced to the Company amounts to Rupees 6,443 million (2015: Rupees 5,657 million). Out of these the Company has accepted and paid Rupees 3,485 million (2015: Rupees 220 million). The Company disputes and rejects balance claims on account of liquidated damages that are raised by CPPA on the premise that its failure to dispatch electricity was due to CPPA's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel supplier that resulted in inadequate level of electricity production owing to shortage of fuel. Against these the Company has raised invoice dispute notices to CPPA. Currently, the Company has appointed mediation expert under the mechanism given in the PPA. Further, according to legal advice available with the Company, there are adequate grounds to defend any claim by CPPA for such liquidated damages since these conditions were imposed on the Company due to circumstances beyond its control. The ultimate outcome of the matter cannot presently be determined, and consequently, no provision for such liquidated damages has been made in these financial statements.
- 10.1.4** Deputy Commissioner Inland Revenue (DCIR) issued orders to the Company in which sales tax refund claims amounting to Rupees 1,486.302 million for the tax periods July 2009 and January 2010 to July 2012 were rejected by apportioning input sales tax between capacity invoices and energy invoices and allowed input sales tax allocated to energy invoices only. Against aforesaid orders, the Company filed appeals before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the orders CIR(A), tax department has filed appeals before Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favour of tax department and vacated the order passed by CIR(A). Against the decision of ATIR, the Company has filed reference application in the Honourable Lahore High Court ("the Court") which has been decided in favour of the Company by the Court. However, department has filed petition for leave to appeal before Supreme Court of Pakistan. Further, DCIR issued show cause notice to the Company for the tax periods from July 2009 to December 2012 declaring refund claims being inadmissible amounting to Rupees 2,374.766 million on aforesaid grounds. The Company challenged the notice before the Court along with reply of the show cause notice to DCIR. The Court has decided case in favour of the Company. However Department has filed petition for leave to appeal before Supreme Court of Pakistan, as well as review application before the Court. The management is of the view that there are meritorious grounds available to defend the foregoing rejection. Consequently, no provision for such rejections has been made in these financial statements.

- 10.1.5** The tax authorities have carried out assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2012 and 2014 by creating (among others) a demand of Rupees 708.184 million on account of interest on delayed payments by CPPA not been offered for tax. As per tax authorities, interest on delayed payments falls under the head income from other sources and is not exempt from tax as the same is not covered under Clause 132, Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company filed appeals against foregoing assessment proceedings before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the decisions of CIR(A), tax authorities have filed appeals before ATIR which are in the process of hearings. Based on tax advisor's opinion and CIR(A)'s decision in favour of the Company, the management is confident that the matter will be decided in favour of the Company and accordingly no provision has been made in these financial statements.
- 10.1.6** The Deputy Commissioner Inland Revenue (DCIR), through an assessment order, rejected the deferred sales tax refund claims of different tax periods amounting to Rupees 44.816 million on the grounds that the Company has failed to prove admissibility of refund claims in the light of objection raised by Sales Tax Automated Refund Repository (STARR). The Company filed an appeal before CIR(A) which has been taken up for hearing but decision is awaited.
- 10.1.8** The bank of the Company has issued a letter of guarantee in favour of Pakistan State Oil Company Limited (PSO) - fuel supplier for an amount of Rupees 1,000 million (2015: Rupees Nil) against purchase of fuel.

10.2 Commitments

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

	2016 (Rupees in thousand)	2015
10.2.2 Commitments in respect of letters of credit for capital expenditure	43,832	-
10.2.3 Commitments in respect of other than capital expenditure	279,302	285,284
11. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 11.1)	9,298,612	9,223,337
Capital work-in-progress (Note 11.2)	71,206	795,645
	<u>9,369,818</u>	<u>10,018,982</u>

11.1 Operating fixed assets

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

Description	Freehold land	Buildings on freehold land	Air strip	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Electric equipment and appliances	Total
----- Rupees in thousand -----									
As at 31 December 2014									
Cost	251,772	738,949	23,807	11,449,132	4,416	7,598	26,490	113,497	12,615,661
Accumulated depreciation	-	(328,692)	(20,159)	(4,834,491)	(2,405)	(5,878)	(14,807)	(50,774)	(5,257,206)
Net book value	251,772	410,257	3,648	6,614,641	2,011	1,720	11,683	62,723	7,358,455
Year ended 31 December 2015									
Opening net book value	251,772	410,257	3,648	6,614,641	2,011	1,720	11,683	62,723	7,358,455
Additions	-	214,751	-	2,614,656	49	-	306	161	2,829,923
Reclassification adjustments:									
Cost	-	-	-	107,246	-	-	-	(107,246)	-
Accumulated depreciation	-	-	-	(44,780)	-	-	-	44,780	-
	-	-	-	62,466	-	-	-	(62,466)	-
Derecognitions:									
Cost	-	-	-	(715,097)	-	-	-	-	(715,097)
Accumulated depreciation	-	-	-	342,319	-	-	-	-	342,319
	-	-	-	(372,778)	-	-	-	-	(372,778)
Depreciation charge	-	(26,502)	(298)	(561,214)	(358)	(718)	(2,947)	(226)	(592,263)
Closing net book value	251,772	598,506	3,350	8,357,771	1,702	1,002	9,042	192	9,223,337
At 31 December 2015									
Cost	251,772	953,700	23,807	13,455,937	4,465	7,598	26,796	6,412	14,730,487
Accumulated depreciation	-	(355,194)	(20,457)	(5,098,166)	(2,763)	(6,596)	(17,754)	(6,220)	(5,507,150)
Net book value	251,772	598,506	3,350	8,357,771	1,702	1,002	9,042	192	9,223,337
Year ended 31 December 2016									
Opening net book value	251,772	598,506	3,350	8,357,771	1,702	1,002	9,042	192	9,223,337
Additions	-	-	-	920,993	595	-	1,186	1,214	923,988
Derecognitions:									
Cost	-	-	-	(64,660)	-	-	-	-	(64,660)
Accumulated depreciation	-	-	-	36,310	-	-	-	-	36,310
	-	-	-	(28,350)	-	-	-	-	(28,350)
Depreciation charge	-	(29,188)	(1,190)	(786,221)	(419)	(452)	(2,810)	(83)	(820,363)
Closing net book value	251,772	569,318	2,160	8,464,193	1,878	550	7,418	1,323	9,298,612
At 31 December 2016									
Cost	251,772	953,700	23,807	14,312,270	5,060	7,598	27,982	7,626	15,589,815
Accumulated depreciation	-	(384,382)	(21,647)	(5,848,077)	(3,182)	(7,048)	(20,564)	(6,303)	(6,291,203)
Net book value	251,772	569,318	2,160	8,464,193	1,878	550	7,418	1,323	9,298,612
Annual rate of depreciation (%)		2.6-10	5	2.6-33.3	10	20	10-33.3	6.67-20	

11.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

Description	2016					Mode of disposal
	Cost	Accumulated depreciation	Net book value	Sale proceeds	Loss	
----- Rupees in thousand -----						
Plant and machinery						
Blown down tank including control valves	129	51	78	-	(78)	(Note 11.1.4)
Demin water MCC and breakers including HVAC System	600	200	400	-	(400)	(Note 11.1.4)
Auxiliary steam header including control valves	1,200	810	390	-	(390)	(Note 11.1.4)
Bearing cooling water pumps including cooling circuit at plant, guages etc.	928	463	465	-	(465)	(Note 11.1.4)
Condensate pumps with motors including guages, strainers, isolating and valves	1,601	240	1,361	-	(1,361)	(Note 11.1.4)
BFPS with booster pumps and motors including thermocouples	9,885	4,345	5,540	-	(5,540)	(Note 11.1.4)
Main turbine and generator	38,315	18,199	20,116	-	(20,116)	(Note 11.1.4)
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000	12,003	12,003	-	-	-	(Note 11.1.4)
	<u>64,661</u>	<u>36,311</u>	<u>28,350</u>	<u>-</u>	<u>(28,350)</u>	

11.1.2 The depreciation charge for the year has been allocated as follows:

Cost of sales (Note 19)
Administrative expenses (Note 20)

	2016 (Rupees in thousand)	2015
Cost of sales (Note 19)	816,599	587,716
Administrative expenses (Note 20)	3,764	4,547
	<u>820,363</u>	<u>592,263</u>

11.1.3 Property, plant and equipment include operating fixed assets costing Rupees 68.815 million (2015: Rupees 46.482 million) which are fully depreciated but still in the use of the Company.

11.1.4 These represent operating fixed assets derecognized during the year due to replacement of assets as per requirement of IAS 16 "Property, Plant and Equipment".

	2016 (Rupees in thousand)	2015
11.2 Capital work-in-progress		
Plant and machinery (Note 11.2.1)	71,206	795,645

11.2.1 This includes borrowing cost amounting to Rupees Nil (2015: Rupees 130.215 million) capitalized during the year using capitalization rate Nil (2015: 8.75% to 11.88%) per annum.

	2016 (Rupees in thousand)	2015
12. LONG-TERM INVESTMENT		
Associated company - under equity method		
Nishat Energy Limited - unquoted 250,000 (2015: 250,000) fully paid ordinary shares of Rupees 10 each Equity held 25% (2015: 25%) at cost	2,500	2,500
Share of reserve		
As at 01 January	(1,531)	(111)
Less: Share of loss	(127)	(1,420)
As at 31 December	(1,658)	(1,531)
Carrying amount under equity method	842	969

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

	2016 (Rupees in thousand)	2015
Non-current assets	3,037	2,897
Current assets	474	977
Total assets	3,511	3,874
Liabilities	146	-
Net assets	3,365	3,874
Loss for the year	508	5,684

12.2 Nishat Energy Limited is a public limited company incorporated in Pakistan and having its principal place of business in the Province of Punjab, Pakistan. The principal activity of Nishat Energy Limited is to build, own, operate and maintain coal power station.

12.3 Nishat Energy Limited is an unlisted company therefore, no quoted market price available for its shares.

12.4 There are no contingent liabilities relating to the Company's interest in the Nishat Energy Limited.

12.5 Provision for taxation is Rupees Nil in the financial statements of Nishat Energy Limited.

13. FUEL STOCK

	2016 (Rupees in thousand)	2015
Furnace oil	315,106	179,253
Diesel	4,467	7,622
	319,573	186,875

14. TRADE DEBTS

Other than related parties - Considered good	11,634,502	10,833,800
--	------------	------------

14.1 These represent receivables from Central Power Purchasing Agency (CPPA), the Company's sole customer, and are backed by sovereign guarantee of Government of Pakistan. This includes an overdue amount of Rupees 7,613 million (2015: Rupees 8,991 million) on which a penal mark-up at the rate of State Bank of Pakistan (SBP) discount rate plus 2% per annum compounded semi-annually is charged in case the amounts are not paid within due dates. The penal mark-up rate charged during the year ranges from 6.25% to 6.50% (2015: 8.50% to 12%) per annum.

14.2 As at 31 December, age analysis of trade debts was as follows:

	2016 (Rupees in thousand)	2015
Neither past due nor impaired	2,197,421	1,223,032
Past due but not impaired:		
- 26 to 90 days	3,745,207	611,439
- 91 to 180 days	1,465,874	918,816
- 181 to 365 days	1,622,515	6,459,607
- above 365 days	2,603,485	1,620,906
	9,437,081	9,610,768
	<u>11,634,502</u>	<u>10,833,800</u>

15. ADVANCES AND SHORT-TERM PREPAYMENT

Advances to suppliers - considered good	50,917	13,304
Advance income tax - net	295,678	282,123
Short-term prepayment	2,495	2,480
	<u>349,090</u>	<u>297,907</u>

16. OTHER RECEIVABLES

Recoverable from CPPA as pass through item:		
Workers' profit participation fund (Note 16.1)	293,166	267,321
Workers' welfare fund (Note 16.2)	-	-
Receivable from insurance company (Note 16.3)	-	2,018,541
Others	153	153
	<u>293,319</u>	<u>2,286,015</u>

16.1 Workers' profit participation fund

Opening balance	267,321	187,435
Allocation for the year (Note 21.2)	25,845	79,886
Amount received during the year	-	-
	<u>293,166</u>	<u>267,321</u>

16.2 Workers' welfare fund

Considered doubtful	5,135	5,135
Provision for doubtful receivable	(5,135)	(5,135)
	<u>-</u>	<u>-</u>

16.2.1 Provision for Workers' Welfare Fund has not been made in these financial statements based on the advice of legal counsel of the Company.

16.3 During the year ended 31 December 2015, the Complex tripped due to failure of main station transformer. However, after installation of new transformer, the Complex resumed its normal operations from 29 January 2016. Insurance claim against loss of gross profit, property damage and restoration costs has been settled during the year.

	2016 (Rupees in thousand)	2015
17. CASH AND BANK BALANCES		
Cash in hand	238	101
Cash at banks - saving accounts (Note 17.1)	590,840	702
	<u>591,078</u>	<u>803</u>

17.1 Saving accounts carry mark-up at the rates ranging from 3.75% to 4.00% (2015: from 4% to 6.50%) per annum.

	2016 (Rupees in thousand)	2015
18. REVENUE		
Energy	13,935,680	3,034,517
Sales tax	(1,980,536)	(385,471)
	<u>11,955,144</u>	<u>2,649,046</u>
Capacity	4,088,991	3,873,997
	<u>16,044,135</u>	<u>6,523,043</u>
19. COST OF SALES		
Fuel cost (Note 19.1)	12,172,440	2,342,186
Operation and maintenance costs (Note 19.2)	504,357	506,703
Insurance	449,174	386,554
Depreciation (Note 11.1.2)	816,599	587,716
Liquidated damages to CPPA	785,529	720,767
	<u>14,728,099</u>	<u>4,543,926</u>

19.1 Fuel cost

	2016 (Rupees in thousand)	2015
Opening stock	186,875	470,121
Purchased during the year	12,305,138	2,058,940
	<hr/>	<hr/>
Closing stock	12,492,013 (319,573)	2,529,061 (186,875)
	<hr/>	<hr/>
	12,172,440	2,342,186

19.2 Operation and maintenance costs

Salaries, wages and other benefits (Note 19.2.1)	212,979	179,958
Repair and maintenance	105,721	152,542
Stores and spare parts consumed	159,801	78,615
Fee and subscription	4,928	4,990
Electricity consumed in-house	20,928	90,598
	<hr/>	<hr/>
	504,357	506,703

19.2.1 Salaries, wages and other benefits include provident fund contribution and provision for gratuity of Rupees 11.590 million (2015: Rupees 10.139 million) and Rupees 9.085 million (2015: Rupees 8.434 million) respectively charged by Lalpir Power Limited - associated company in accordance with "Shared Facilities Agreement".

20. ADMINISTRATIVE EXPENSES

	2016 (Rupees in thousand)	2015
Salaries and other benefits (Note 20.1)	55,492	55,699
Travelling, conveyance and entertainment	62,904	53,505
Communication and utilities	1,238	1,394
Insurance	5,147	4,967
Legal and professional charges	12,457	10,329
Printing and stationery	2,652	2,651
Office rent	6,432	6,278
Depreciation (Note 11.1.2)	3,764	4,547
Community welfare	4,955	5,360
Security services	222	79
General expenses	13,336	9,086
	<hr/>	<hr/>
	168,599	153,895

20.1 Salaries and other benefits include provident fund contribution and provision for gratuity of Rupees 3.393 million (2015: Rupees 3.138 million) and Rupees 2.660 million (2015: Rupees 2.611 million) respectively charged by Lalpir Power Limited - associated company in accordance with "Shared Facilities Agreement".

	2016 (Rupees in thousand)	2015
21. OTHER EXPENSES		
Auditors' remuneration (Note 21.1)	2,594	2,594
Workers' profit participation fund (Note 21.2)	-	-
Loss on derecognition of operating fixed assets	28,350	-
	<u>30,944</u>	<u>2,594</u>
21.1 Auditors' remuneration		
Statutory audit	1,906	1,906
Half yearly review	550	550
Other certifications and reporting	50	50
Out of pocket expenses	88	88
	<u>2,594</u>	<u>2,594</u>
21.2 Workers' profit participation fund		
Allocation for workers' profit participation fund (Note 7.3)	25,845	79,886
Allocation to workers' profit participation fund recoverable from CPPA (Note 16.1)	(25,845)	(79,886)
	<u>-</u>	<u>-</u>
22. OTHER INCOME		
Income from financial assets		
Interest income	2,032	5,299
Income from non-financial assets		
Gain on disposal of operating fixed assets	-	90,636
Rental income	1,688	1,620
Scrap sales	480	-
	<u>4,200</u>	<u>97,555</u>
23. FINANCE COST		
Mark-up on long-term borrowings	127,653	-
Mark-up on short-term borrowings	466,821	315,307
Bank charges and commission	9,202	5,730
	<u>603,676</u>	<u>321,037</u>

24. TAXATION

Provision for taxation has not been made in these financial statements as the total income of the Company except other income is exempt from levy of income tax under Clause 132 of Part I and Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. No provision for taxation is required against other income due to availability of tax credits. The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements being impracticable.

25. EARNINGS PER SHARE - BASIC AND DILUTED

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

Profit attributable to ordinary shareholders
(Rupees in thousand)

Weighted average number of shares (Number)

Earnings per share - basic (Rupees)

2016	2015
516,890	1,597,726
372,081,591	372,081,591
1.39	4.29

26. CASH GENERATED FROM OPERATIONS

Profit before taxation

Adjustments for non-cash charges and other items:

Depreciation
Provision for gratuity
Gain on disposal of operating fixed assets
Loss on derecognition of operating fixed assets
Share of loss from associated company
Interest income
Finance cost

Cash flows from operating activities before working capital changes

Working capital changes

(Increase) / decrease in current assets:

Stores, spare parts and other consumables
Fuel stock
Trade debts
Advances and short-term prepayments
Other receivables
Sales tax recoverable

(Decrease) / increase in trade and other payables

2016 (Rupees in thousand)	2015
516,890	1,597,726
820,363	592,263
11,045	11,045
-	(90,636)
28,350	-
127	1,420
(2,032)	(5,299)
603,676	321,037
1,978,419	2,427,556
(793)	(39,448)
(132,698)	283,246
(800,702)	(2,824,513)
(37,628)	357,777
1,992,696	(1,634,984)
(635,657)	(93,475)
385,218	(3,951,397)
(1,953,913)	2,297,679
409,724	773,838

27. PROVIDENT FUND RELATED DISCLOSURES

The Company shares employees and other common costs including expense of provident fund with its associated company, Lalpir Power Limited on fifty-fifty basis in accordance with "Shared Facilities Agreement". The Company contributes to provident fund maintained by Lalpir Power Limited - associated company as disclosed in note 3.6.1. Provident fund, its investments and other matters are managed by Lalpir Power Limited - associated company. Therefore, provident fund related disclosures are presented in the financial statements of Lalpir Power Limited - associated company.

28. NUMBER OF EMPLOYEES

	2016	2015
Number of employees as on 31 December	196	172
Average number of employees during the year	192	171

29. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of significant transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements, except for remuneration to key management personnel is disclosed in note 30, are as follows:

Associated company	Nature of transaction	2016 (Rupees in thousand)	2015
Nishat Mills Limited	Dividend	205,048	205,048
	Purchase of stores	-	2,092
Adamjee Insurance Company Limited	Dividend	51,262	51,262
	Insurance premium	328	935
	Insurance claim received	1,514	-
Security General Insurance Company Limited	Dividend	12,815	12,815
	Insurance premium	546,400	448,350
	Insurance claim received	2,046,833	950,000
Engen (Private) Limited	Dividend	128,954	128,865
Lalpir Power Limited	Share of expenses	356,171	312,286
	Share of rental income	1,688	1,620
	Stores and spare parts transferred to	6,595	26,348
	Stores and spare parts transferred from	11,987	21,521
	Loan received	656,500	-
	Interest paid	20,378	-
Pakistan Aviators and Aviation (Private) Limited	Flying services	47,458	49,245

Associated company	Nature of transaction	2016 (Rupees in thousand)	2015
Nishat (Aziz Avenue) Hotels and Properties Limited	Rent expense	6,278	6,278
Nishat Hospitality (Private) Limited	Boarding lodging services	-	152
Masood Fabrics Limited	Dividend	41,650	41,372
Masood Spinning Mills Limited	Dividend	27,465	26,455
Roomi Enterprises (Private) Limited	Dividend	19,634	7,036
Roomi Fabrics Limited	Dividend	16,165	16,240

29.1 The Company shares premises, employees and other common costs with its associated company, Lalpur Power Limited on fifty-fifty basis in accordance with "Shared Facilities Agreement".

30. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE DIRECTOR AND EXECUTIVES

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

	2016			2015		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	(----- Rupees in thousand -----)					
Managerial remuneration	10,017	5,403	149,478	9,275	5,097	131,568
Medical expenses	21	75	4,367	8	75	3,977
Bonus	3,022	1,530	38,667	1,948	1,070	27,990
Retirement benefits	910	491	13,172	843	463	11,586
	<u>13,970</u>	<u>7,499</u>	<u>205,684</u>	<u>12,074</u>	<u>6,705</u>	<u>175,121</u>
Number of persons	1	1	139	1	1	133

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

30.2 Meeting fee of Rupees 400,000 (2015: Rupees 250,000) was paid to non-executive directors of the Company during the year.

31. FINANCIAL RISK MANAGEMENT

31.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2016	2015
Trade and other payables - USD	29,231	27,900
Net exposure - USD	29,231	27,900

The following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	104.69	102.94
Reporting date rate	104.80	104.80

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 0.153 million (2015: Rupees 0.146 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

(iii) Interest rate risk

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

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

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

	2016 (Rupees in thousand)	2015
Floating rate instruments		
Financial assets		
Bank balances- saving accounts	590,840	702
Trade debts - past due	7,613,532	8,991,258
	8,204,372	8,991,960
Financial liabilities		
Long-term finance	(1,226,019)	(1,671,844)
Short-term borrowings	(7,249,291)	(5,080,859)
	(8,475,310)	(6,752,703)
Net exposure	(270,938)	2,239,257

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 2.71 million (2015: Rupees 22.393 million lower / higher) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

	2016 (Rupees in thousand)	2015
Long-term security deposit	300	300
Trade debts	11,634,502	10,833,800
Other receivables	293,319	2,286,015
Bank balances	590,840	702
	<u>12,518,961</u>	<u>13,120,817</u>

Age analysis of trade debts as at the reporting date is given in note 14.2.

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

	Rating			2016	2015
	Short Term	Long Term	Agency	(Rupees in thousand)	
CPPA		Not available		2,197,421	1,223,032
National Bank of Pakistan	A1+	AAA	PACRA	173,526	349
Habib Bank Limited	A-1+	AAA	JCR-VIS	50,153	174
MCB Bank Limited	A1+	AAA	PACRA	4	4
United Bank Limited	A-1+	AAA	JCR-VIS	177,517	36
The Bank of Punjab	A1+	AA	PACRA	512	89
Allied Bank Limited	A1+	AA+	PACRA	188,987	1
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	46	49
Askari Bank Limited	A1+	AA+	PACRA	95	-
				<u>2,788,261</u>	<u>1,223,734</u>

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

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As 31 December 2016, the Company had Rupees 4,118 million (2015: Rupees 3,646 million) available borrowing limits from financial institutions and Rupees 591.078 million (2015: Rupees 0.803 million) cash and bank balances to meet the short-term funding requirements due to delay in payments by CPPA. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 31 December 2016:

Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
-----------------	------------------------	------------------	-------------	-----------	-------------------

(- - - - - Rupees in thousand - - - - -)

Non-derivative financial liabilities:

Long-term finance	1,226,019	1,379,524	271,755	262,452	496,993	348,324
Trade and other payables	1,495,627	1,495,627	1,495,627	-	-	-
Accrued mark-up / interest	87,211	87,211	87,211	-	-	-
Short-term borrowings	7,249,291	7,362,786	7,348,711	14,075	-	-
	<u>10,058,148</u>	<u>10,325,148</u>	<u>9,203,304</u>	<u>276,527</u>	<u>496,993</u>	<u>348,324</u>

Contractual maturities of financial liabilities as at 31 December 2015:

Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
-----------------	------------------------	------------------	-------------	-----------	-------------------

(- - - - - Rupees in thousand - - - - -)

Long-term finance	1,671,844	1,963,615	293,424	283,698	538,219	848,274
Trade and other payables	3,393,978	3,393,978	3,393,978	-	-	-
Accrued mark-up / interest	60,489	60,489	60,489	-	-	-
Short-term borrowings	5,080,859	5,252,400	4,733,909	518,491	-	-
	<u>10,207,170</u>	<u>10,670,482</u>	<u>8,481,800</u>	<u>802,189</u>	<u>538,219</u>	<u>848,274</u>

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

31.2 Offsetting financial assets and financial liabilities

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

31.3 Financial instruments by categories

Assets as per balance sheet

Long-term security deposit
Trade debts
Other receivables
Cash and bank balances

Loans and receivables	
2016 (Rupees in thousand)	2015
300	300
11,634,502	10,833,800
293,319	2,286,015
591,078	803
<u>12,519,199</u>	<u>13,120,918</u>

Liabilities as per balance sheet

Long-term finance
Trade and other payables
Accrued mark-up / interest
Short-term borrowings

Financial liabilities at amortized cost	
2016 (Rupees in thousand)	2015
1,226,019	1,671,844
1,495,627	3,393,978
87,211	60,489
7,249,291	5,080,859
<u>10,058,148</u>	<u>10,207,170</u>

32 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

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

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

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

33. CAPACITY AND ACTUAL PRODUCTION

	2016 MWH	2015 MWH
Installed capacity based on 8,760 (2015: 8,760) hours	3,197,400	3,197,400
Actual energy delivered	1,603,952	245,200

Output produced by the Complex is dependent on the load demanded by CPPA and Complex availability. During the year, energy delivery was low due to forced outage.

34. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2016 (Rupees in thousand)	2015	2016 (Rupees in thousand)	2015
Total facilities	4,058,253	3,032,441	11,367,720	8,727,220
Utilized at the end of the year	1,708,646	676,893	7,249,291	5,080,859
Unutilized at the end of the year	2,349,607	2,355,548	4,118,429	3,646,361

35. SEGMENT INFORMATION

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

36. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors have proposed final cash dividend for the year ended 31 December 2016 of Rupees 1 per share (2015: Rupee 1 per share). However, this event has been considered as non-adjusting event under IAS 10 'Events after Reporting Period' and has not been recognized in these financial statements.

37. DATE OF AUTHORIZATION FOR ISSUE

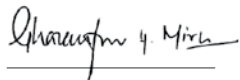
These financial statements were authorized for issue on 20 March 2017 by the Board of Directors of the Company.

38. CORRESPONDING FIGURES

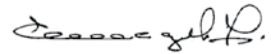
Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant rearrangement and reclassification have been made in these financial statements.

39. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR

FORM OF PROXY

I/We, _____ of
_____ CDCA/CNO./FOLIONO. _____

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

Mr./Miss/Ms. _____
of _____ CDCA/CNO./FOLIONO. _____ and
or failing him/her _____ of _____

who is/are also a shareholder of the said Company, as my/our proxy in my/our absence and to vote for me/us at the Annual General Meeting of the Company to be held on 26 April 2017 (Wednesday) at 3:30 pm at Nishat Hotel, 9-A, Mian Mahmood Ali Kasuri Road, Gulberg III, Lahore and at any adjournment thereof in the same manner as I/we myself/ourselves would vote if personally present at such meeting.

As witness my/our hands in this day of _____ 2017.

Revenue
Stamp
of Rs. 5/-

Signature _____

Address _____

No. of shares held _____

Witness:-

Name _____

Address _____

IMPORTANT:

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

نمائندگی کا فارم (پراکسی فارم)

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

جو مذکورہ کمپنی کا حصص دار بھی ہے کو اپنے / ہمارے ایما پر: 26 اپریل 2017ء (بدھ) کو سہ پہر 3:30 بجے نشاط ہوٹل، 9-A، میاں محمود علی
 قسوری روڈ، گلبرگ III، لاہور پر منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں میری / ہماری غیر موجودگی میں حق رائے دہی استعمال
 کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز بتاریخ 2017ء کو میرے / ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

دستخط: _____

پتہ: _____

تعداد ملکیتی حصص: _____

گواہ

نام: _____

پتہ: _____

51- روپے کارسیدی ٹکٹ یہاں چسپاں کریں

اہم نوٹ:

a- پراکسی تقرری کے یہ آلات، باقاعدہ مکمل سالانہ اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر نشاط ہاؤس،
 53-A، لارنس روڈ، لاہور میں لازماً وصول ہو جانے چاہئیں۔

پراکسی کے تقرر کے لئے

b- بینیفیشل اونر کی CNIC یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ لازماً جمع کرانا ہوگی۔

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

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

AFFIX
CORRECT
POSTAGE

The Company Secretary

PAKGEN POWER LIMITED

53 - A, Lawrence Road, Lahore.

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



PAKGEN POWER LIMITED

53 - A, Lawrence Road, Lahore. Tel: 042 - 36367812 - 16

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