



Annual Report 2018

Financials at a Glance

	2018	2017
	Rs. Million	
Turnover	16,690	12,257
Gross profit	4,065	3,478
Financial cost	894	707
Net Profit	3,033	2,592
Shareholders Equity	12,047	10,396
	Rs.	
Dividend per share	2.95	3.65

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Basic Corporate Profile

Board of Directors

Mrs. Hoor Yousafzai	Chairperson
Mr. Javed Saifullah Khan	Director
Mr. Osman Saifullah Khan	Director
Mr. Jehangir Saifullah Khan	Director
Mr. Assad Saifullah Khan	Director
Ms. Jehannaz Saifullah Khan	Director
Mr. Naved Abid Khan	Director

Audit Committee

Mr. Naved Abid Khan	Chairman
Mr. Osman Saifullah Khan	Director
Mr. Jehangir Saifullah Khan	Director

Human Resource and Remuneration Committee

Mr. Naved Abid Khan	Chairman
Mr. Jehangir Saifullah Khan	Director
Mr. Assad Saifullah Khan	Director

Management

Mr. Sohail H Hydari
Chief Executive Officer

Mr. Hammad Mahmood
Chief Financial Officer

Mr. Ghias Ul Hassan
GM Power Plant

Mr. Waseemullah
Company Secretary

Auditors

M/s KPMG Taseer Hadi & Co.
Chartered Accountants
State Life Building No. 6,
Jinnah Avenue, Islamabad.

Legal Advisors

M/s Salahuddin, Saif & Aslam
Attorneys at Law
M/s Cornelius, Lane & Mufti
Advocates & Solicitors

Registered/ Head Office

1st Floor, Kashmir Commercial Complex,
Fazal-ul-Haq Road Block E, Blue Area,
Islamabad, Pakistan.
Tel: +92-51-2271378-83
Fax: +92-51-2277670
Email: info.spl@saifgroup.com

Website

<http://www.saifpower.com>

Share Registrar

THK Associates (Private) Ltd. 1st Floor,
40-C, Block-6, P.E.C.H.S, Karachi 75400,
P.O Box. No: 8533
Tel: +92-21-111-000-322
Fax: +91-21-34168271
Email: secretariat@thk.com.pk
sfc@thk.com.pk

Bankers

Allied Bank Limited
Albaraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Brunei Investment Company Limited
Pak Oman Investment Company Limited
Saudi Pak Industrial and Agricultural -
Investment Company Limited
Sonari Bank Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited

Plant Location

Chak 56/5L, Qadarabad,
Multan Road, District Sahiwal,
Punjab, Pakistan.

Vision

Let us light homes whatever it takes
And let us be an efficient, flexible but also a humble resource
within the power generation industry

Mission

Be looked up as an honest and reliable supplier
Strive to perform at our best under a professional, effective,
transparent and cordial corporate culture
Add value to stakeholders' interests

Sharing & Team Work

Core Values

It is our objective to ensure that we:

Ethics

- ☞ Adhere to high ethical standards and transparency in the conduct of our business
- ☞ Take ownership of our actions
- ☞ Give top most priority to Company's image and integrity as a legal entity
- ☞ Do not allow our directors or employees to be placed in a situation of conflict of interest

People

- ☞ Encourage and promote open communication and free enterprise
- ☞ Give attention to the health, safety and well being of our employees and provide a safe and secure environment
- ☞ Inculcate team work and sharing

Quality, Compliance and Business Excellence

- ☞ Strive to bring excellence within our performances and scope of work while observing all applicable laws
- ☞ Never trespass or deviate from our approved operational and financial systems
- ☞ Concentrate fully on maximizing shareholders' returns through good governance and through proper application of all management functions

Corporate Social Responsibility (CSR)

CSR is a relationship with all of our stakeholders.

Our Employment Practices ensure competitive salaries and wages along with benefits including healthcare. All of our employees are entitled to OPD and hospital beds at Kulsum International Hospital (run by Saif Group) at nominal rates.

Along with General Electric, USA who are our O&M Contractors, the company provides highest standards of occupational health and safety all around our plant premises.

We are committed to the community around us and, therefore, we comply with all applicable regulations in this area. Every year, young boys with relevant qualifications from our neighbourhood community get internships which serve as a platform for them considering the fact they are able to work along GE experienced personnel and, under the guidance of our own senior management.

Besides the above, the owner/directors provide substantial services in their own local areas as follows:

Saifullah Foundation for Sustainable Development (SFSD) was established as an independent non-political, non-profit NGO registered under Khyber Pakhtunkhwa Social Welfare Agencies (Registration and Control Ordinance, 1961). Begum Kulsum Saifullah Khan (Hilal-e-Imtiaz), the founding Chairperson, was the inspiration behind its establishment. SFSD manages;

Saifullah Khan Trust
Akbar Kare Institute

SAIFULLAH KHAN TRUST (SKT)

SKT focuses on promotion of skill based education and, financial help to bright students in the shape of stipends. Around 300 students receive stipends each year. FM – 88 radio station was set up in 2004 in Lakki District for awareness oriented program and for entertainment. Both of these objectives are being achieved and FM 88 has gained huge popularity. Clean water facility has been provided to the village of Lawang Khel with a population of 2000 people. Earlier these villagers did not have access to clean drinking water despite an existing water supply scheme which had not functioned for 10 years.

AKBAR KARE INSTITUTE (AKI)

AKI is a therapy centre for all children of Khyber Pakhtunkhwa (K.P.K), Pakistan who have Motor Developmental Delay primarily due to Cerebral Palsy. Cerebral palsy is a disorder of movement, muscle tone or posture that is caused by injury or abnormal development in the immature brain, most often before birth.

As often happens with innovative new projects in the developing world, AKI was inspired by the personal experiences of one woman and her family. Costs and expenses have been met by the founding family through their organization, the Saifullah Foundation for Sustainable Development (SFSD). All services, aids, and referrals are free and no expense is passed onto the client families.

Operations Analysis

Comparison of Plant Operation For Year 2018 & 2017

Parameters	Units	2018	2017
Plant Operating Hours on Gas Fuel	Hrs	5,942	535
Plant Operating Hours on HSD Fuel	Hrs	15	3160
Utilization Factor	%	61.92	32.3
Load Factor	%	62.86	32.64
Complex Reliability Factor	%	99.49	97.73
Complex Start Up Reliability Factor	%	93.67	93.01
Generation on HSD Fuel	MWh	2,769	470,235
Generation on Gas Fuel	MWh	1,101,916	106,814
Net Generation	MWh	1,104,685	577,049
Period Hours	Hrs	8,760	8,760
Service Hours	Hrs	6,378	4,370
Standby Hours	Hrs	1,900	2,784
Available Hours	Hrs	8,278	7,154
Planned Outage Hours	Hrs	437	1,440
Unplanned Outage Hours	Hrs	44	166
Total Outage Hours	Hrs	482	1,606
Availability Factor	%	94.50	81.67

Chairperson's Review

Dear Shareholders

It gives me great pleasure to present the Company's Annual Report and Audited Financial Statements of the Company for the year ended December 31, 2018.

Your Company's performance has been better than last year. Details of financial and operational performance indicators have been described in more detail in Directors' Report to shareholders along with the Audited Financial Statements.

On behalf of the Board, I would like to acknowledge with thanks the contributions made by the management staff, employees, lender banks, suppliers, contractors, regulatory authorities, various government functionaries.

In the end, I would also like to thank our Shareholders, and all others Stakeholders for showing confidence and trust in the Company.

28 March 2019
Islamabad



Hoor Yousafzai
Chairperson

چیمبر پرسن کا جائزہ

31 دسمبر 2018ء کو ختم ہونے والے سال کا مستحکم مالی بیان

محترم شیئر ہولڈرز

میں، 31 دسمبر 2018ء کو ختم ہونے والے سال کے لئے کمپنی کے محاسبہ شدہ مالی بیانات کے ساتھ ساتھ کمپنی کی سالانہ رپورٹ پیش کرنا اپنے لیے باعث مسرت سمجھ رہی ہوں۔

آپ کی کمپنی کی کارکردگی گزشتہ سال سے بہتر رہی ہے۔ محاسبہ شدہ مالی بیانات کے ساتھ ساتھ مالیاتی اور آپریشنل کارکردگی کے اشارے کے بارے میں مزید تفصیلات شیئر ہولڈرز کے لیے تیار کی گئی ڈائریکٹرز کی رپورٹ میں بیان کی گئی ہیں۔

انتظامی عملے، کارکنوں، قرض دہندگان، بنکوں، سپلائرز، ٹھیکیداروں، ریگولیٹری اتھارٹی، مختلف حکومتی کارکنوں کی جانب سے ملنے والی شراکت کا میں، بورڈ کی طرف سے، شکریہ ادا کرتے ہوئے اعتراف کرتی ہوں۔

آخر میں، میں بھی اپنے شیئر ہولڈرز اور تمام اسٹیک ہولڈرز کا شکریہ ادا کرنا چاہوں گی کہ انہوں نے کمپنی پر اعتماد اور بھروسہ رکھا۔

Am Yusuf

حور یوسف زئی

چیمبر پرسن

28 مارچ 2019ء

اسلام آباد

DIRECTORS' REPORT TO THE MEMBERS

About the Company

Saif Power Limited (SPL) is an Independent Power Producer (IPP) and its power plant is located at Qadirabad, Sahiwal. The Complex – Combined Cycle Thermal Power Plant is a dual fuel power generating station where the primary fuel is natural gas and the backup fuel is High Speed Diesel (HSD). Gross Capacity of the plant is 225MWs with two Gas Turbines from GE France and a Steam Turbine from Siemens Sweden. The 6 FA.03 Gas Turbines are perhaps the most fuel efficient in the world in their rated capacity and, our combined cycle efficiency is the highest in Pakistan within such Gross capacity.

OPERATIONS

The Company continued to follow best practices to ensure Reliability, Availability and Operational Performance. Dispatch was 61.92% for the year as compared to 32.30% in 2017. Out of this, LNG accounted for 61.77% and HSD accounted for 0.15% (2017: LNG 5.98% and HSD 26.32%). Availability factor was at 94.50% as against 81.67% in 2017 (due to scheduled major maintenance) while reliability factor for the year was 99.49% as against 97.73% in 2017.

FINANCIAL PERFORMANCE

Your Company's performance has been steady. Turnover for current year is Rs.16,690 million as against Rs. 12,257 million of last year. Your Company's net profit for the year is Rs. 3,033 million (2017: Rs. 2,592 million).

Key Financial and Operating Data of last six years is as follows:

FOR THE YEAR ENDING DECEMBER	2018	2017	2016	2015	2014	2013
	-----Rupees in million-----					
Turnover	16,690	12,257	11,946	14,981	18,520	11,891
Gross Profit	4,065	3,478	3,188	3,290	3,746	3,145
Net Profit	3,033	2,592	2,312	2,063	1,988	1,224
Property, Plant and Equipment	13,294	13,688	14,213	14,802	15,353	15,966
Long term equity investment	631	-	-	-	-	-
Net worth	12,047	10,396	9,216	7,872	6,969	6,334
Long term financing	2,975	4,761	6,499	7,823	9,529	10,550
Short term borrowing	5,449	1,928	1,267	866	1,508	3,256
Earnings per share – (in rupees)	7.85	6.71	5.98	5.34	5.14	3.17
Dispatch level- (percentages)	61.92%	32.30%	58.79%	50.85%	41.99%	37.96%
Capacity Made Available-GWHs	1,784	1,786	1,675	1,652	1,746	1,512

Pending Issues

In the case against SNGPL, the arbitration award in Company's favor for an amount of Rs.239.68 million was challenged by SNGPL both in civil court and in Lahore High Court (LHC). However, as expected, the LHC dismissed the petition from SNGPL. Supreme Court of Pakistan also disposed-off the appeal. Company has also filed a petition in the Civil Court Lahore to obtain the enforcement Decree in lieu of the Arbitration award. This amount has already been adjusted against payables to SNGPL. Subsequently, SNGPL has filed suit for recovery before District Judge (Invested with Powers of the Gas Utility Court), Lahore against this adjustment and also has filed a request for Arbitration before the LCIA.

In the case against Power Purchaser, the Arbitrator has awarded Rs. 477.56 Million in Company's favour along with related Costs. Company has filed a petition in Lahore High Court for its enforcement. Power Purchaser also challenged partial and final award in UK as well as in Civil Courts, however, it withdrew from the UK courts during the year.

Receivable From Power Purchaser

The receivables have increased against corresponding last year. However, this is cyclical and, the GoP usually bails out the Power Purchaser. PACRA's rating for the Company is A+ in the long term and A1 in the short term while the Outlook has been determined as Stable.

Corporate Social Responsibility, Safety, Health and Quality

Your company works with all stakeholders to ensure that it complies with all applicable regulations; contributes to community development; provides highest standards of safety, health and environment; offers competitive wages and benefits to its employees. The parent company provides necessary support in this regard with a centralized process.

Impact of Company's Business on Environment

Your Company maintains a tight control on all type of emissions from the Plant and ensures that under no circumstances any value of the emission exceeds beyond the limits provided in the Environmental Protection Agency (EPA) guidelines.

Internal Audit and Control

The independent internal audit function headed by a qualified person reporting to the Audit Committee has been in operation since the listing of the Company. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its' internal control system, the safeguarding of assets, the accuracy and completeness of accounting records.

Adequacy of Internal Financial Controls

Your Company complies with the highest standards of Corporate Governance and internal controls are sound in design and have been effectively implemented and monitored.

Funded Gratuity Scheme

The Company operates a funded gratuity scheme, registered under the Income Tax Ordinance 2001 as Saif Power Limited Staff Gratuity Fund "the Fund", for all of its permanent employees completing

the minimum qualifying period of service as specified by the scheme. The value of investments by the fund amounts to Rs. 36.49 million (Approx.) as disclosed in the latest audited accounts of the fund.

Dividend

The board has recommended a final dividend of 13% (Rs. 1.3 per share) for the year ended 2018 to the shareholders for their approval in Annual General Meeting, in addition to interim dividend of 16.5% (Rs. 1.65 per share), making it a total dividend of 29.5% (Rs. 2.95 per share) as compared to 36.5% (Rs. 3.65 per share) for previous year. Unless there is any contingency, the Board of Directors of your company would continue with the policy of paying out all surplus cash available within the company.

Investment in Subsidiary

This represents equity investment in Saif Cement (Private) Limited ("SCPL"). SCPL is setting up a cement manufacturing plant near Saidulwali Village, Paharpur, Dera Ismail Khan, Khyber Pakhtunkhawa (KP). The Company during the year, acquired 63,100,000 fully paid ordinary shares of Rs. 10 each constituting 99.9% of the issued share capital of SCPL.

The Company intends to participate up to Rupees equivalent of US \$ 20 million in SCPL to acquire approximately 221 million ordinary shares (USD/ Rupee parity equal to Rupees 2,210 million which would be adjustable to the foreign exchange rates during the tenure of the project) at par value of Rs. 10 per share, in line with the approval from NEPRA and from the Company's shareholders at the extraordinary general meeting held on 28 February 2018. Accordingly, the Company's intended investment will eventually result in approximately 30% of equity of SCPL instead of currently held 99.9% of equity.

Subsequent to the financial year-end, to acquire shares of 5.55 million fully paid ordinary shares, share deposit money of Rs. 55.5 million has been paid.

Corporate and Financial Reporting Framework

Board of Directors

The activities of the Board are based on the requirements and duties laid down under relevant laws and Memorandum and Articles of Association of the Company. This compliance assists the Board in safeguarding the interests of all the stakeholders. The Board of Directors provides oversight in the governance, management and control of the Company and help in setting the goals, objectives and strategies of the Company and to formulating the policies and guidelines towards achieving such goals and objectives.

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

A	Male:	5
B	Female:	2

The composition of board is as follows:

A	Independent Director	1
B	Other Non-executive Director	6

The Chairperson of the Board is a non-executive director. The positions of Chairperson and CEO are held by separate individuals with clearly defined roles and responsibilities. As required by code of corporate governance, all directors are provided with sufficient information of their duties and responsibilities under respective laws and the Company's Memorandum and Articles of Association.

In compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

- The financial statements of the Company, prepared by the management of the Company, present its state of affairs fairly, including 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 departures therefrom (if any) have been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon Company's ability to continue as a 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.
- There has been no trading of shares by CEO, Directors, CFO, Company Secretary and their spouses.

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

Name of Directors	Status	Meetings attended
Mr. Omar Saifullah Khan	Resigned	01/01
Mr. Osman Saifullah Khan	Elected	03/04
Mr. Jehangir Saifullah Khan	Elected	03/04
Mrs. Hoor Yousafzai-Chairperson	Elected	03/04
Mr. Assad Saifullah Khan	Elected	04/04
Ms. Jehannaz Saifullah Khan	Elected	03/04
Mr. Rana Muhammad Shafi	Appointed	00/02
Mr. Shahid Ghaffar	Resigned	00/01
Mr. Omar Ayub Khan	Resigned	01/02
Mr. Naved Abid Khan	Appointed	00/00

Leave of absence was granted to Director(s) who could not attend any meeting. The current term of the directors shall stand completed in October 2020 when fresh elections will be held for appointment of directors through general meeting of the shareholders.

Subsequent to year end Mr. Rana Muhammad Shafi resigned on 8 March 2019 and to fill causal vacancy so created, Mr. Javed Saifullah Khan was appointed as Director by the board on 15 March 2019.

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

Name of Directors	Status	Meetings attended
Mr. Omar Ayub Khan	Resigned	02/03
Mr. Osman Saifullah Khan	Member	03/04
Mr. Jehangir Saifullah Khan	Member	03/04
Mr. Shahid Ghaffar	Resigned	00/00
Mr. Naved Abid Khan	Chairman	00/00

During the year, one HR and Remuneration Committee was held, attendance position was as under:-

Name of Directors	Status	Meetings attended
Mr. Naved Abid Khan	Chairman	00/00
Mr. Jehangir Saifullah Khan	Member	01/01
Mr. Assad Saifullah Khan	Member	01/01
Mr. Omar Ayub Khan	Resigned	00/00

Leave of absence was granted to Director(s) who could not attend any meeting.

Directors' Remuneration

Chairman, non-executive directors and independent directors are entitled only for the fee for attending the meetings. The level of remuneration are appropriate and commensurate with the level of responsibility.

Directors' Training

One of the directors who joined during the year had already completed director training under directors' training program duly approved by SECP. The total number of directors who have completed/ are exempt from training is four out of seven directors.

Related Party Transactions

Transaction undertaken with related parties during the year have been ratified by audit committee and approved by the Board.

Pattern of Shareholding

The statement of pattern of shareholding as on 31 December, 2018 is given on page no 128.

Auditors

The present auditors M/s KPMG Taseer Hadi & Co, Chartered Accountants, Islamabad retire and being eligible, offer themselves for re-appointment for the year 2019. The Audit Committee and the Board of Directors of the Company have endorsed their re-appointment for shareholders' consideration in the forthcoming AGM.

Acknowledgement

The Directors of your company would like to show their appreciation to their customers, suppliers, financial institutions, regulators and to all other stakeholders for their cooperation and support during the year.

The Directors of your company would also like to express their deep appreciation for the services, loyalty and efforts being continuously rendered by the employees of the company and hope that they will continue to do so in the future.

The Board would like to record its appreciation for the invaluable contributions rendered by the outgoing directors and welcomes the new directors.

For and on behalf of the Board



Sohail H. Hydari

Chief Executive Officer



Hoor Yousafzai

Chairperson

Islamabad: 28 March, 2019

اس سال کے دوران، ایک HR اور ریویژن کمیٹی منعقد کی گئی، حاضری درج ذیل رہی:

ڈائریکٹر کا نام	سٹیٹس	شرکت کردہ اجلاس کی تعداد
محترم/ نوید عابد خان	چیئر مین	00/00
محترم/ جہانگیر سیف اللہ خان	ممبر	01/01
محترم/ اسد سیف اللہ خان	ممبر	01/01
محترم/ عمر ایوب خان	مستغفی	00/00

بورڈ نے ان منتظمین کو رخصت دی تھی جو کسی بھی اجلاس میں شرکت نہیں کر سکتے تھے۔

ڈائریکٹرز کے لیے معاوضہ:

چیئر مین، غیر ایگزیکٹو ڈائریکٹرز اور آڈٹ ڈائریکٹرز صرف اجلاسوں میں شرکت کے لئے فیس کے حقدار ہیں۔ معاوضے کا لیول ذمہ داری کے لیول کے موافق و مناسب ہے۔

ڈائریکٹرز کی ٹریننگ:

اس سال شمولیت اختیار کرنے والے ڈائریکٹرز نے "SECP" کی طرف سے منظور شدہ "ڈائریکٹرز ٹریننگ پروگرام" کے تحت پہلے ہی ڈائریکٹرز ٹریننگ مکمل کر لی تھی۔ ٹریننگ مکمل کرنے والے یا ٹریننگ سے مستثنیٰ ڈائریکٹرز کی تعداد سات میں سے چار ہے۔

متعلقہ پارٹی (related party) کی لین دین:

سال کے دوران متعلقہ فریقوں (related parties) کے ساتھ کئے گئے لین دین کی آڈٹ کمیٹی کی طرف سے توثیق ہو چکی ہے اور اسے بورڈ کی طرف سے منظور کیا گیا ہے۔

شیئر ہولڈنگ پیٹرن:

شیئر ہولڈنگ پیٹرن کا بیان جیسا کہ 31 دسمبر 2018ء کو تھا، صفحہ نمبر 128 پر دیا گیا ہے۔

آڈیٹرز:

موجودہ آڈیٹرز KPMG "تا شری ہادی اینڈ کمپنی"، چارٹرڈ اکاؤنٹنٹس، اسلام آباد جو کہ ریٹائرڈ ہیں اور دوبارہ تعیناتی کے اہل ہیں، وہ سال 2019ء میں اپنی دوبارہ تعیناتی کے لیے پیش کش کرتے ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی نے ان ریٹائرڈ آڈیٹرز کی دوبارہ تعیناتی کے لیے تصدیق کی ہے تاکہ شیئر ہولڈرز آئندہ ہونے والے سالانہ اجلاس میں اس پر غور کریں۔

اعتراف:

آپ کی کمپنی کے ڈائریکٹرز اپنے کسٹمرز، سپلائرز، مالیاتی اداروں، ریگولیٹرز اور دیگر تمام اسٹیک ہولڈرز کے لیے تعریفی کلمات کہنا چاہتے ہیں جنہوں نے اس سال اپنا تعاون اور حمایت پیش کی۔

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے ملازمین کی طرف سے مسلسل پیش کی گئی خدمات، وفاداری اور کوششوں کے لیے گہری تعریف کا اظہار کرنا چاہتے ہیں اور امید کرتے ہیں کہ وہ مستقبل میں بھی ایسا ہی کریں گے۔

بورڈ، موجودہ ڈائریکٹرز کی طرف سے فراہم کردہ قیمتی شراکت کے لئے اپنی تعریف ریکارڈ کرنا چاہتا ہے اور نئے ڈائریکٹرز کا خیر مقدم کرتا ہے۔

بورڈ آف ڈائریکٹرز کی جگہ اور بورڈ کی نیابت سے:

Am Yussuf

حور یوسف زئی

چیئر پرسن

سہیل ایچ۔ حیدری

چیف ایگزیکٹو آفیسر

اسلام آباد: 28 مارچ 2019ء

- ان مالیاتی بیانات کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS)، جو کہ پاکستان میں قابل عمل ہیں، کی پیروی کی گئی ہے اور ہر چیز کی مناسب طور پر وضاحت کر دی گئی ہے۔
 - داخلی کنٹرول کا نظام ڈیزائن میں مستحکم ہے، اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی اچھے سے نگرانی کی گئی ہے۔
 - حالیہ تشریح (going concern) کے طور پر جاری رکھنے کے لئے کمپنی کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
 - بورڈ کے تمام ڈائریکٹرز، کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے مکمل طور پر واقف ہیں۔ ڈائریکٹرز کو واقفیتی کورسز کے ذریعے ان کے فرائض اور ذمہ داریوں کے بارے میں آگاہ کیا گیا تھا۔
 - چیف ایگزیکٹو آفیسر، ڈائریکٹرز، سینٹ فیکٹری آفیسر، کمپنی سیکرٹری اور ان کی بیوی بچوں کی طرف سے کمپنی کے حصص میں کوئی ٹریڈنگ نہیں ہوئی۔
- اس سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ ہر تنظیم کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	سیٹس	شرکت کردہ اجلاس کی تعداد
محترم/عمر سیف اللہ خان	مستغنی	01/01
محترم/عثمان سیف اللہ خان	منتخب	04/03
محترم/جہانگیر سیف اللہ خان	منتخب	04/03
محترم/حور یوسف زئی۔ چیئر پرسن	منتخب	04/03
محترم/اسد سیف اللہ خان	منتخب	04/04
محترم/جہاں ناز سیف اللہ خان	منتخب	04/03
محترم/رانا محمد شفیع	منتخبین	02/00
محترم/شاد غفار	مستغنی	01/00
محترم/عمر ایوب خان	مستغنی	02/01
محترم/نوید عابد خان	منتخبین	00/00

بورڈ نے ان منتظمین کو رخصت دی تھی جو کسی بھی اجلاس میں شرکت نہیں کر سکتے تھے۔ ڈائریکٹرز کی موجودہ مدت اکتوبر 2020 میں مکمل ہوگی جب شیئر ہولڈرز کی عمومی میٹنگ کے ذریعے ڈائریکٹرز کی تقرری کے لئے نئے انتخابات کیے جائیں گے۔

سال کے اختتام کے بعد محترم رانا محمد شفیع نے 8 مارچ 2019 کو استعفیٰ دے دیا اور اس سے پیدا ہونے والے خلا کو پُر کرنے کیلئے بورڈ نے 15 مارچ 2019 کو محترم جاوید سیف اللہ خان کو ڈائریکٹر مقرر کیا۔

اس سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے، حاضری درج ذیل رہی:

ڈائریکٹر کا نام	سیٹس	شرکت کردہ اجلاس کی تعداد
محترم/عمر ایوب خان	مستغنی	03/02
محترم/عثمان سیف اللہ خان	ممبر	04/03
محترم/جہانگیر سیف اللہ خان	ممبر	04/03
محترم/شاد غفار	مستغنی	00/00
محترم/نوید عابد خان	چیئر مین	00/00

ٹانوی چیزوں میں سرمایہ کاری:

یہ سیف سیمنٹ (پرائیویٹ) لمیٹڈ ("SCPL") میں ایکویٹی سرمایہ کاری کی نمائندگی کرتا ہے۔ "SCPL" سہ ماہی گاؤں، پہاڑ پور، ڈیرہ اسماعیل خان، خیبر پختونخواہ (کے پی) میں ایک سیمنٹ مینوفیکچرنگ پلانٹ قائم کر رہی ہے۔ اس سال کے دوران کمپنی نے، "SCPL" کے جاری کردہ شیئر کیپٹل کے 99.9 فیصد تشکیل دیتے ہوئے، 10 روپے والے 63,100,000 مکمل طور پر ادا شدہ عام حصص حاصل کیے۔

کمپنی کا مقصد SCPL میں 20 ملین امریکی ڈالر کے برابر روپوں تک کا حصہ لینا ہے تاکہ 10 روپے فی شیئر کی قیمت والے 221 ملین عام شیئرز (ڈالر/روپے) جو کہ 2,210 ملین روپے کے برابر ہیں اور جو کہ اس منصوبے کے عمل کے دوران غیر ملکی کرنسی کی شرح کے مطابق قابل اصلاح ہوں گے) حاصل کیے جائیں، اور یہ 28 فروری 2018ء کو منعقد ہونے والے غیر معمولی عمومی اجلاس میں کمپنی کے شیئر ہولڈرز سے منظوری اور NEPRA سے منظوری کے مطابق ہے۔ اس لحاظ سے اس کا بتدریج نتیجہ یہ نکلے گا کہ، کمپنی کی مقصود سرمایہ کاری سے SCPL کی ایکویٹی 30 فیصد ہوگی جو کہ فی الحال 99.9 فیصد ہے۔

مالی سال کے اختتام کے بعد، 55.5 ملین کے مکمل طور پر ادا شدہ عام شیئرز حاصل کرنے کے لئے، 55.5 ملین روپے کی شیئر ڈیپوزٹ رقم ادا کر دی گئی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

بورڈ آف ڈائریکٹرز:

بورڈ کی سرگرمیاں ان ضروریات اور فرائض پر مبنی ہیں جو کہ متعلقہ قوانین اور کمپنی کے آرٹیکل آف ایسوسی ایشن اور میمورینڈم کے مطابق طے ہیں۔ یہ تعین تمام حصص کنندگان کے مفادات کی حفاظت میں بورڈ کی مدد کرتی ہے۔ بورڈ آف ڈائریکٹرز کمپنی کی گورننس، انتظام اور کنٹرول میں نگرانی فراہم کرتا ہے نیز کمپنی کے اہداف و مقاصد اور حکمت عملی کو ترتیب دینے میں مدد کرتا ہے اس کے علاوہ ان اہداف و مقاصد کو حاصل کرنے کے لیے پالیسیاں اور ہدایات تشکیل دینے میں مدد دیتا ہے۔

ڈائریکٹرز کی کل تعداد سات ہے جو کہ اس طرح ہے:

اے	مرد	5
بی	خواتین	2

بورڈ کی تشکیل مندرجہ ذیل ہے:

اے	آزاد ڈائریکٹر	1
بی	دیگر غیر ایکویٹیڈ ڈائریکٹر	6

بورڈ کا چیئر مین ایک غیر ایکویٹیڈ ڈائریکٹر ہے۔ چیئر مین اور چیف ایگزیکٹو آفیسر کے عہدوں پر الگ الگ افراد فائز کیے جاتے ہیں، جن کے فرائض اور ذمہ داریاں واضح طور پر بیان کی گئی ہیں۔ جیسا کہ کارپوریٹ گورننس کوڈ کے تحت یہ مطلوب ہے کہ، تمام ڈائریکٹرز کو متعلقہ قوانین اور کمپنی کے آرٹیکل آف ایسوسی ایشن اور میمورینڈم کے مطابق ان کے فرائض اور ذمہ داریوں کے بارے میں کافی معلومات فراہم کی جائیں۔

کارپوریٹ گورننس کے کوڈ کی کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کے مطابق، ڈائریکٹرز نے مندرجہ ذیل تصدیق کی ہے:

- کمپنی انتظامیہ کی طرف سے تیار کردہ کمپنی کے مالی بیانات کمپنی کے کاموں کی حالت کو منصفانہ طور پر پیش کرتے ہیں جس میں اس کے آپریشنز، نقد رقم کے بہاؤ اور ایکویٹی میں تبدیلیوں کے نتائج شامل ہیں۔
- کمپنی کے اکاؤنٹ کی مناسب کتابوں کو برقرار رکھا جا چکا ہے۔
- ان مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کر دیا گیا ہے اور اکاؤنٹنگ اندازہ جات کی بنیاد معقول اور منصفانہ فیصلہ پر رکھی گئی ہے۔

کمپنی نے ثالثی ایوارڈ کے عوض میں نافذ کرنے والے فرمان کو حاصل کرنے کے لئے سول کورٹ لاہور میں ایک درخواست بھی درج کی ہے۔ یہ رقم پہلے ہی سوئی ناردرن کو قابل ادائیگی رقم کے برخلاف ایڈجسٹ کر دی گئی ہے۔ اس کے بعد SNGPL نے ضلع جج لاہور (گیس یونٹوں کو کورٹ کے اختیارات کے حامل) کے پاس اس ایڈجسٹمنٹ کے خلاف درخواست دائر کی ہے اور LCIA کے پاس بھی ثالثی کی درخواست دائر کی ہے۔

بجلی خریداروں کے معاملے میں، ثالثی نے متعلقہ اخراجات کے ساتھ ساتھ کمپنی کے حق میں 477.56 ملین روپے ایوارڈ کیے ہیں۔ کمپنی نے لاہور ہائی کورٹ میں اس کے نفاذ کے لئے درخواست دی ہے۔ بجلی خریدار نے برطانیہ اور سول کورٹ میں جزی اور فائل ایوارڈ کو بھی چیلنج کیا ہے، تاہم، اس سال کے دوران یہ کیس برطانیہ کی عدالت سے نکل گیا ہے۔

بجلی خریدار سے قابل وصول:

گذشتہ سال کے مقابلے میں اس سال قابل وصول رقم میں اضافہ ہوا ہے۔ تاہم، یہ گردش عمل ہے اور حکومت پاکستان عام طور پر بجلی خریدار کو ضمانت پر چھوڑ دیتی ہے۔ "PACRA" کی طرف سے کمپنی کی طویل مدتی درجہ بندی میں A+ ہے اور کم مدتی میں A1 ہے جب کہ آؤٹ لک کو مستحکم قرار دیا گیا ہے۔

کارپوریٹ کی سماجی ذمہ داری، حفاظت، صحت اور معیار:

آپ کی کمپنی تمام اسٹیک ہولڈرز کے ساتھ اس بات کو یقینی بناتے ہوئے کام کرتی ہے کہ یہ کمپنی تمام قابل اطلاق قوانین پر عمل پیرا ہوتی ہے، کمیونٹی کی ترقی کے لئے حصہ ڈالتی ہے؛ حفاظت، صحت اور ماحول کے اعلیٰ ترین معیارات فراہم کرتی ہے؛ اپنے ملازمین کو مسابقتی تنخواہ اور فوائد مہیا کرتی ہے۔ پیرنٹ کمپنی ایک مرکزی عمل کے ساتھ اس سلسلے میں ضروری مدد فراہم کرتی ہے۔

ماحول پر کمپنی کے کاروبار کا اثر:

آپ کی کمپنی پلانٹ سے نکلنے والے ہر قسم کے اخراج پر سخت کنٹرول برقرار رکھتی ہے اور اس بات کو یقینی بناتی ہے کہ چاہے کچھ بھی حالات ہوں، اخراج، ماحولیاتی تحفظ ایجنسی (EPA) کی ہدایات میں فراہم کردہ حدود سے تجاوز نہ کرے۔

داخلی آڈٹ اور کنٹرول:

آڈٹ کمیٹی کو رپورٹنگ کرنے والے ایک تعلیم یافتہ شخص کی سربراہی میں "خود مختار داخلی آڈٹ فنکشن" کمپنی کی لسٹنگ کے بعد سے مسلسل فعال رہا ہے۔ کمپنی کے اندر اندر داخلی آڈٹنگ کی گنجائش واضح طور پر بیان کی گئی ہے جس میں وسیع پیمانے پر اس کے داخلی کنٹرول سسٹم کی نظر ثانی اور تنقیح، اثاثوں کی حفاظت، اکاؤنٹنگ ریکارڈ کی درستگی اور تکمیل شامل ہے۔

داخلی مالیاتی کنٹرول کا مناسب معیار:

آپ کی کمپنی کارپوریٹ گورننس کے اعلیٰ معیار کے مطابق ہے اور داخلی کنٹرول ڈیپارٹمنٹ میں مضبوط ہے نیز مؤثر طور پر اس کا نفاذ اور نگرانی کی گئی ہے۔

فنڈز فراہم کردہ گریجویٹ اسکیم:

کمپنی ایک ایسی فنڈز فراہم کردہ گریجویٹ اسکیم چلاتی ہے جو کہ اس سال کے دوران "انکم ٹیکس آرڈیننس" 2001 کے تحت منظور ہوئی، اور یہ "فنڈ" سیف پاور لیٹیڈ شاف گریجویٹ فنڈ، کمپنی کے ان تمام مستقل ملازمین کے لیے ہے جو کہ اسکیم کے طرف سے مخصوص کردہ سروس کی کم از کم کو الیفانٹ مدت کو مکمل کرتے ہیں۔ فنڈ کے ضمن میں سرمایہ کاری کی قیمت (تقریباً) 36.49 ملین روپے ہے جیسا کہ فنڈ کے تازہ ترین آڈٹ شدہ اکاؤنٹس میں انکشاف کیا گیا ہے۔

تقسیم شدہ منافع:

بورڈ نے سالانہ عمومی اجلاس میں منظوری کے لیے 2018 کو ختم ہونے والے سال کے لئے شیئر ہولڈرز کو 13 فیصد (1.3 روپے فی شیئر) تقسیم شدہ منافع کی سفارش کی ہے، 16.5 فیصد (1.65 روپے فی شیئر) عبوری منافع میں اضافہ کے ساتھ، جس سے ان کا مجموعی تقسیم شدہ منافع 29.5 فیصد (2.95 روپے فی شیئر) ہو جائے گا جو کہ گذشتہ سال مقابلاً 36.5 فیصد (3.65 روپے فی شیئر) تھا۔ جب تک کوئی ہنگامی صورت حال نہیں ہوگی، آپ کی کمپنی کے بورڈ آف ڈائریکٹرز، کمپنی کے اندر تمام سرپلس نقد کی ادائیگی کی پالیسی کو جاری رکھیں گے۔

ممبران کے لیے ڈائریکٹرز کی رپورٹ

کمپنی کے بارے میں:

"سیف پاور لمیٹڈ (SPL)" بجلی پیدا کرنے والا ایک خود مختار (IPP) ادارہ ہے اور اس کا بجلی گھر قادر آباد، ساہیوال میں ہے۔ "کمپلیکس-کمپائٹڈ سائیکل تھرمل پاور پلانٹ" دو ایندھن کی مدد سے بجلی پیدا کرنے والا ایک ایسا اسٹیشن ہے جہاں پرائمری ایندھن، "قدرتی گیس" ہے اور بیک اپ ایندھن، "ہائی سپیڈ ڈیزل (HSD)" ہے۔ جنرل الیکٹرک فرانس کے دو طرفہ گیس ٹربائن اور سیمز سوئیڈن کے ایک سٹیٹم ٹربائن کے ساتھ پلانٹ کی مجموعی پیداواری صلاحیت 225 میگا واٹ ہے۔ "6FA.03" ہبوی ڈیوٹی گیس ٹربائن اپنی درجہ بندی کی صلاحیت میں ایندھن کے لحاظ سے شاید دنیا میں سب سے موثر ہیں اور مجموعی صلاحیت کے لحاظ سے ہماری یہ مشترکہ آگے بڑھنے کی کارکردگی پاکستان میں سب سے زیادہ ہے۔

کارکردگی:

اعتماد، دستیابی اور آپریشنل کارکردگی کو یقینی بنانے کے لیے کمپنی نے بہترین کارکردگی کا مظاہرہ کیا ہے۔ اس سال تریبل 61.92 فیصد رہی جب کہ اس کے مقابلے میں سال 2017ء میں تریبل 32.30 فیصد تھی۔ جس میں "ایل این جی" کا حصہ 61.77 فیصد رہا اور "ہائی سپیڈ ڈیزل (HSD)" کا حصہ 0.15 فیصد رہا (جبکہ سال 2017ء میں "ایل این جی" کا حصہ 5.98 فیصد اور "ہائی سپیڈ ڈیزل" کا حصہ 26.32 فیصد تھا)۔ دستیابی کا عنصر 94.50 فیصد رہا جو کہ سال 2017ء میں 81.67 فیصد تھا (شیدول ممبر مینٹیننس اس کی اہم وجہ بنی) جبکہ اعتمادیت کا عنصر اس سال 99.49 فیصد رہا جو کہ سال 2017ء میں 97.73 فیصد تھا۔

مالیاتی کارکردگی:

آپ کی کمپنی کی کارکردگی مستحکم رہی ہے۔ کمپنی کی کل مجموعی فروخت 16,690 ملین روپے رہی جو کہ گذشتہ سال 12,257 ملین روپے تھی۔ اس سال آپ کی کمپنی کا خالص منافع 3,033 ملین روپے ہے (جو کہ سال 2017ء میں 2,592 ملین روپے تھا)۔

گزشتہ 6 سال کا اہم مالیاتی ڈیٹا درج ذیل ہے:

دسمبر میں ختم ہونے والا سال	2018ء	2017ء	2016ء	2015ء	2014ء	2013ء
کاروبار	16,690	12,257	11,946	14,981	18,520	11,891
مجموعی منافع	4,065	3,478	3,188	3,290	3,746	3,145
خالص منافع	3,033	2,592	2,312	2,063	1,988	1,224
پراپرٹی، پلانٹ اور سامان	13,294	13,688	14,213	14,802	15,353	15,966
طویل مدتی ایکٹیو سرمایہ کاری	631	-	-	-	-	-
نیٹ مالیت	12,047	10,396	9,216	7,872	6,969	6,334
طویل مدتی فنانسنگ	2,975	4,761	6,499	7,823	9,529	10,550
مختصر مدت کے قرضوں کے حصول	5,449	1,928	1,267	866	1,508	3,256
نی شیئر آمدنی - (روپے میں)	7.85	6.71	5.98	5.34	5.14	3.17
تریبل کالیول - (فیصدی)	61.92%	32.30%	58.79%	50.85%	41.99%	37.96%
دستیاب صلاحیت - GWHS	1,784	1,786	1,675	1,652	1,746	1,512

زیر التواء مسائل:

سوئی ناردرن گیس کے خلاف 239.68 ملین روپے کے لئے کمپنی کے حق میں ثالثی ایوارڈ کو سوئی ناردرن کی طرف سے سول عدالت اور لاہور ہائی کورٹ دونوں میں چیلنج کیا گیا تھا۔ تاہم، توقع کے مطابق، لاہور ہائی کورٹ نے سوئی ناردرن کی جانب سے دائر درخواست کو مسترد کر دیا۔ سپریم کورٹ آف پاکستان نے بھی اس ایپیل کو مسترد کر دیا۔

Statement of Compliance with Listed Companies (Code of Corporate Governance)

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

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

a	Male:	5
b	Female:	2

2. The composition of board is as follows:

a	Independent Director	1
b	Other Non-executive Director	6
c	Executive Directors	0

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board had arranged Directors' Training program for the following:
- Mrs. Hoor Yousafzai
 - Mr. Jehangir Saifullah Khan
 - Mr. Assad Saifullah Khan
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

a) Audit Committee

■ Mr. Naved Abid Khan	Chairman
■ Mr. Osman Saifullah Khan	Member
■ Mr. Jehangir Saifullah Khan	Member

b) HR and Remuneration Committee

■ Mr. Naved Abid Khan	Chairman
■ Mr. Jehangir Saifullah Khan	Member
■ Mr. Assad Saifullah Khan	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

a) Audit Committee	-Quarterly
b) HR and Remuneration Committee	-On requirement

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan; that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.



Sohail H. Hydari
Chief Executive Officer



Hoor Yousafzai
Chairperson

Islamabad
28 March 2019

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Saif Power Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Saif Power Limited for the year ended 31 December 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2018.



KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
28 March 2019

INDEPENDENT AUDITORS' REPORT

To the Members of Saif Power Limited

Report on the audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Saif Power Limited, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of the profit or loss and other comprehensive income or loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are

independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the Key audit matters.

Sr No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Trade debts (Refer note 15.1, 15.2 and 15.3 to the financial statements)</p> <p>Trade debts include an overdue amount of Rs 6.72 billion, receivable from National Transmission and Dispatch Company (NTDC). The Company considers this amount to be fully recoverable as this is secured by guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA).</p> <p>Further, we draw attention to note 15.2 and 15.3 to the financial statements, which describe the matters regarding the recoverability and adjustment of certain trade debts.</p> <p>We considered the matter as key audit matter due to the quantum, age of overdue amounts and management’s judgment relating to disputed amounts.</p>	<p>Our audit procedures in relation to the matter included:</p> <ul style="list-style-type: none"> • Circularized request for direct confirmation of balance due from NTDC, reviewed confirmation directly received from NTDC and tested the reconciliation; • Checked, on sample basis, trade debts ageing report classification within the appropriate ageing bracket with underlying documentation; • Checked, on sample basis, cash receipts from NTDC subsequent to financial year end relating to year end balance with underlying documentation; • Held discussions at appropriate level of management and Audit Committee to assess their views on the timing of settlement and recoverability of trade debts; • With respect to disputed trade debts, (a) Obtained confirmation from the Company’s external legal advisor and reviewed the related arbitration orders; (b) Evaluated technical ability of the external legal advisors used by the Company; (c) Assessed the matter under applicable accounting frame work; and • Reviewed related disclosures made in the financial statements regarding the matter.

<p>2.</p>	<p>Recognition of Revenue</p> <p>(Refer to note 4.9 and 20 to the financial statements)</p> <p>The Company is engaged in sale of electricity to National Transmission and Dispatch Company (NTDC).</p> <p>The Company recognized gross revenue during the year from Capacity Purchase Price (CPP) and Energy Purchase Price (EPP) amounting to Rs. 13.686 billion and Rs. 4.995 billion respectively.</p> <p>We considered this as key audit matter due to the significance of the amounts requiring significant time and resource due to magnitude and revenue being a key economic indicator of the Company.</p>	<p>Our audit procedures in relation to the matter included:</p> <ul style="list-style-type: none"> • Tested the design, implementation and operating effectiveness of the relevant key internal controls which govern revenue recognition from the sale of electricity; • Assessed whether appropriate revenue recognition policies are applied in accordance with applicable accounting and reporting framework; • Analyzed Power Purchase Agreement (PPA) to evaluate whether revenue was recognized in accordance with the terms of PPA; • Performed substantive test of details on sale transactions by inspecting the underlying documentation; • Performed recalculation of EPP revenue based on electricity produced and CPP revenue based on capacity available; and • Reviewed related disclosures made in the financial statements regarding the matter.
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Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 31 December 2018, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditors' report is Inam Ullah Kakra.



KPMG Taseer Hadi & Co.

Chartered Accountants

Islamabad

28 March 2019

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 Rupees	2017
SHARE CAPITAL AND RESERVES			
Share capital	5	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		8,182,507,613	6,531,380,266
Total equity		12,047,225,403	10,396,098,056
Liabilities			
Long term financing	6	652,714,443	2,858,104,162
Sub-ordinated loan	7	799,618,050	762,252,708
Liabilities against assets subject to finance lease	8	8,808,920	11,381,837
Non-current liabilities		1,461,141,413	3,631,738,707
Trade and other payables	9	1,039,856,731	1,424,571,570
Short term borrowings	10	5,448,553,994	1,927,513,747
Current portion of non-current liabilities	11	2,486,085,146	1,909,106,803
Markup accrued		550,426,755	379,873,196
Unclaimed dividend		10,190,825	6,654,069
Current liabilities		9,535,113,451	5,647,719,385
Total liabilities		10,996,254,864	9,279,458,092
Total equity and liabilities		23,043,480,267	19,675,556,148
Contingencies and commitments	12		

The annexed notes 1 to 34 form an integral part of these financial statements.

	Note	2018	2017
		Rupees	
ASSETS			
Property, plant and equipment	13	13,294,424,176	13,687,610,378
Investment in subsidiary	14	631,000,000	-
Long term deposits		3,331,810	3,834,710
Non-current assets		13,928,755,986	13,691,445,088
Advance income tax		13,980,237	12,372,853
Stock in trade - HSD		134,110,136	127,995,836
Trade debts	15	8,415,730,184	5,383,547,937
Other receivables	16	498,002,758	407,449,846
Advances	17	919,117	1,482,758
Trade deposits and short term prepayments	18	51,686,607	46,837,326
Bank balances	19	295,242	4,424,504
Current assets		9,114,724,281	5,984,111,060
Total assets		23,043,480,267	19,675,556,148



Chief Financial Officer



Director



Chief Executive Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Note	2018 Rupees	2017
Turnover - net	20	16,690,327,029	12,257,197,103
Cost of sales	21	(12,625,322,730)	(8,779,522,661)
Gross profit		4,065,004,299	3,477,674,442
Other income	22	2,134,826	4,185,386
Administrative expenses	23	(139,565,844)	(182,395,624)
Finance cost	24	(894,492,401)	(707,339,260)
Profit for the year		3,033,080,880	2,592,124,944
Earnings per share - basic and diluted	25	7.85	6.71

The annexed notes 1 to 34 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	2018	2017
		<u>Rupees</u>	
Profit for the year		3,033,080,880	2,592,124,944
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit liability	9.2.1 & 9.2.2	(9,978,718)	(1,183,696)
Total comprehensive income for the year		<u>3,023,102,162</u>	<u>2,590,941,248</u>

The annexed notes 1 to 34 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Note	2018	2017
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year		3,033,080,880	2,592,124,944
Adjustments for:			
Provision for staff retirement benefits - gratuity	9.2.2	6,336,213	8,183,592
Depreciation	13	594,432,179	591,532,040
Finance cost	24	894,492,401	707,339,260
Gain on sale of property, plant and equipment	22	(243,500)	-
Insurance claim	22	(34,012)	(87,000)
Profit on deposit accounts	22	(15,717)	(147,646)
Return on investments	22	(1,480,932)	(3,532,349)
		<u>4,526,567,512</u>	<u>3,895,412,841</u>
Changes in:			
Stock in trade		(6,114,300)	118,784
Trade debts		(3,032,182,247)	(1,006,228,802)
Other receivable		(90,552,912)	(111,366,931)
Advances		563,641	837,276
Trade deposits and prepayments		(4,849,281)	849,414
Trade and other payables		(392,050,482)	262,771,950
Cash generated from operating activities		<u>1,001,381,931</u>	<u>3,042,394,532</u>
Income taxes paid		(1,607,384)	(424,981)
Finance cost paid		(723,938,842)	(654,528,959)
Staff retirement benefits paid		(8,979,288)	(36,623,422)
Net cash generated from operating activities		<u>266,856,417</u>	<u>2,350,817,170</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(4,034,117)	(9,184,401)
Decrease in long term deposits		502,900	328,050
Proceeds from sale of property, plant and equipment		315,000	-
Acquisition of subsidiary	14	(631,000,000)	-
Insurance claim received		39,600	87,000
Profit on deposit accounts	22	15,717	147,646
Return on investments - receipt	22	1,480,932	3,532,349
Net cash used in investing activities		<u>(632,679,968)</u>	<u>(5,089,356)</u>
Cash flows from financing activities			
Repayment of long term financing		(1,786,097,130)	(1,738,206,389)
Dividends paid		(1,368,438,059)	(1,410,621,993)
Short term borrowings - net		3,521,040,247	660,640,674
Payment of finance lease liabilities		(4,810,769)	(5,878,667)
Net cash generated from / (used in) financing activities	30	<u>361,694,289</u>	<u>(2,494,066,375)</u>
Net decrease in cash and cash equivalents		<u>(4,129,262)</u>	<u>(148,338,561)</u>
Cash and cash equivalents at 01 January		<u>4,424,504</u>	<u>152,763,065</u>
Cash and cash equivalents at 31 December	19	<u>295,242</u>	<u>4,424,504</u>

The annexed notes 1 to 34 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital	Unappropriated profit	Total equity
	Rupees		
Balance at 01 January 2017	3,864,717,790	5,351,061,011	9,215,778,801
Total comprehensive income for the year			
Profit for the year	-	2,592,124,944	2,592,124,944
Other comprehensive income for the year	-	(1,183,696)	(1,183,696)
Total comprehensive income for the year	-	2,590,941,248	2,590,941,248
Transaction with owners of the Company			
Distributions			
Final dividend - 2016 @ Rs. 1.90 per share	-	(734,296,380)	(734,296,380)
First interim dividend - 2017 @ Rs. 1.75 per share	-	(676,325,613)	(676,325,613)
Total transactions with owners of the Company	-	(1,410,621,993)	(1,410,621,993)
Balance at 31 December 2017	<u>3,864,717,790</u>	<u>6,531,380,266</u>	<u>10,396,098,056</u>
Balance at 01 January 2018	3,864,717,790	6,531,380,266	10,396,098,056
Total comprehensive income for the year			
Profit for the year	-	3,033,080,880	3,033,080,880
Other comprehensive income for the year	-	(9,978,718)	(9,978,718)
Total comprehensive income for the year	-	3,023,102,162	3,023,102,162
Transaction with owners of the Company			
Distributions			
Final dividend - 2017 @ Rs. 1.90 per share	-	(734,296,380)	(734,296,380)
First interim dividend - 2018 @ Rs. 1.65 per share	-	(637,678,435)	(637,678,435)
Total transactions with owners of the Company	-	(1,371,974,815)	(1,371,974,815)
Balance at 31 December 2018	<u>3,864,717,790</u>	<u>8,182,507,613</u>	<u>12,047,225,403</u>

The annexed notes 1 to 34 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

1 Reporting entity

Saif Power Limited ("the Company") was incorporated in Pakistan on 11 November 2004 as a public limited company under the repealed Companies Ordinance, 1984 (which has now been replaced by the Companies Act, 2017) and commenced operations from 30 April 2010. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a combined cycle power plant having nameplate capacity of 225 MW (ISO) and sell the electricity to National Transmission and Despatch Company (NTDC). The Company is a subsidiary of Saif Holdings Limited ("the Holding Company") with shareholding of 51.04% (2017: 51.04%) ordinary shares.

Geographical locations of the Company's business units are as follows:

- The registered office of the Company is situated at 1st Floor, Kashmir Commercial Complex Fazal-ul-Haq Road, Block E, Blue Area, Islamabad; and
- Plant of the Company is situated at Chak 56/5L, Qadarabad Multan Road, District Sahiwal, Punjab, Pakistan.

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

Summary of significant transactions and events that occurred during the year is as follows:

- trade debts have been increased owing to inter-corporate circular debt with a corresponding increase in short term borrowings;
- declared dividend amounting to Rs. 1,372 million (refer statement of changes in equity); and
- made investment amounting to Rs. 631 million in the ordinary shares of Saif Cement (Private) Limited (refer note 14).

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

3.2 Basis of measurement and preparation

These unconsolidated financial statements have been prepared under the historical cost convention except for staff retirement benefits, which have been measured at values determined through actuarial valuation.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

3.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupee (Rupees), which is the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest of Rupees, unless otherwise indicated.

3.4 Use of judgments and estimates

The preparation of unconsolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods. Judgments and estimates made by management in the application of accounting and reporting standards as applicable in Pakistan that may have significant effect on the unconsolidated financial statements and estimates with a significant risk of material adjustments in the next years are discussed in the ensuing paragraphs:

(a) Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on a regular basis. Any change in estimate in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on depreciation charge and impairment.

(b) Impairment of financial assets

In making an estimate of the recoverable amount of the Company's financial assets, the management considers estimated cash flows and their terminal value for impairment testing.

(c) Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using the criteria given in respective accounting standards to determine the extent of impairment loss, if any.

(d) Taxation

The Company takes into account the current income tax law and decisions taken by the tax authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

(e) Employee benefits

Gratuity is provided for permanent employees of the Company for which liability is recognised in the Company's financial statements. The calculation of defined benefit liability requires assumptions to be made of future outcomes, the principal ones being in respect of expected salary growth, expected mortality of active members and the discount rate used to convert future cash flows to current values. Calculations are sensitive to the changes in assumptions used.

(f) Provision for inventory obsolescence and doubtful receivables

The Company reviews the carrying amount of stores and spares and stock in trade on regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores and spares and stock in trade. Further the carrying amounts of trade and other receivables are assessed on regular basis and if there is any doubt about the realisability of these receivables, appropriate amount is provided for.

(g) Provisions and contingencies

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost, if any.

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as contingent liability.

(h) Other

Pursuant to decisions of Supreme Court of Pakistan related to discretionary beneficial ownership in an overseas trust on a prudent basis and in good faith transactions with "Orastar" have been disclosed in note 28 irrespective of the absence of significant influence and the fact that the companies are not associated under Companies Act, 2017.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the change as indicated below:

- The Companies Act, 2017 (the Act) became applicable to the Company for the first time for the preparation of these financial statements. The Act forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. The Act also brought certain changes with regard to preparation and presentation of annual financial statements of the Company. These changes include change in nomenclature of the primary financial statements, reclassification of certain items of financial statements, elimination of duplicative disclosures with the disclosure requirements of IFRS Standards and incorporation of significant additional disclosures.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

- Following reclassification has been made as required by the Act:
- "Unclaimed dividend" has been reclassified from "trade and other payables" and shown separately on the face of the statement of financial position as required by the Act.
- Effect of retrospective reclassification is as follows:

	2018	2017
	Rupees	
Decrease in trade and other payables	6,654,069	5,162,897

Additional disclosures required by the Act have been given in note 2, 12, 13, 15, 27, 28 and 31 to these financial statements.

The third statement of financial position has not been presented as the amount of reclassification is immaterial.

4.1 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land, stores held for capitalisation and capital work in progress which are stated at cost less impairment loss, if any. Cost comprises purchase price, including import duties, non-recourse purchase taxes and other related costs of bringing the asset to its present working condition and location for intended use. Exchange gains or losses on long term foreign currency loans utilised for acquisition of assets are added to / deducted from cost of respective asset in accordance with note 4.8.

Depreciation is charged to profit or loss on straight line method at the rates given in note 13, after taking into account their respective residual values if any, so as to write off the depreciable amount over their estimated useful lives whereby depreciable amount adjusted for above exchange rate movements of an asset is written off over its remaining estimated useful life. Depreciation is charged from the month asset is available for use whereas no depreciation is charged in the month in which the asset is disposed off.

Normal repairs and maintenance are charged to profit or loss as and when incurred whereas major improvements and modifications are capitalised. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment disposed off, and are recognised net within "other income" in profit or loss.

Leased assets

Assets subject to finance lease in which the Company bears substantially all risks and rewards of ownership of the assets are recognised at the inception of lease at lower of their fair value and the present value of minimum lease payments. Related obligations under the agreement are accounted for as liabilities and financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability. Depreciation is charged on leased assets at the rates given in note 13.

Ijarah

Rentals payable under Ijarah arrangement are charged to profit or loss on a straight line basis over the term of the Ijarah lease arrangement.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

4.2 Staff retirement benefits - Defined benefit plan

The Company operates a funded gratuity scheme covering all permanent employees completing the minimum qualifying period of service, for which liability is recognised in the Company's financial statements. The assets of the fund plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with actuarial recommendations. The latest actuarial valuation was carried out by the Company as at 31 December 2018. The details of actuarial valuation are given in note 9.2 to these unconsolidated financial statements. The actuarial gains and losses are recognised in other comprehensive income in the year in which they arise.

4.3 Taxation

(a) Current

The profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Further, the Company is also exempt from minimum tax on turnover under clause (11 A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

(b) Deferred

Deferred tax has not been provided in these financial statements as the profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

4.4 Borrowing costs

Borrowing costs on loans which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent that these are regarded as adjustment to borrowing cost. All other borrowing costs are charged to profit or loss.

4.5 Markup bearing borrowings

Mark-up bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at originally recognised amount less subsequent repayments, while the difference between the original recognised amounts (as reduced by periodic payments) and redemption value is recognised in profit or loss over the period of borrowings on an effective rate basis except to the extent capitalised as borrowing cost.

4.6 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle such obligations and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimate.

4.7 Stock in trade

These are valued at lower of cost and net realisable value. Cost is determined using weighted average cost method. Cost of inventory comprises of the purchase price and other direct costs incurred in bringing the

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

inventory items to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

4.8 Foreign currency transactions and translations

Foreign currency transactions are recorded in PKR at the rate of exchange prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevalent on the reporting date. Non monetary assets that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are accounted for as follows:

- (i) Exchange differences related to foreign currency loans obtained for financing of the plant and machinery are capitalised and depreciated over the remaining useful life of the related assets in accordance with SRO 24 (1) / 2012 of SECP.
- (ii) All other exchange differences are charged to profit or loss on net basis.

4.9 Revenue recognition

Revenue from sale of electricity to NTDC is recognised based on the transmission of electricity and whereas on account of capacity is recognised when due, at rates as specified under the Power Purchase Agreement (PPA) and revised reference tariff determined by National Electric Power Regulatory Authority (NEPRA) and after incorporation of relevant applicable quarterly indexation.

4.10 Financial instruments

Non-derivative financial assets

These are initially recognised on the date that they are originated i.e. on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. Investments are recognised on settlement date.

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company's non-derivative financial assets are classified as loans and receivables.

Loans and receivables comprise trade debts, deposits, other receivables, advances to employees, cash and cash equivalents.

Trade debts, deposits and other receivables

Deposits and trade and other receivable are stated initially at the fair value. Subsequent to initial recognition these are stated at their amortised cost as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

The allowance for doubtful accounts is based on the Company's assessment of the collectability of counterparty accounts. The Company regularly reviews its debts and receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances, and current economic conditions that may affect a counterparty's ability to pay.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in their fair value.

Non-derivative financial liabilities

The Company initially recognises non derivative financial liabilities on the date that they are originated or the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Non derivative financial liabilities comprise of mark-up bearing borrowings including long term financing, obligations under finance lease, subordinated loan, short term borrowings, markup accrued and trade and other payables.

Trade and other payables

Liabilities for trade and other payable are carried at amortised cost, which approximates the fair value of consideration to be paid in future for goods and services received, whether or not billed to the Company.

Borrowings

Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under mark-up accrued on borrowings to the extent of the amount remains unpaid.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the unconsolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.11 Finance income and finance cost

Finance income comprises profit on deposit accounts and profit on short term investment. Profit on deposit accounts is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Income on term deposit receipts is recognised on time proportion basis taking into account the effective yield of such securities.

Finance cost comprises interest expense on borrowings, interest on finance lease liabilities, bank charges, exchange loss - net and other charges on borrowings. Mark-up and other charges on borrowings other than expense incurred on qualifying assets are charged to profit or loss in the period in which they are incurred.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

4.12 Impairment

Non-financial assets

The carrying amounts of non-financial assets other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor or indications that a debtor or issuer will enter bankruptcy.

All individually significant assets are assessed for specific impairment. All individually significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and are reflected in an allowance account. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4.13 Provision for Workers' Profit Participation Fund

The Company does not account for Provision for Workers Profit Participation Fund (WPPF) in its profit or loss as they are pass through items to NTDC under the PPA. In case the liability arises, it is recovered from NTDC.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

4.14 Dividend

Dividend distribution to the shareholders is recognised as liability in the period in which it is declared.

4.15 Forthcoming changes in approved accounting standards that are not yet effective

The following IFRS Standards as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for reporting period / year ending on or after 30 June 2019). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', 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'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - (a) IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - (b) IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transaction that generates the distributable profits.
 - (c) IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

		2018	2017
		Rupees	
5	SHARE CAPITAL		
	5.1 Authorized share capital		
	405,000,000 (2017: 405,000,000) ordinary shares of Rs.10 each	<u>4,050,000,000</u>	<u>4,050,000,000</u>
	5.2 Issued, subscribed and paid-up capital		
	386,471,779 (2017: 386,471,779) ordinary shares of Rs. 10 each fully paid in cash	<u>3,864,717,790</u>	<u>3,864,717,790</u>
	5.3 Saif Holdings Limited ("the Holding Company") holds 197,272,619 i.e. 51.04% (2017: 197,272,619 i.e. 51.04%) ordinary shares of Rs.10/- each at the reporting date and 12,501 (2017: 12,002) ordinary shares of Rs. 10 each and 100 (2017: 100) ordinary shares of Rs. 10 each are held by directors and a related party respectively. Orastar Limited held 66,022,504 (2017: 74,670,104) ordinary shares of the Company.		
6	LONG TERM FINANCING	2018	2017
		Rupees	
	Loan from banking companies and financial institutions		
	Syndicate term finance facilities	6.1 <u>2,975,180,137</u>	4,761,277,267
	Current portion of long term financing	11 <u>(2,322,465,694)</u>	(1,903,173,105)
		<u>652,714,443</u>	<u>2,858,104,162</u>
6.1	Breakup of syndicate term finance facilities is as follows:		
	Syndicate term finance facility under SFA	6.1.1 <u>2,465,112,225</u>	3,946,162,973
	Syndicate term finance facility under TFFA	6.1.2 <u>510,067,912</u>	815,114,294
		<u>2,975,180,137</u>	<u>4,761,277,267</u>
6.1.1	Syndicate term finance facility under Senior Facility Agreement ("SFA")		
	National Bank of Pakistan	<u>551,866,220</u>	919,634,716
	Habib Bank Limited	<u>551,866,220</u>	919,634,716
	United Bank Limited	<u>648,913,448</u>	919,634,713
	Allied Bank Limited	<u>264,895,785</u>	441,424,663
	Faysal Bank Limited	<u>110,373,243</u>	183,926,942
	Askari Bank Limited	<u>110,374,043</u>	183,926,942
	Bank of Punjab	<u>110,373,243</u>	183,926,942
	Pak Oman Investment Company Limited	<u>66,223,945</u>	110,356,164
	Saudi Pak Industrial & Agricultural Investment Company Limited	<u>50,226,078</u>	83,697,175
		<u>2,465,112,225</u>	<u>3,946,162,973</u>

This represents a syndicate senior facility of Rs. 10,727.53 million (2017: Rs. 10,727.53 million) obtained from a consortium of seven banks and two Development Finance Institutions (DFIs) led by Habib Bank Limited, the agent bank. The facility carries mark-up at the rate of 3 months KIBOR plus 3% per annum with no floor or cap and is payable in quarterly installments in a period of ten years, starting from 30 June 2010. The facility is secured against immovable property of the Company located at Sahiwal, project receivables, sponsors' shares constituting 51% of total issued share capital of the Company, lien over project accounts and all present and future assets and properties of the Company for an amount of Rs. 27,210.47 million (2017: Rs. 27,210.47 million) and assignment of the Company's rights and benefits under all project agreements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

6.1.2 Syndicate term finance facility under Term Finance Facility Agreement ("TFFA")

	2018	2017
	Rupees	
National Bank of Pakistan	114,196,490	189,950,200
Habib Bank Limited	114,196,490	189,950,200
United Bank Limited	134,224,428	189,950,200
Allied Bank Limited	54,814,314	91,176,095
Faysal Bank Limited	22,839,297	37,990,039
Askari Bank Limited	22,839,297	37,990,039
Saudi Pak Industrial & Agricultural Investment Company Limited	10,414,720	17,323,458
Pak Brunei Investment Company Limited	36,542,876	60,784,063
	<u>510,067,912</u>	<u>815,114,294</u>

This represents a syndicate term finance facility of Rs. 2,180 million (2017: Rs. 2,180 million) obtained from a consortium of six banks and two DFIs led by Habib Bank Limited, the agent bank. The facility carries mark-up at the rate of 3 months KIBOR plus 3% per annum with no floor or cap and payable in quarterly installments in a period of ten years, starting from 30 June 2010. The facility is secured against immovable property of the Company located at Sahiwal, project receivables, sponsors' shares constituting 51% of total issued share capital of the Holding Company, lien over project accounts and all present and future assets and properties of the Company for an amount of Rs. 2,906.66 million (2017: Rs. 2,906.66 million) and assignment of the Company's rights and benefits under all project agreements.

6.2 Subject to certain materiality test, significant covenants of above facilities are as follows:

- (i) Restriction of creation of further charge on the assets;
- (ii) Certain restriction on distribution of dividend; and
- (iii) Maintenance of debt service coverage ratio, debt equity ratio and leverage ratio.

Further covenants under these loans relate to the operation of the Company, project accounts, PPA and material agreements.

		2018	2017
		Rupees	
7 SUB-ORDINATED LOAN - UNSECURED	Note		
Balance at 01 January		762,252,708	722,932,879
Exchange loss capitalised	7.1	197,288,948	39,319,829
Current portion of subordinated loan		(159,923,606)	-
Balance at 31 December	7.2	<u>799,618,050</u>	<u>762,252,708</u>

7.1 Exchange loss on sub-ordinated loan has been capitalised in accordance with note 4.8(i).

7.2 This represents remaining balance of US \$ 6,898,215 (2017: US \$ 6,898,215) from the original foreign currency loan of US \$ 8,946,353 obtained from Orastar Limited, incorporated under the laws of British Virgin Island (BVI). The loan is duly registered with State Bank of Pakistan (SBP). The loan carries a markup at the rate of 3 months USD LIBOR plus 3% per annum and payable in quarterly installments in a period of six years starting from 01 January 2019 subject to availability of surplus funds available for distribution. As per agreement, the Company can also issue shares to Orastar Limited in lieu of repayment on mutually agreed basis.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED

	Note	2018			2017
		Minimum lease payments periods	Finance cost for future payments	Present value of minimum lease	Present value of minimum lease payments
Within one year	8.2	4,913,222	1,217,376	3,695,846	5,933,698
Later than one year and not later than five years		9,507,360	698,440	8,808,920	11,381,837
		<u>14,420,582</u>	<u>1,915,816</u>	<u>12,504,766</u>	<u>17,315,535</u>

8.1 Minimum lease payments have been discounted at an implicit interest rate ranging from 7.93% to 11.55% (2017: 7.12% to 8.65%) per annum. Lease rental are repayable monthly.

8.2 This includes past due principal amount of Rs. 1,179,809 (2017: Rs. 1,462,151).

9 TRADE AND OTHER PAYABLES	2018		2017
	Rupees		
Creditors		587,359,435	992,030,560
Accrued liabilities		27,237,829	59,470,889
Withholding tax payable		2,856,577	1,285,350
Sales tax payable		28,169,431	8,186,294
WPPF payable	9.1	151,654,044	129,606,247
Payable to staff gratuity fund	9.2	16,314,930	8,979,287
Support services fee payable to the Holding Company		221,525,725	221,525,725
Other payables		4,738,760	3,487,218
		<u>1,039,856,731</u>	<u>1,424,571,570</u>

9.1 Workers' Profit Participation Fund

Balance at 01 January		129,606,247	115,616,668
Provision for the year		151,654,044	129,606,247
Payment during the year		(129,606,247)	(115,616,668)
Balance at 31 December	9.1.1	<u>151,654,044</u>	<u>129,606,247</u>

9.1.1 This represent Workers' Profit Participation Fund (WPPF) payable at the rate of 5% of the net profit for the year and is a pass through item under the provisions of Power Purchase Agreement (PPA).

9.2 Payable to staff gratuity fund	2018		2017
	Rupees		

The amount recognised in the statement of financial position is as follows:

Present value of defined benefit obligation	9.2.1	64,878,789	45,809,648
Less: Fair value of plan assets	9.2.2	(48,563,859)	(36,830,361)
Net defined benefit liability		<u>16,314,930</u>	<u>8,979,287</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

	2018	2017
	Rupees	
9.2.1 The movement in present value of defined benefit obligation is as follows:		
Balance at 01 January	45,809,648	36,235,421
<i>Included in profit or loss</i>		
Current service cost	5,965,817	5,311,697
Interest cost	3,779,296	2,871,895
	9,745,113	8,183,592
<i>Included in other comprehensive income</i>		
<i>Remeasurement loss:</i>		
- Actuarial loss	9,324,028	2,064,099
Others		
Benefits paid	-	(673,464)
Balance at 31 December	64,878,789	45,809,648
9.2.2 The movement in fair value of plan assets is as follows:		
Balance at 01 January	36,830,361	-
<i>Included in profit or loss</i>		
Interest income	3,408,900	-
<i>Included in other comprehensive income</i>		
Return on plan assets excluding interest income	(654,690)	880,403
Others		
Contribution to gratuity fund	8,979,288	36,623,422
Benefits paid	-	(673,464)
Balance at 31 December	48,563,859	36,830,361
Breakup of plan assets is as follows:		
Cash at bank	124,570	314,611
Treasury bills	48,439,289	36,515,750
	48,563,859	36,830,361
Allocation of gratuity expense is as follows:		
Cost of sales	21.1	3,639,344
Administrative expenses	23.1	2,696,869
		6,336,213
		8,183,592

Gratuity plan entitles a retired employee to receive gratuity equivalent to last drawn salary into eligible number of years of service. The gratuity plan is administered by a gratuity fund that is legally separated from the Company and is fully funded by the Company based on actuarial valuation. Employees are not required to contribute to this plan. The latest actuarial valuation was carried out on 31 December 2018 using projected unit credit method. Expected gratuity expense for the next financial year is Rs. 9,472,007. This defined benefit plan exposes the Company to the following actuarial risks:

(a) Final salary risk

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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(b) Demographic risks

-Mortality risk

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

-Withdrawal risk

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

(c) Investment risk

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

Key actuarial assumptions	2018	2017
Discount rate used for interest cost	8.25%	8.00%
Discount rate used for year end obligation	13.25%	8.25%
Future salary growth	12.25%	7.25%
Expected mortality for active members	As per SLIC 2001-2005 setback 1 Year	As per SLIC 2001-2005 setback 1 Year
Average expected remaining working life time of employees	5 years	5 years

Sensitivity analysis

Reasonably possible changes at the reporting date at one of the relevant actuarial assumptions, holding other assumption constant, would have affected the defined benefit obligations by the amount shown below;

	31 December 2018		31 December 2017	
	Increase	Decrease	Increase	Decrease
	Rupees			
Discount rate (1% movement)	61,943,170	68,246,123	43,571,534	48,381,098
Future salary growth (1% movement)	68,342,110	61,805,882	48,454,744	43,464,747

10 SHORT TERM BORROWINGS

		2018	2017
		Rupees	
Short term borrowings from banking companies			
Working capital facilities - secured	10.1	5,031,518,017	1,677,513,509
Short term murabaha facility- secured	10.2	417,035,977	250,000,238
		<u>5,448,553,994</u>	<u>1,927,513,747</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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10.1 The Company has obtained working capital facilities amounting to Rs. 8.65 billion (2017: Rs. 6.36 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2019. Effective markup rates during the year on these facilities ranges between 6.66% to 11.25% (2017: 6.53% to 7.65%) with no floor or cap and payable in arrears on quarterly basis. The facilities are secured by way of mortgage charge on fuel stocks inventory and energy payment receivables up to Rs. 12.77 billion (2017: Rs. 10.06 billion) and subordinated / ranking charge on all present and future assets and properties of the Company for an amount of Rs. 1.41 billion (2017: Rs. 1.52 billion).

10.2 The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 1.25 billion (2017: Rs. 1.00 billion). Effective variable markup rate during the year on these facilities ranges between 6.76% to 10.17% (2017: 6.72% to 6.91%) and are secured by pari passu / ranking charge on fuel stock and energy purchase price receivables of the Company up to Rs. 1.625 billion (2017: Rs. 1.292 billion) and subordinated / ranking charge on all present and future assets and properties of the Company up to Rs. 0.225 billion (2017: Rs. 0.15 billion).

10.3 Letters of credit / guarantee

Letters of guarantee amounting to Rs. 4.37 billion (2017: Rs. 4.67 billion) are available to the Company. These facilities are secured against the ranking charge over all present and future fixed assets amounting to Rs. 6.58 billion (2017: Rs. 6.98 billion).

11	CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2018	2017
			Rupees	
	Current portion of long term financing	6	2,322,465,694	1,903,173,105
	Current portion of sub-ordinated loan	7	159,923,606	-
	Current portion of liabilities against assets subject to finance lease	8	3,695,846	5,933,698
			<u>2,486,085,146</u>	<u>1,909,106,803</u>

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies:

12.1.1 In 2014, the tax authorities raised sales tax demand of Rs. 1,498.51 million by partially disallowing input sales tax for the tax periods 2010 to 2013 by apportioning the total claim to energy purchase price and capacity purchase price, the latter being not subject to sales tax. On appeal filed by the Company, the Appellate Tribunal Inland Revenue (ATIR) directed the taxation officer to decide the matter in line with expected judgment of the Honorable High Court in parallel cases. Consequently, at present, the aforesaid tax demand is no more payable. Tax Authorities, against the decision of ATIR, filed reference application under section 47 of the Sales Tax Act, 1990 before the Honorable Islamabad High Court on 16 October 2015. However, in case the matter is eventually resolved against the Company, the tax payment will be claimable under the Power Purchase Agreement. Based on the advice of the Company's tax consultants and decision of the Lahore High Court in a parallel case, the Company's management believes that the contention of tax department even after filing of reference application does not commensurate with the related statutory provisions and the issue is likely to be decided in favor of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

- 12.1.2** For the tax period July 2015 to June 2016, the assessing officer raised sales tax demand of Rs. 10.43 million in the matter of inadmissibility of input tax in relation to financial banking services, security services and business support services procured by the Company. The Company filed an appeal with Commissioner (Appeals), who decided the matter in favor of the Company on account of business support services and remanded back the matter to assessing officer on account of security services and financial banking services. On 29 June 2018 the Company filed an appeal in the Appellant Tribunal Inland Revenue (ATIR) against the order of Commissioner (Appeals) which is pending adjudication. Maximum amount of contingency as per the Company's records is Rs. 4.92 million.
- 12.1.3** In respect of Tax Years 2014 and 2015, the assessing officer amended the Company's assessments and raised tax demand amounting to Rs. 25.15 million and Rs. 9.45 million respectively by subjecting bank profit, return on investments and foreign exchange gain to tax. The Company filed an appeal before Commissioner (Appeals), who confirmed the tax imposed in the earlier order and further ordered to charge tax on interest on delayed payment revenue. On 29 May 2018, the Company filed an appeal before ATIR against the order of Commissioner (Appeals), which is pending adjudication. Assessing officer issued appeal effect order based on Commissioner (Appeals) decision and enhanced the tax payable to Rs. 188.32 million and Rs. 150.92 million for Tax Year 2014 and 2015 respectively. The Company has filed appeal, against the appeal effect orders for Tax Year 2014 and 2015, before Commissioner (Appeals), on 2 October 2018 and 10 October 2018 respectively.
- 12.1.4** For Tax Year 2015, the assessing officer raised demand of Rs. 55.6 million in March 2017 allegedly on account of non-withholding of tax on salaries, payment for goods and service, rent and dividend. The Company filed appeal before Commissioner (Appeals) who remanded back the case to assessing officer. Assessing officer in turn created a demand of Rs. 13.4 million in September 2018. The Company filed appeal before Commissioner (Appeals) against the appeal effect order on 16 October 2018. Commissioner (Appeals) decided the matter in favor of department except for tax on salaries.
- 12.1.5** Sui Northern Gas Pipelines Limited (SNGPL) has claimed an amount of Rs.89.28 million (31 December 2017: Rs 84.03 million) on account of late payment by the Company against SNGPL's invoices of Regasified Liquefied Natural Gas (RLNG). SNGPL submitted these RLNG invoices to the Company without getting determination of RLNG tariff from Oil and Gas Regulatory Authority (OGRA). The Company has considered such SNGPL invoices to be invalid without OGRA determination. Therefore, no provision for the above mentioned amount has been made in these financial statements.

12.2 Commitments:

The Company is committed to pay monthly fee and milestone payments to its O&M contractors as per terms agreed in the Operations & Maintenance (O&M) agreement.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

13 PROPERTY, PLANT AND EQUIPMENT

	Owned assets										Leased assets		Total
	Freehold land	Buildings on freehold land	Plant and machinery	Office equipment	Computer and accessories	Furniture and fixtures	Motorcycle and bicycle	Vehicles	Other assets	Stores held for capitalization	Vehicles		
	Rupees												
Cost													
Balance at 01 January 2017	43,890,600	2,352,888,758	15,095,828,055	10,242,013	5,214,815	3,807,168	395,645	2,970,058	626,230	511,038,581	13,179,374	18,040,081,297	
Additions	-	-	8,720,884	135,017	328,500	-	-	-	-	-	17,125,322	26,309,723	
Transfers	-	-	-	-	-	-	-	5,275,136	-	-	(5,275,136)	-	
Disposals	-	-	-	-	(262,490)	-	-	-	-	-	-	(262,490)	
Effect of exchange loss (Refer note 7.2)	-	-	39,319,829	-	-	-	-	-	-	-	-	39,319,829	
Balance at 31 December 2017	43,890,600	2,352,888,758	15,143,868,768	10,377,030	5,280,825	3,807,168	395,645	8,245,194	626,230	511,038,581	25,029,560	18,105,448,359	
Balance at 01 January 2018	43,890,600	2,352,888,758	15,143,868,768	10,377,030	5,280,825	3,807,168	395,645	8,245,194	626,230	511,038,581	25,029,560	18,105,448,359	
Additions	-	-	-	625,142	345,945	3,063,030	-	-	-	-	-	4,034,117	
Transfers	-	-	-	-	-	-	-	7,905,238	-	-	(7,905,238)	-	
Disposals	-	-	-	(18,289)	(74,240)	-	-	(357,500)	-	-	-	(450,029)	
Effect of exchange loss (Refer note 7.2)	-	-	197,288,948	-	-	-	-	-	-	-	-	197,288,948	
Balance at 31 December 2018	43,890,600	2,352,888,758	15,341,157,716	10,983,883	5,552,530	6,870,198	395,645	15,792,932	626,230	511,038,581	17,124,322	18,306,321,395	
DEPRECIATION													
Balance at 01 January 2017	-	532,442,500	3,272,106,470	7,076,231	4,635,402	2,817,627	265,841	1,560,527	626,230	-	5,037,603	3,826,568,431	
Charge for the year	-	78,351,192	506,004,608	901,220	168,122	188,760	28,380	1,245,048	-	-	4,644,710	591,532,040	
On transfers	-	-	-	-	-	-	-	2,889,981	-	-	(2,889,981)	-	
On disposals	-	-	-	-	(262,490)	-	-	-	-	-	-	(262,490)	
Balance at 31 December 2017	-	610,793,692	3,778,111,078	7,977,451	4,541,034	3,006,387	294,221	5,695,556	626,230	-	6,792,332	4,417,837,981	
Balance at 01 January 2018	-	610,793,692	3,778,111,078	7,977,451	4,541,034	3,006,387	294,221	5,695,556	626,230	-	6,792,332	4,417,837,981	
Charge for the year	-	78,351,192	509,578,659	516,717	199,645	435,988	26,015	1,846,247	-	-	3,477,716	594,432,179	
On transfers	-	-	-	-	-	-	-	3,840,755	-	-	(3,840,755)	-	
On disposals	-	-	-	(12,701)	(74,240)	-	-	(286,000)	-	-	-	(372,941)	
Balance at 31 December 2018	-	689,144,884	4,287,689,737	8,481,467	4,666,439	3,442,375	320,236	11,096,558	626,230	-	6,429,293	5,011,897,219	
Carrying amounts													
At 01 January 2017	43,890,600	1,820,446,258	11,823,721,585	3,165,782	579,413	989,541	129,804	1,409,531	-	511,038,581	8,141,771	14,213,512,866	
At 31 December 2017	43,890,600	1,742,095,066	11,365,757,690	2,399,579	739,791	800,781	101,424	2,549,638	-	511,038,581	18,237,228	13,687,610,378	
At 31 December 2018	43,890,600	1,663,743,874	11,053,467,979	2,502,416	886,091	3,427,823	75,409	4,696,374	-	511,038,581	10,695,029	13,294,424,176	
<i>Rate of depreciation per annum (%)</i>	-	3.33%	3.33% to 3.8%	10% to 33.33%	33.33%	10%	20%	20%	10%	-	20%	-	

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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		2018	2017
		Rupees	
13.1	The depreciation charge for the year has been allocated as follows:		
	Cost of sales	587,929,851	584,355,800
	Administrative expenses	6,502,328	7,176,240
		594,432,179	591,532,040

13.2 Particulars of the Company's immovable fixed assets

The Company's immovable fixed assets consist of buildings and civil structure on land measuring 275.35 Kanals, located at Chak 56/5L, Qadarabad Multan Road, District Sahiwal, Punjab.

		2018	2017
		Rupees	
14	INVESTMENT IN SUBSIDIARY	631,000,000	-

14.1 This represents equity investment in Saif Cement (Private) Limited ("SCPL"). SCPL is setting up a cement manufacturing plant in Saidulwali Village, Paharpur, Dera Ismail Khan, Khyber Pakhtun Khawa (KPK). The Company, during the period, acquired 63,100,000 fully paid ordinary shares of Rs. 10 each constituting 99.9% of the issued share capital of SCPL.

The Company intends to participate up to Rupees equivalent of US \$ 20 million in SCPL to acquire approximately 221 million ordinary shares (USD/ Rupee parity equal to Rupees 2,210 million which would be adjustable to the foreign exchange rates during the tenure of the project) at par value of Rs. 10 per share, in line with the approval from NEPRA and the Company's shareholders at the extraordinary general meeting held on 28 February 2018. Accordingly, the Company's intended investment will eventually result in approximately 33.33% of equity of SCPL instead of currently held 99.9% of equity.

14.2 This investment has been made in accordance with requirements of the Companies Act, 2017.

		2018	2017
		Rupees	
15	TRADE DEBTS		
	National Transmission and Dispatch Company (NTDC)	8,415,730,184	5,383,547,937

15.1 Trade debts include an overdue amount of Rs 6.72 billion (2017: Rs. 3.90 billion). The Company considers this amount to be fully recoverable because this is secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). Additionally, trade debts are subject to markup on delayed payments under PPA at the rate of KIBOR + 4.5% per annum except RLNG fuel invoices which are subject to markup of KIBOR+2% for first 30 days and after 30 days markup will be KIBOR+4.5%.

15.2 Included in trade debts is an amount of Rs. 477.56 million (2017: Rs. 477.56 million) relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilisation of plant capacity was non-availability of fuel owing to non-payment by NTDC.

The Company along with other Independent Power Producers (IPPs) agreed with NTDC to resolve the dispute through dispute resolution mechanism (appointment of expert) under the PPA. In his decision the expert in August 2015 determined that the amount mentioned above is payable to the Company and accordingly the Company has claimed the said amount from NTDC. Since NTDC did not conform to requirements of PPA relating to Expert decision within 30 days, the IPPs went to London Court of International Arbitration (LCIA).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Sole arbitrator appointed by LCIA issued a partial final award on 8 June 2017 wherein it was inter alia held that the expert determination is final and binding. Thereafter, a final award was issued by the sole arbitrator on 29 October 2017 pursuant to which NTDC was ordered to pay Rs. 477.56 million (2017: Rs. 477.56 million) along with cost of proceedings, interest from the date of expert determination till payment by NTDC, after Arbitrator decision, to the Company. The Company filed petitions before Lahore High Court for enforcement of partial final award and final award on 17 June 2017 and 30 November 2017 respectively, which proceedings are pending. NTDC has also challenged the partial final award and final award in English Courts as well as Civil Court, Lahore, however, it withdrew from the English Courts during the year.

15.3 During year ended 31 December 2016, an amount of Rs. 239.68 million relating to capacity purchase price not acknowledged by NTDC was adjusted by the Company against payable to SNGPL pursuant to award in favour of the Company for the whole amount by the London Court of International Arbitration (Arbitrator). SNGPL disputed the adjustment/set off amount of Award in the Lahore High Court, however, the court dismissed such petition of SNGPL. Thereafter, SNGPL filed appeal before the Supreme Court of Pakistan which, during the current year, disposed off the appeal by stating that the judgement of the Lahore High Court, to the extent it decides on merits, the question of the Company's right to set off is set aside (without prejudice to the rights of the parties). SNGPL also challenged the award in Civil Court, Lahore, on 21 April 2016, which is pending adjudication. On 7 June 2016, the Company filed a petition in the Civil Court Lahore to obtain a Decree in lieu of the arbitration award and also adjusted an amount of Rs. 270.66 million (inclusive of the aforementioned amount of Rs. 239.68 million) from payable to SNGPL as such amount was allowed by the Arbitrator in its award. Subsequent to the reporting date, SNGPL has filed suit for recovery before District Judge, Lahore (Invested with Powers of the Gas Utility Court) on 01 March 2019 against this adjustment and also has filed a request for Arbitration before the LCIA on 22 March 2019.

15.4 For aging of receivable from NTDC at the reporting date, refer to note 26.4.

16 OTHER RECEIVABLES	Note	2018	2017
		Rupees	
WPPF receivable		496,240,240	405,718,556
Other receivables		1,762,518	1,731,290
		498,002,758	407,449,846
17 ADVANCES - considered good			
Advances to supplier		374,545	617,590
Advances to employees	17.1	544,572	865,168
		919,117	1,482,758

17.1 Advances to employees includes an amount of Rs. Nil (2017: Rs. 0.489 million) receivable from key management personnel. These were secured and considered good.

18 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	2018	2017	
		Rupees	
Prepayments	49,101,107	45,029,926	
Security deposit	1,833,000	1,038,000	
Current portion of long term deposits	752,500	769,400	
	51,686,607	46,837,326	

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19 BANK BALANCES	Note	2018	2017
		Rupees	
Cash at bank:			
Current accounts			
Local currency		22,428	231,878
Foreign currency	19.1	-	499,360
		22,428	731,238
Deposit accounts			
Local currency		974	3,477,224
Foreign currency	19.1	271,840	216,042
	19.2	272,814	3,693,266
		295,242	4,424,504

19.1 This represents an amount of USD 1,954 (2017: USD 6,485) in US Dollar deposit and current accounts.

19.2 These carry markup ranging from 4% to 4.62% (2017: 3.84% to 3.99%) per annum for Rupee denominated balances while 0.15% (2017: 0.05%) per annum for US Dollar denominated balances.

20 TURNOVER - NET	Note	2018	2017
		Rupees	
Gross Energy Purchase Price		13,685,991,456	10,242,980,782
Less: Sales tax		(1,990,837,969)	(2,370,631,699)
		11,695,153,487	7,872,349,083
Capacity Purchase Price		4,995,173,542	4,384,848,020
		16,690,327,029	12,257,197,103

21 COST OF SALES

Raw material consumed		11,000,232,532	7,208,099,606
Operation and maintenance		815,409,235	756,995,163
Salaries and other benefits	21.1	58,102,812	52,894,010
Electricity charges		21,568,216	41,684,931
Insurance		138,225,809	132,890,646
Depreciation	13.1	587,929,851	584,355,800
Office expenses		1,564,615	963,462
Travelling, conveyance and entertainment		1,093,134	1,046,083
Repair and maintenance		1,098,461	215,383
Communication		98,065	136,048
Other expenses		-	241,529
		12,625,322,730	8,779,522,661

21.1 These include Rs. 3,639,344 (2017: Rs. 6,546,874) charged in respect of staff retirement benefits - gratuity.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

22 OTHER INCOME	Note	2018	2017
		Rupees	
Income from financial assets			
Profit on deposit accounts		15,717	147,646
Return on investments		1,480,932	3,532,349
Income from non financial assets			
Insurance claim	22.1	34,012	87,000
Gain on disposal of property, plant and equipment		243,500	-
Scrap sales		360,665	418,391
		<u>2,134,826</u>	<u>4,185,386</u>

22.1 This represents net amount of insurance claim received against assets having written down value of Rs. 5,588 (2017: Nil).

23 ADMINISTRATIVE EXPENSES	Note	2018	2017
		Rupees	
Salaries and other benefits	23.1	46,297,938	36,418,536
Traveling and conveyance		1,300,740	2,594,769
Rent, rates and taxes	23.2	10,165,604	9,375,357
Security services		11,941,276	11,662,656
Office expenses		6,395,772	8,176,955
Fees and subscriptions		11,687,724	12,805,111
Legal and professional		6,305,262	69,614,842
Consultancy		22,736,520	12,139,050
Repair and maintenance		5,673,520	4,884,932
Utilities		1,575,165	1,528,518
Insurance		2,393,835	2,202,493
Depreciation	13.1	6,502,328	7,176,240
Auditors' remuneration	23.3	1,722,500	1,953,050
Donations	23.4	4,600,000	1,600,000
Advertisements		267,660	263,115
		<u>139,565,844</u>	<u>182,395,624</u>

23.1 These include Rs. 2,696,869 (2017: Rs. 1,636,718) charged in respect of staff retirement benefits - gratuity.

23.2 This includes Ijarah payments of Rs. 2,593,148 (2017: Rs. 2,516,571) and vehicles registration charges under an Ijarah (lease) agreement. As required under IFAS 2 "IJARAH" (notified through SRO 43(1) / 2007 by Securities & Exchange Commission of Pakistan), Ijarah payments under an Ijarah (lease) agreement are recognised as an expense in profit or loss on straight line basis over the term of Ijarah. The amount of future Ijarah payments and the periods in which these will be due are as follows:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

	2018	2017
	Rupees	
Within one year	1,283,935	2,346,604
After one year but not more than five years	1,406,558	948,537
	<u>2,690,493</u>	<u>3,295,141</u>

23.3 Auditors' remuneration

Annual audit fee	770,000	670,000
Half yearly review fee	424,000	370,000
Consolidation	250,000	-
Certifications	208,500	735,500
Out of pocket expenses	70,000	177,500
	<u>1,722,500</u>	<u>1,953,000</u>

23.4 This includes donation amounting to Rs. 4.5 million (2017: Rs. 1.5 million) in Akbar Kare Institute, Kulsum Plaza, Jinnah Avenue, Blue Area, Islamabad, a company registered under Section 42 of the repealed Companies Ordinance, 1984 in which following directors of the Company are common directors:

Name of Director	Nature of interest in donee
Mrs. Hoor Yousafzai	Director
Mr. Jehangir Saifullah Khan	Director
Mr. Assad Saifullah Khan	Director

	2018	2017
	Rupees	
24 FINANCE COST		
Markup on short term borrowings	303,758,174	92,953,809
Markup on long term financing	401,469,713	529,776,453
Markup on sub-ordinated loan	43,961,603	30,971,925
Guarantee commission and arrangement fee	16,500,598	3,500,000
Markup on liabilities against assets subject to finance lease	918,537	1,395,113
Bank charges	597,487	433,890
Exchange loss - net	127,286,289	48,308,070
	<u>894,492,401</u>	<u>707,339,260</u>

25 EARNINGS PER SHARE

Profit for the year (Rupees)	3,033,080,880	2,592,124,944
Weighted average number of shares (Numbers)	386,471,779	386,471,779
Earnings per share - basic (Rupees)	<u>7.85</u>	<u>6.71</u>

There is no dilution effect on the basic earnings per share of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

26 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value measurement

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

A. Accounting classifications and fair values

26.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Note	Carrying Amount				Fair value			
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2018									
Rupees									
Financial assets measured at fair value									
Financial assets not measured at fair value									
Long term deposits	26.2	-	4,084,310	-	4,084,310	-	-	-	-
Trade debts		-	8,415,730,184	-	8,415,730,184	-	-	-	-
Other receivables		-	1,762,518	-	1,762,518	-	-	-	-
Advances to employees		-	544,572	-	544,572	-	-	-	-
Security deposits		-	1,833,000	-	1,833,000	-	-	-	-
Bank balances		-	295,242	-	295,242	-	-	-	-
Total		-	8,424,249,826	-	8,424,249,826	-	-	-	-
Financial liabilities not measured at fair value									
Long term financing	26.2	-	-	2,975,180,137	2,975,180,137	-	-	-	-
Sub-ordinated loan		-	-	959,541,656	959,541,656	-	-	-	-
Liabilities against assets subject to finance lease		-	-	12,504,766	12,504,766	-	-	-	-
Trade and other payables	26.3	-	-	857,176,679	857,176,679	-	-	-	-
Short term borrowings		-	-	5,448,553,994	5,448,553,994	-	-	-	-
Markup accrued		-	-	550,426,755	550,426,755	-	-	-	-
Unclaimed dividend		-	-	10,190,825	10,190,825	-	-	-	-
Total		-	-	10,813,574,812	10,813,574,812	-	-	-	-
31 December 2017									
Financial assets measured at fair value									
Financial assets not measured at fair value									
Long term deposits	26.2	-	4,604,110	-	4,604,110	-	-	-	-
Trade debts		-	5,383,547,937	-	5,383,547,937	-	-	-	-
Other receivables		-	1,731,290	-	1,731,290	-	-	-	-
Advances to employees		-	865,168	-	865,168	-	-	-	-
Security deposits		-	1,038,000	-	1,038,000	-	-	-	-
Bank balances		-	4,424,504	-	4,424,504	-	-	-	-
Total		-	5,396,211,009	-	5,396,211,009	-	-	-	-
Financial liabilities not measured at fair value									
Long term financing	26.2	-	-	4,761,277,267	4,761,277,267	-	-	-	-
Sub-ordinated loan		-	-	762,252,708	762,252,708	-	-	-	-
Liabilities against assets subject to finance lease		-	-	17,315,535	17,315,535	-	-	-	-
Trade and other payables	26.3	-	-	1,285,493,679	1,285,493,679	-	-	-	-
Short term borrowings		-	-	1,927,513,747	1,927,513,747	-	-	-	-
Markup accrued		-	-	379,873,196	379,873,196	-	-	-	-
Unclaimed dividend		-	-	6,654,069	6,654,069	-	-	-	-
Total		-	-	9,140,380,201	9,140,380,201	-	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

26.2 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

26.3 This excludes withholding tax payable, sales tax payable and payable against WPPF.

B. Financial risk management

The Company has exposure to the credit risk, market risk and liquidity risk from its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee.

26.4 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The primary activity of the Company is power generation and sale of total output to NTDC. The Company is exposed to credit risk from its operations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2018	2017
		Rupees	
Long term deposits		4,084,310	4,604,110
Trade debts	15	8,415,730,184	5,383,547,937
Other receivables	16	1,762,518	1,731,290
Advances to employees	17	544,572	865,168
Security deposits	18	1,833,000	1,038,000
Bank balances	19	295,242	4,424,504
		<u>8,424,249,826</u>	<u>5,396,211,009</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

Credit risk is minimum as the bank accounts are maintained with reputable banks having good credit ratings. Further, as disclosed in note 15.1 that the trade debts are secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA).

Credit quality of financial assets

The credit quality of Company's the financial assets have been assessed as follows by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

	2018	2017
	Rupees	
Trade debts		
Counterparties without external credit ratings	8,415,730,184	5,383,547,937

Impairment losses

The aging of trade debts at the reporting date was:

	2018		2017	
	Gross	Impairment	Gross	Impairment
	Rupees			
Not past due	1,698,500,047	-	1,485,622,177	-
Past due 0 - 60 days	525,770,527	-	924,970,510	-
Past due 61 - 120 days	3,805,573,181	-	1,013,422,512	-
Past due 121 - 180 days	814,388,033	-	1,221,764,026	-
181 days and above	1,571,498,396	-	737,768,712	-
	8,415,730,184	-	5,383,547,937	-

	2018	2017
	Rupees	
Security deposits		
Counterparties without external credit ratings	1,833,000	1,038,000

Other receivables

Counterparties without external credit ratings	1,762,518	1,731,290
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Long term deposits

Counterparties with external credit ratings - A1+	1,002,100	4,604,110
Counterparties with external credit ratings - A-	3,082,210	-

Advances to employees

Counterparties without external credit ratings	544,572	865,168
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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

Cash and cash equivalents

The Company held cash at bank amounting to Rs. 295,242 as at 31 December 2018 (2017: Rs.4,424,504). Cash at bank is held with banks and financial institution counter parties, which are rated A1+ based on JCR-VIS rating.

26.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

There were no defaults on loans payable during the year.

The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	Carrying amount	Contractual cash flows	Maturity in less than 1 year	Maturity after one year and up to five years	Maturity after five years
Rupees					
2018					
Long term financing	2,975,180,137	3,514,802,741	2,822,450,712	692,352,029	-
Sub-ordinated loan	959,541,656	1,133,275,103	212,042,429	755,517,697	165,714,977
Liabilities against assets subject to finance lease	12,504,766	14,420,582	4,913,222	9,507,360	-
Trade and other payables	857,176,679	857,176,679	857,176,679	-	-
Short term borrowing	5,448,553,994	5,448,553,994	5,448,553,994	-	-
Markup accrued	550,426,755	550,426,755	550,426,755	-	-
Unclaimed dividend	10,190,825	10,190,825	10,190,825	-	-
	10,813,574,812	11,528,846,679	9,905,754,616	1,457,377,086	165,714,977
Rupees					
2017					
Long term financing	4,761,277,267	6,291,643,955	2,893,916,385	3,397,727,570	-
Sub-ordinated loan	762,252,708	911,934,510	-	647,407,455	264,527,055
Liabilities against assets subject to finance lease	17,315,535	18,964,482	6,656,791	12,307,691	-
Trade and other payables	1,285,493,679	1,285,493,679	1,285,493,679	-	-
Short term borrowing	1,927,513,747	1,927,513,747	1,927,513,747	-	-
Markup accrued	379,873,196	379,873,196	379,873,196	-	-
Unclaimed dividend	6,654,069	6,654,069	6,654,069	-	-
	9,140,380,201	10,822,077,638	6,500,107,867	4,057,442,716	264,527,055

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

The contractual cash flows relating to long term borrowings and liabilities against assets subject to finance lease have been determined on the basis of expected markup rates. The markup rates have been disclosed in notes 6, 7 and 8 to these financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

26.6 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rates only.

Currency risk

Rupee is the functional currency of the Company and as a result currency exposures arise from transactions and balances in currencies other than Rupee. The Company's potential foreign currency exposure comprise:

- Transactional exposure in respect of non functional currency monetary items
- Transactional exposure in respect of non functional currency expenditure and revenues

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to Rupee equivalent, and the associated gain or loss is taken to the profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. These currency risks are managed as part of overall risk management strategy. The Company does not enter into forward exchange contracts.

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	2018	2017	2018	2017
	Rupees		USD	
Subordinated loan	959,541,656	762,252,708	6,898,215	6,898,215
Accrued markup on subordinated loan	345,645,490	235,003,282	2,484,871	2,126,727
Trade and other payables	345,407,974	751,653,565	2,483,163	6,802,295
Bank balances	(271,840)	(715,402)	(1,954)	(6,474)
	<u>1,650,323,280</u>	<u>1,748,194,153</u>	<u>11,864,295</u>	<u>15,820,763</u>

The following significant exchange rates have been applied:

	Average Rate		Balance sheet date rate	
	2018	2017	2018	2017
US Dollars	<u>122.3</u>	<u>105.6</u>	<u>139.1</u>	<u>110.5</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

Foreign Currency

A 5% strengthening of the functional currency against USD at 31 December 2018 would have increased profit or loss by Rs. 34.54 million (2017: Rs. 49.36 million). A 5% weakening of the functional currency against USD at 31 December 2018 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rate. The Company has long term Rupee and USD based loans and short term running finance arrangement at variable rates. The local currency loans have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) and London Inter Bank Offer Rate (LIBOR). Any increase / decrease in KIBOR is adjustable and approved by NEPRA.

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

	2018	2017
	Rupees	
Fixed rate instruments		
Financial assets	<u>272,814</u>	<u>3,693,266</u>
Variable rate instruments		
Financial assets	<u>6,717,230,137</u>	3,897,925,760
Financial liabilities	<u>(9,395,780,553)</u>	<u>(7,468,359,257)</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by Rs. 26.78 million (2017: Rs. 35.70 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2017.

Other market price risk

The primary goal of the Company's investment strategy is to maximize investment returns on surplus funds. The Company adopts a policy of ensuring to minimise its price risk by investing in securities having sound market performance. Certain investments are designated as held for trading because their performance is actively monitored and these are managed on a fair value basis. Equity price risk arises from investments at fair value through profit or loss.

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

Non - derivative financial assets

The fair value of non - derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non - derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

26.7 Capital Risk Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. The Company manages its capital structure which comprises of capital and reserves by monitoring the return on net assets and makes adjustments, if required, in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to shareholders, appropriation of amounts to capital reserves or / and issue new shares. There was no change in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirement.

27 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration including benefits applicable to the chief executive officer, directors and executives of the Company are given below:

	2018	2017
	Rupees	
	Chief executive officer	
Managerial remuneration - Gross	17,200,000	-
Staff retirement benefits	1,901,408	-
Bonus	3,900,000	-
	23,001,408	-
Number of persons	1	-
	Executives	
Managerial remuneration - Gross	47,131,120	52,947,064
Staff retirement benefits	3,348,990	6,794,906
Bonus	6,874,636	8,974,819
	57,354,746	68,716,789
Number of persons including those who worked part of the year	9	9

27.1 Executive means any employee whose basic salary exceeds Rs. 1,200,000 (2017: Rs. 1,200,000) per year. Comparative figures have been restated to reflect changes in definition of executive as per the Companies Act, 2017.

27.2 In addition to the above, chief executive officer and executives are provided with the Company maintained vehicles and health insurance coverage as per the Company's policy.

27.3 No remuneration has been paid to the directors of the Company, except for meeting fee amounting to Rs. 100,000 which was paid to 6 directors (2017: Rs. 140,000 paid to 5 directors).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

28 RELATED PARTY TRANSACTIONS

The Company is subsidiary of Saif Holdings Limited ("the Holding Company"), therefore the Holding Company and all associated undertakings of the Holding Company are related parties of the Company. Other related parties comprise of directors, key management personnel, entities over which directors are able to exercise significant influence and major shareholders. Balances and other arrangements with Orastar Limited have been disclosed in note 5.3, 7 and 11 to the financial statements. Balances with related parties are disclosed in note 9 and 17.1 to the financial statements. Transactions with related parties other than those disclosed in note 7.1 and 23.4 to these financial statements are as follows:

	Note	2018	2017
		Rupees	
Saif Holdings Limited - the Holding Company (51.04% shareholding-common directorship)			
Rent		675,000	3,943,310
Dividend		700,317,797	720,045,059
Expenses incurred on behalf of the Company		354,561	253,089
Saif Health Care Limited - Associated Company (Common directorship)			
Expenses incurred on behalf of the Company		222,720	222,720
Saif Textile Limited - Associated Company (Common directorship)			
Expenses incurred on behalf of the Company		-	158,173
Dividend		355	365
Key Management Personnel			
Dividend to Directors		44,379	73,008
Remuneration including benefits and perquisites to key management personnel	28.1	55,585,059	47,385,617
Other Related Parties			
Contribution to Saif Power Limited - Staff Gratuity Fund	9.2.2	8,979,288	36,623,422

28.1 Key management personnel comprise of chief executive officer (Mr. Sohail H. Hydari), chief financial officer (Mr. Hammad Mahmood) and general manager plant (Mr. Ghias Ul Hassan). The key management personnel are also provided with the Company maintained vehicles and health insurance coverage as per the Company's policy. During the year, Rs. Nil (2017: Rs. 15 million) was given as personal loan to key management personnel secured against their gratuity balance.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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29 APPLICATION OF IFRIC INTERPRETATION - 4 (IFRIC-4)

"Determining whether an arrangement contain a lease"

International Accounting Standards Board (IASB) has issued IFRIC-4 "Determining whether an Arrangement contains a Lease", which is effective for financial periods beginning on or after 01 January 2006. According to the said interpretation an arrangement conveys the right to use the asset, if the arrangement conveys to the purchaser (lessee) the right to control the use of the underlying asset. The right to control the use of the underlying asset is conveyed when the purchaser has the ability or right to operate the asset or direct others to operate the asset in a manner it determines while obtaining or controlling more than an insignificant amount of the output or other utility of the asset. Such arrangements are to be accounted for as a lease in accordance with the requirements of IAS 17- "Leases".

The Company's plant's control due to purchase of total output by NTDC appears to fall under the scope of IFRIC 4. However, Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O No. 24 (I)/2012 has exempted application of IFRIC-4 for all companies. However, impact of IFRIC-4 is mandatory to be disclosed in the financial statements as per requirements of IAS-8.

	2018	2017
	Rupees	
Decrease in unappropriated profit at 01 January	(2,679,582,780)	(1,998,616,682)
Increase / (decrease) in profit for the year	142,325,655	(680,966,098)
Decrease in unappropriated profit at 31 December	<u>(2,537,257,125)</u>	<u>(2,679,582,780)</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

30 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities			Equity		Total	
	Long Term Financing	Sub-ordinated loan	Short term borrowings	Liabilities against assets subject to finance lease	Share Capital		Un appropriated profit - revenue reserve
Balance at 01 January 2018	4,761,277,267	762,252,708	1,927,513,747	17,315,535	3,864,717,790	6,531,380,266	17,864,457,313
	Rupees						
Changes from financing cash flows							
Proceeds from short-term borrowings - net	-	-	3,521,040,247	-	-	-	3,521,040,247
Repayments of long term financing	(1,786,097,130)	-	-	-	-	-	(1,786,097,130)
Payment of finance lease liabilities	-	-	-	(4,810,769)	-	-	(4,810,769)
Dividend paid	-	-	-	-	-	(1,368,438,059)	(1,368,438,059)
Total changes from financing cash flows	(1,786,097,130)	-	3,521,040,247	(4,810,769)	-	(1,368,438,059)	361,694,289
The effect of changes in foreign exchange rates	-	197,288,948	-	-	-	-	197,288,948
Other changes							
Liability related	-	-	-	-	-	(3,536,756)	(3,536,756)
Movement in unclaimed dividend	-	-	-	-	-	(3,536,756)	(3,536,756)
Total liability related other changes	-	-	-	-	-	(3,536,756)	(3,536,756)
Equity related							
Total comprehensive income for the year	-	-	-	-	-	3,023,102,162	3,023,102,162
Total equity related other changes	-	-	-	-	-	3,023,102,162	3,023,102,162
Balance at 31 December 2018	2,975,180,137	959,541,656	5,448,553,994	12,504,766	3,864,717,790	8,182,507,613	21,443,005,956

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

31 NUMBER OF EMPLOYEES

	At year end		Average	
	2018	2017	2018	2017
Head office	21	18	19	18
Plant	22	21	22	22

32 CAPACITY AND PRODUCTION

	2018	2017
Installed capacity based on hours 8,760 (2017: 8,760) – Megawatt hours	1,784,253	1,786,374
Actual energy delivered – Megawatt hours	1,104,685	577,041

- Output produced by the plant is dependent on the load demanded by NTDC.

33 NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors proposed final dividend for the year ended 31 December 2018 Rs.1.30 (2017: Rs. 1.90) per share in their meeting held on 28 March 2019.

34 DATE OF APPROVAL OF FINANCIAL STATEMENTS

These unconsolidated financial statements were approved by the Board of Directors in their meeting held on 28 March 2019.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

Chairperson's Review

Consolidated financial statement for the year ended 31 December 2018

Dear Shareholders

It gives me great pleasure to present the Company's consolidated Annual Report with subsidiary company-Saif Cement (Private) Limited (SCPL) for the year ended December 31, 2018.

During the year Saif Power Limited ("The Company") has invested into SCPL Rs. 631 million for the purpose of equity. Through such investment SCPL is currently a subsidiary of the Company but will cease to be so at the Financial Close when other shareholder will also join. The Company's future investment in SCPL will be around/under 30% of the total shareholding of SCPL. Details of financial and operational performance indicators have been described in more detail in Directors' Report on consolidated Financial Statements to the shareholders along with the Audited Financial Statements.

On behalf of the Board, I would like to acknowledge with thanks the contributions made by the management staff, employees, lender banks, suppliers, contractors, regulatory authorities, various government functionaries.

In the end, I would also like to thank our Shareholders, and all others Stakeholders for showing confidence and trust in the Company.

28 March 2019
Islamabad



Hoor Yousafzai
Chairperson

چیسر پرسن کا جائزہ

31 دسمبر 2018ء کو ختم ہونے والے سال کا مستحکم مالی بیان

محترم شیئر ہولڈرز

میں، 31 دسمبر 2018ء کو ختم ہونے والے سال کے لئے ذیلی کمپنی - سیف سیمنٹ (پرائیویٹ) لمیٹڈ (SCPL) کے ساتھ کمپنی کی مستحکم سالانہ رپورٹ پیش کرنا اپنے لیے باعث مسرت سمجھ رہی ہوں۔

اس سال کے دوران سیف پاور لمیٹڈ ("کمپنی") نے ایکویٹی کی غرض سے SCPL میں 631 ملین روپے کی سرمایہ کاری کی ہے۔ SCPL کمپنی کے ماتحت رہیگی جب تک کھاتہ بندی کے قریب جا کر دیگر شیئر ہولڈرز بھی شریک نہ ہو جائیں SCPL میں کمپنی کی مستقبل کی سرمایہ کاری SCPL کے مجموعی شیئر ہولڈنگ کا 30 فیصد ہو جائے گی۔ محاسبہ شدہ مالی بیانات کے ساتھ ساتھ مالیاتی اور آپریشنل کارکردگی کے اشارے کے بارے میں مزید تفصیلات ڈائریکٹرز کی طرف سے شیئر ہولڈرز کے لیے تیار کی گئی مستحکم مالیاتی بیاناتی رپورٹ میں بیان کی گئی ہیں۔

انتظامی عملے، کارکنوں، قرض دہندگان بنکوں، سپلائرز، ٹھیکیداروں، ریگولیٹری اتھارٹی، مختلف حکومتی کارکنوں کی جانب سے ملنے والی شراکت کا میں، بورڈ کی طرف سے، شکریہ ادا کرتے ہوئے اعتراف کرتی ہوں۔

آخر میں، میں بھی اپنے شیئر ہولڈرز اور تمام اسٹیک ہولڈرز کا شکریہ ادا کرنا چاہوں گی کہ انہوں نے کمپنی پر اعتماد اور بھروسہ رکھا۔

Am Yusuf

حور یوسف زئی

چیسر پرسن

28 مارچ 2019ء

اسلام آباد

DIRECTORS' REPORT ON COSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

About The Group

Saif Power Limited

Saif Power Limited (“the Company”) is an Independent Power Producer (IPP) and its power plant is located at Qadirabad, Sahiwal. The Complex – Combined Cycle Thermal Power Plant is a dual fuel power generating station where the primary fuel is natural gas and the backup fuel is High Speed Diesel (HSD). Gross Capacity of the plant is 225MWs with two Gas Turbines from GE France and a Steam Turbine from Siemens Sweden. The 6 FA.03 Gas Turbines are perhaps the most fuel efficient in the world in their rated capacity and, our combined cycle efficiency is the highest in Pakistan within such Gross capacity.

Saif Cement (Private) Limited

Saif Cement (Private) Limited (SCPL) was incorporated on 13 January 2017 to establish a Cement manufacturing plant in Saidulwali Village, Paharpur, Dera Ismail Khan, Khyber Pakhtunkhwa (KP). The Company acquired 1,062,500 ordinary shares of Rs. 10 each of SCPL on 01 August 2018 through issuance of shares by SCPL. Further right issues of 17,000,000 and 45,037,500 ordinary shares of Rs. 10 each were made by SCPL to the Company on 19 November 2018 and 31 December 2018 respectively. After the aforementioned issuance of shares, the Company holds 99.99% of the issued share capital of SCPL.

The Company intends to participate up to Rupees equivalent of US \$ 20 million in SCPL to acquire approximately 221 million ordinary shares (USD/ Rupee parity equal to Rupees 2,210 million which would be adjustable to the foreign exchange rates during the tenure of the project) at par value of Rs. 10 per share, in line with the approval from NEPRA and the Company's shareholders at the extraordinary general meeting held on 28 February 2018. Accordingly, the Company's intended investment will eventually result in approximately 30% of equity of SCPL instead of currently held 99.99%.

Subsequent Event

–Investment

The Company has further acquired 5,550,000 shares of SCPL on 26 March 2019.

–Company's dividend

The board has recommended a dividend of 13% (Rs. 1.3 per share) for the year ended 2018 to the shareholders for their approval in Annual General Meeting in addition to interim dividend of 16.5%

(Rs. 1.65 per share), making it a total dividend of 29.5% (Rs. 2.95 per share) as compared to 36.5% (Rs. 3.65 per share) for previous year. Unless there is any contingency, the Board of Directors would continue with the policy of paying out all surplus cash available within the company.

Pending Issues

In the case against SNGPL, the arbitration award in Company's favor for an amount of Rs.239.68 million was challenged by SNGPL both in civil court and in Lahore High Court (LHC). However, as expected, the LHC dismissed the petition from SNGPL. Supreme Court of Pakistan also disposed off the appeal. The Company has also filed a petition in the Civil Court Lahore to obtain the enforcement Decree in lieu of the Arbitration award. This amount has already been adjusted against payables to SNGPL. Subsequently, SNGPL has filed suit for recovery before District Judge (Invested with Powers of the Gas Utility Court), Lahore against this adjustment and also has filed a request for Arbitration before the LCIA.

In the case against Power Purchaser, the Arbitrator has awarded Rs. 477.56 million in the Company's favour along with related Costs. Company has filed a petition in Lahore High Court for its enforcement. Power Purchaser also challenged partial and final award in UK as well as in Civil Courts, however, it withdrew from the UK courts during the year.

Financial Performance

The Group's performance has been steady. Turnover for current year is Rs.16,690 million and net profit for the year is Rs. 3,032 million.

Consolidated Financial and Operating Data for the year 2018 is as follows:

Description	Rs. in Million
Turnover	16,690
Gross Profit	4,065
Net Profit	3,032
Property, Plant and Equipment	13,945
Goodwill	11.53
Net worth	12,046
Long term financing	2,975
Short term borrowing	5,473
Earnings per share – (in rupees)	7.85
Dispatch level- (percentages)	61.92%
Capacity Made Available-GWHs	1,784

Corporate Social Responsibility, Safety, Health and Quality

The Group works with all stakeholders to ensure that it complies with all applicable regulations; contributes to community development; provides highest standards of safety, health and environment; offers competitive wages and benefits to its employees. The parent company provides necessary support in this regard with a centralized process.

Impact of Business On Environment

The Group maintains a tight control on all type of emissions from the Plant and ensures that under no circumstances any value of the emission exceeds beyond the limits provided in the Environmental Protection Agency (EPA) guidelines.

Internal Audit and Control

The independent internal audit function headed by a qualified person reporting to the Audit Committee has been in operation since the listing of the Company. The scope of internal auditing is clearly defined which broadly involves review and evaluation of internal control system, safeguarding of assets, accuracy and completeness of accounting records.

Adequacy of Internal Financial Controls

The Group complies with the highest standards of Corporate Governance and internal controls are sound in design and have been effectively implemented and monitored.

Corporate and Financial Reporting Framework

Board of Directors

The activities of the Board are based on the requirements and duties laid down under relevant laws and Memorandum and Articles of Association of the Group companies. This compliance assists the Board in safeguarding the interests of all the stakeholders. The Board of Directors provide oversight in the governance, management and control of the Group and help in setting the goals, objectives and strategies and to formulating the policies and guidelines towards achieving such goals and objectives.

Board of the Company comprises of one independent and six other non-executive directors. Composition of Board is as follows:

•	Mrs. Hoor Yousafzai-Chairperson
•	Mr. Jehangir Saifullah Khan
•	Mr. Osman Saifullah Khan
•	Mr. Assad Saifullah Khan
•	Ms. Jehannaz Saifullah Khan
•	Mr. Naved Abid Khan
•	Mr. Rana Muhammad Shafi

Subsequent to year end Mr. Rana Muhammad Shafi resigned on 8 March 2019 and to fill causal vacancy so created, Mr. Javed Saifullah Khan was appointed as Director by the board on 15 March 2019.

The current Board of SCPL comprises two non-executive directors. Composition of Board is as follows:

•	Mr. Jehangir Saifullah Khan-Chairman/Director
•	Mrs. Hoor Yousafzai-Director

Directors' Remuneration

Chairman, non-executive directors and independent directors are entitled only for the fee for attending the meetings. The level of remuneration are appropriate and commensurate with the level of responsibility.

Related Party Transactions

Transaction undertaken with related parties during the year have been ratified by audit committee and approved by the Board.

Pattern of Shareholding

The statement of pattern of shareholding of SCPL as on 31 December 2018 is given on page no 136.

Acknowledgement

The Directors would like to show their appreciation to their its customers, suppliers, financial institutions, regulators and to all other stakeholders for their cooperation and support during the year.

The Directors would also like to express their deep appreciation for the services, loyalty and efforts being continuously rendered by the employees of the Group and hope that they will continue to do so in the future.

For and on behalf of the Board



Sohail H. Hydari
Chief Executive Officer



Hoor Yousafzai
Chairperson

Islamabad: 28 March, 2019

اعتراف

ڈائریکٹرز اپنے کسٹمرز، سپلائرز، مالیاتی اداروں، ریگولیٹرز اور دیگر تمام اسٹیک ہولڈرز کے لیے تعریفی کلمات کہنا چاہتے ہیں جنہوں نے اس سال اپنا تعاون اور حمایت پیش کی۔
ڈائریکٹرز کمپنی کے ملازمین کی طرف سے مسلسل پیش کی گئی خدمات، وفاداری اور کوششوں کے لیے گہری تعریف کا اظہار کرنا چاہتے ہیں اور امید کرتے ہیں کہ وہ مستقبل میں بھی ایسا ہی کریں گے۔

بورڈ آف ڈائریکٹرز کی جگہ اور بورڈ کی نیابت سے



حمیر یوسف زئی
چیئر پرسن



سہیل علی - حیدری
چیف ایگزیکٹو آفیسر

اسلام آباد: 28 مارچ 2019ء

داخلی مالیاتی کنٹرول کا مناسب معیار

آپ کی کمپنی کا رپورٹ گورننس کے اعلیٰ معیار کے مطابق ہے اور داخلی کنٹرول ڈیزائن میں مضبوط ہے نیز مؤثر طور پر اس کا نفاذ اور نگرانی کی گئی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

بورڈ آف ڈائریکٹرز

بورڈ کی سرگرمیاں ان ضروریات اور فرائض پر مبنی ہیں جو کہ متعلقہ قوانین اور کمپنی کے آرٹیکل آف ایسوسی ایشن اور میمورینڈم کے مطابق طے ہیں۔ یہ تعین تمام حصص کنندگان کے مفادات کی حفاظت میں بورڈ کی مدد کرتی ہے۔ بورڈ آف ڈائریکٹرز کمپنی کی گورننس، انتظام اور کنٹرول میں نگرانی فراہم کرتا ہے نیز کمپنی کے اہداف و مقاصد اور حکمت عملی کو ترتیب دینے میں مدد کرتا ہے اس کے علاوہ ان اہداف و مقاصد کو حاصل کرنے کے لیے پالیسیاں اور ہدایات تشکیل دینے میں مدد دیتا ہے۔

کمپنی کا بورڈ ایک آزاد اور چھ غیر ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ بورڈ کی تشکیل درج ذیل ہے:

- محترمہ/حور یوسف زئی - چیئر پرسن
- محترم/جہانگیر سیف اللہ خان
- محترم/عثمان سیف اللہ خان
- محترم/اسد سیف اللہ خان
- محترمہ/جہا ناز سیف اللہ خان
- محترم/نوید عابد خان
- محترم/رانا محمد شفیع

سال کے اختتام کے بعد محترم رانا محمد شفیع نے 8 مارچ 2019 کو استعفیٰ دے دیا اور اس سے پیدا ہونے والے خلا کو پُر کرنے کیلئے بورڈ نے 15 مارچ 2019 کو محترم جاوید سیف اللہ خان کو ڈائریکٹر مقرر کیا۔

SCPL کا موجودہ بورڈ دو غیر ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ بورڈ کی تشکیل مندرجہ ذیل ہے:

- محترم/جہانگیر سیف اللہ خان - چیئر مین/ڈائریکٹر
- محترمہ/حور یوسف زئی - ڈائریکٹر

ڈائریکٹرز کے لیے معاوضہ

چیئر مین، غیر ایگزیکٹو ڈائریکٹرز اور ڈائریکٹرز صرف اجلاسوں میں شرکت کے لئے فیس کے حقدار ہیں۔ معاوضے کا لیول ذمہ داری کے لیول کے موافق و مناسب ہے۔

متعلقہ پارٹی (related party) کی لین دین

سال کے دوران متعلقہ فریقوں (related parties) کے ساتھ کئے گئے لین دین کی آڈٹ کمیٹی کی طرف سے توثیق ہو چکی ہے اور اسے بورڈ کی طرف سے منظور کیا گیا ہے۔

شیئر ہولڈنگ پیٹرن

شیئر ہولڈنگ پیٹرن کا بیان جیسا کہ 31 دسمبر 2018ء کو تھا، صفحہ نمبر 136 پر دیا گیا ہے۔

کمپنی نے ٹائٹی ایوارڈ کے عوض میں نافذ کرنے والے فرمان کو حاصل کرنے کے لئے سول کورٹ لاہور میں ایک درخواست بھی درج کی ہے۔ یہ رقم پہلے ہی سوئی ناردرن کو قابل ادائیگی رقم کے برخلاف ایڈجسٹ کر دی گئی ہے۔ اس کے بعد SNGPL نے ضلع جج لاہور (گیس یوٹیلیٹی کورٹ کے اختیارات کے حامل) کے پاس اس ایڈجسٹمنٹ کے خلاف درخواست دائر کی ہے اور LCIA کے پاس بھی ٹائٹی کی درخواست دائر کی ہے۔

بجلی خریداروں کے معاملے میں، ٹائٹی نے متعلقہ اخراجات کے ساتھ ساتھ کمپنی کے حق میں 477.56 ملین روپے ایوارڈ کیے ہیں۔ کمپنی نے لاہور ہائی کورٹ میں اس کے نفاذ کے لئے درخواست دی ہے۔ بجلی خریدار نے برطانیہ اور سول کورٹ میں جزوی اور فائنل ایوارڈ کو بھی چیلنج کیا ہے، تاہم، اس سال کے دوران یہ کیس برطانیہ کی عدالت سے نکل گیا ہے۔

مالیاتی کارکردگی

گروپ کی کارکردگی مستحکم رہی ہے۔ اس سال کی کل مجموعی فروخت 16,690 ملین روپے رہی اور اس سال کا خالص منافع 3,032 ملین روپے ہے۔ سال 2018ء کا مستحکم مالیاتی اور فعال ڈیٹا درج ذیل ہے:

بیان	روپے ملین میں
کاروبار	16,690
مجموعی منافع	4,065
خالص منافع	3,032
پراپرٹی، پلانٹ اور سامان	13,945
گڈویل	11.53
نیٹ مالیت	12,046
طویل مدتی فنانسنگ	2,975
مختصر مدت کے قرضوں کے حصول	5,473
فی شیئر آمدنی۔ (روپے میں)	7.85
ٹریڈ کالوں۔ (فیصدی)	61.92%
دستیاب صلاحیت GWHS	1,784

کارپوریٹ سماجی ذمہ داری، حفاظت، صحت اور معیار

گروپ تمام اسٹیک ہولڈرز کے ساتھ اس بات کو یقینی بناتے ہوئے کام کرتا ہے کہ یہ گروپ تمام قابل اطلاق قوانین پر عمل پیرا ہوتا ہے؛ کیونکہ ترقی کے لئے حصہ ڈالتا ہے؛ حفاظت، صحت اور ماحول کے اعلیٰ ترین معیارات فراہم کرتا ہے؛ اپنے ملازمین کو مسابقتی تنخواہ اور فوائد مہیا کرتا ہے۔ پیرنٹ کمپنی ایک مرکزی عمل کے ساتھ اس سلسلے میں ضروری مدد فراہم کرتی ہے۔

ماحول پر کمپنی کے کاروبار کا اثر

آپ کی کمپنی پلانٹ سے نکلنے والے ہر قسم کے اخراج پر سخت کنٹرول برقرار رکھتی ہے اور اس بات کو یقینی بناتی ہے کہ چاہے کچھ بھی حالات ہوں، اخراج، ماحولیاتی تحفظ ایجنسی (EPA) کی ہدایات میں فراہم کردہ حدود سے تجاوز نہ کرے۔

داخلی آڈٹ اور کنٹرول

آڈٹ کمیٹی کو پورنٹ کرنے والے ایک تعلیم یافتہ شخص کی سربراہی میں "خود مختار داخلی آڈٹ فنکشن" کمپنی کی اسٹنگ کے بعد سے مسلسل فعال رہا ہے۔ کمپنی کے اندر اندر داخلی آڈٹنگ کی گنجائش واضح طور پر بیان کی گئی ہے جس میں وسیع پیمانے پر اس کے داخلی کنٹرول سسٹم کی نظر ثانی اور تشخیص، اثاثوں کی حفاظت، اکاؤنٹنگ ریکارڈ کی درستگی اور تکمیل شامل ہے۔

ممبران کے لیے ڈائریکٹرز کی رپورٹ

31 دسمبر 2018ء کو ختم ہونے والے سال کے لئے مستحکم مالی بیانات پر ڈائریکٹرز کی رپورٹ

گروپ کے بارے میں

سیف پاور لمیٹڈ

"سیف پاور لمیٹڈ (SPL)" بجلی پیدا کرنے والا ایک خود مختار (IPP) ادارہ ہے اور اس کا بجلی گھر قادر آباد، ساہیوال میں ہے۔ "کمپلیکس - کمپائونڈ سائیکل تھرمل پاور پلانٹ" دو ایندھن کی مدد سے بجلی پیدا کرنے والا ایک ایسا اسٹیشن ہے جہاں پرائمری ایندھن، "قدرتی گیس" ہے اور بیک اپ ایندھن، "ہائی سپیڈ ڈیزل (HSD)" ہے۔ جنرل ایکٹریکٹ فرانس کے دو طرفہ گیس ٹریڈنگ اور سٹورس سٹیٹن کے ایک سٹیٹم ٹریڈنگ کے ساتھ پلانٹ کی مجموعی پیداواری صلاحیت 225 میگا واٹ ہے۔ "6FA.03" ہیوی ڈیوٹی گیس ٹریڈنگ اپنی درجہ بندی کی صلاحیت میں ایندھن کے لحاظ سے شاید دنیا میں سب سے موثر ہیں اور مجموعی صلاحیت کے لحاظ سے ہماری یہ مشترکہ آگے بڑھنے کی کارکردگی پاکستان میں سب سے زیادہ ہے۔

سیف سینٹ (پرائیویٹ) لمیٹڈ

سید دوالی گاؤں، پہاڑ پور، ڈیرہ اسماعیل خان، خیبر پختونخواہ (کے پی) میں ایک سینٹ مینوفیکچرنگ پلانٹ قائم کرنے کے لیے 13 جنوری 2017ء کو سیف سینٹ (پرائیویٹ) لمیٹڈ (SCPL) کمپنی بنائی گئی۔ کمپنی نے SCPL کے ذریعے شیئرز کا اجراء کرتے ہوئے یکم اگست 2018ء کو SCPL کے 10 روپے والے 1,062,500 عام شیئرز حاصل کیے۔ اس کے علاوہ SCPL نے کمپنی کو 10 روپے والے 17,000,000 اور 45,037,500 عام شیئرز 19 نومبر 2018ء اور 31 دسمبر 2018ء کو بالترتیب جاری کیے۔ مذکورہ بالا شیئرز جاری کرنے کے بعد، کمپنی SCPL کے مجموعی شیئرز کیلئے 99.99% فیصد رکھتی ہے۔

کمپنی کا مقصد SCPL میں 20 ملین امریکی ڈالر کے برابر روپوں تک کا حصہ لینا ہے تاکہ 10 روپے فی شیئر کی قیمت والے 221 ملین عام شیئرز (ڈالر/روپے جو کہ 2,210 ملین روپے کے برابر ہیں اور جو کہ اس منصوبے کے عمل کے دوران غیر ملکی کرنسی کی شرح کے مطابق قابل اصلاح ہوں گے) حاصل کیے جائیں، اور یہ 28 فروری 2018ء کو منعقد ہونے والے غیر معمولی عمومی اجلاس میں کمپنی کے شیئرز ہولڈرز سے منظوری اور NEPRA سے منظوری کے مطابق ہے۔ اس لحاظ سے اس کا بندرتیج نتیجہ یہ نکلے گا کہ کمپنی کی مقصود سرمایہ کاری سے SCPL کی ایکویٹی 30 فیصد ہوگی جو کہ فی الحال 99.9 فیصد ہے۔

نتیجتاً ہونے والے کام

- سرمایہ کاری

کمپنی نے 26 مارچ 2019ء کو SCPL کے 5,550,000 مزید شیئرز حاصل کیے۔

- تقسیم شدہ منافع

بورڈ نے سالانہ عمومی اجلاس میں منظوری کے لیے 2018ء کو ختم ہونے والے سال کے لئے شیئرز ہولڈرز کو 16.5 فیصد (1.65 روپے فی شیئر) عبوری منافع میں اضافہ کے ساتھ 13 فیصد (1.3 روپے فی شیئر) تقسیم شدہ منافع کی سفارش کی ہے، جس سے ان کا مجموعی تقسیم شدہ منافع 29.5 فیصد (2.95 روپے فی شیئر) ہو جائے گا جو کہ گذشتہ سال مقابلاً 36.5 فیصد (3.65 روپے فی شیئر) تھا۔ جب تک کوئی ہنگامی صورت حال نہیں ہوگی، آپ کی کمپنی کے بورڈ آف ڈائریکٹرز، کمپنی کے اندر تمام سرپلس نقد کی ادائیگی کی پالیسی کو جاری رکھیں گے۔

زیر التواء مسائل

سوئی ناردرن گیس کے خلاف 239.68 ملین روپے کے لئے کمپنی کے حق میں ثالثی ایوارڈ کو سوئی ناردرن کی طرف سے سول عدالت اور لاہور ہائی کورٹ دونوں میں چیلنج کیا گیا تھا۔ تاہم، توقع کے مطابق، لاہور ہائی کورٹ نے سوئی ناردرن کی جانب سے دائر درخواست کو مسترد کر دیا۔ سپریم کورٹ آف پاکستان نے بھی اس ایپل کو مسترد کر دیا ہے۔

INDEPENDENT AUDITORS' REPORT

To the Members of Saif Power Limited

Opinion

We have audited the annexed consolidated financial statements of Saif Power Limited (“the Company”) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr.no.	Key audit matters	How the matter was addressed in our audit
1.	<p>Trade debts (Refer note 16.1, 16.2 and 16.3 to the consolidated financial statements)</p> <p>Trade debts include an overdue amount of Rs 6.72 billion, receivable from National Transmission and Dispatch Company (NTDC). The Company considers this amount to be fully recoverable as this is secured by guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA).</p> <p>Further, we draw attention to note 16.2 and 16.3 to the consolidated financial statements, which describe the matters regarding the recoverability and adjustment of certain trade debts.</p> <p>We considered the matter as key audit matter due to the quantum, age of overdue amounts and management's judgment relating to disputed amounts.</p>	<p>Our audit procedures in relation to the matter included:</p> <ul style="list-style-type: none"> • Circularised request for direct confirmation of balance due from NTDC, reviewed confirmation directly received from NTDC and tested the reconciliation; • Checked, on sample basis, trade debts ageing report classification within the appropriate ageing bracket with underlying documentation; • Checked, on sample basis, cash receipts from NTDC subsequent to financial year end relating to year end balance with underlying documentation; • Held discussions at appropriate level of management and Audit Committee to assess their views on the timing of settlement and recoverability of trade debts; • With respect to disputed trade debts, (a) Obtained confirmation from the Company's external legal advisor and reviewed the related arbitration orders; (b) Evaluated technical ability of the external legal advisors used by the Company; (c) Assessed the matter under applicable accounting frame work; and • Reviewed related disclosures made in the consolidated financial statements regarding the matter.

<p>2.</p>	<p>Recognition of Revenue</p> <p>(Refer to note 4.10 and 21 to the consolidated financial statements)</p> <p>The Company is engaged in sale of electricity to National Transmission and Dispatch Company (NTDC).</p> <p>The Company recognised gross revenue during the year from Capacity Purchase Price (CPP) and Energy Purchase Price (EPP) amounting to Rs. 13.686 billion and Rs. 4.995 billion respectively.</p> <p>We considered this as key audit matter due to the significance of the amounts requiring significant time and resource due to magnitude and revenue being a key economic indicator of the Company.</p>	<p>Our audit procedures in relation to the matter included:</p> <ul style="list-style-type: none"> • Tested the design, implementation and operating effectiveness of the relevant key internal controls which govern revenue recognition from the sale of electricity; • Assessed whether appropriate revenue recognition policies are applied in accordance with applicable accounting and reporting framework; • Analyzed Power Purchase Agreement (PPA) to evaluate whether revenue was recognized in accordance with the terms of PPA; • Performed substantive test of details on sale transactions by inspecting the underlying documentation; • Performed recalculation of EPP revenue based on electricity produced and CPP revenue based on capacity available; and • Reviewed related disclosures made in the financial statements regarding the matter.
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Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 31 December 2018, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Inam Ullah Kakra.



KPMG Taseer Hadi & Co.

Chartered Accountants

Islamabad

28 March 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 Rupees	2017
SHARE CAPITAL AND RESERVES			
Share capital	5	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		8,181,713,965	6,531,380,266
Equity attributable to the owners of the Company		12,046,431,755	10,396,098,056
Non controlling interests		19,609	-
Total equity		12,046,451,364	10,396,098,056
Liabilities			
Long term financing	6	652,714,443	2,858,104,162
Sub-ordinated loan	7	799,618,050	762,252,708
Liabilities against assets subject to finance lease	8	8,808,920	11,381,837
Non-current liabilities		1,461,141,413	3,631,738,707
Trade and other payables	9	1,114,195,632	1,424,571,570
Short term borrowings	10	5,473,050,970	1,927,513,747
Current portion of non-current liabilities	11	2,486,085,146	1,909,106,803
Markup accrued		550,426,755	379,873,196
Unclaimed dividend		10,190,825	6,654,069
Current liabilities		9,633,949,328	5,647,719,385
Total liabilities		11,095,090,741	9,279,458,092
Total equity and liabilities		23,141,542,105	19,675,556,148
Contingencies and commitments	12		

The annexed notes 1 to 34 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

		2018	2017
	Note	Rupees	
ASSETS			
Property, plant and equipment	13	13,945,393,792	13,687,610,378
Project transaction cost	14	43,515,591	-
Goodwill	15	11,530,918	-
Long term deposits		3,331,810	3,834,710
Non-current assets		14,003,772,111	13,691,445,088
Advance income tax		22,846,495	12,372,853
Stock in trade - HSD		134,110,136	127,995,836
Trade debts	16	8,415,730,184	5,383,547,937
Other receivables	17	498,002,758	407,449,846
Advances	18	921,217	1,482,758
Trade deposits and short term prepayments	19	51,686,607	46,837,326
Cash and bank balances	20	14,472,597	4,424,504
Current assets		9,137,769,994	5,984,111,060
Total assets		23,141,542,105	19,675,556,148



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Note	2018 Rupees	2017
Turnover - net	21	16,690,327,029	12,257,197,103
Cost of sales	22	(12,625,322,730)	(8,779,522,661)
Gross profit		4,065,004,299	3,477,674,442
Other income	23	2,428,315	4,185,386
Administrative expenses	24	(140,566,840)	(182,395,624)
Finance cost	25	(894,557,228)	(707,339,260)
Profit for the year		3,032,308,546	2,592,124,944
Profit/ (loss) attributable to:			
- Owners of the Company		3,032,309,620	2,592,124,944
- Non-controlling interests		(1,074)	-
		3,032,308,546	2,592,124,944

The annexed notes 1 to 34 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	2018 Rupees	2017
Profit for the year		3,032,308,546	2,592,124,944
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit liability	9.2.1 & 9.2.2	(9,978,718)	(1,183,696)
Total comprehensive income for the year		3,022,329,828	2,590,941,248
Total comprehensive income attributable to:			
- Owners of the Company		3,022,330,902	2,590,941,248
- Non-controlling interests		(1,074)	-
		3,022,329,828	2,590,941,248

The annexed notes 1 to 34 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Note	2018	2017
		Rupees	
Cash flows from operating activities			
Profit for the year		3,032,308,546	2,592,124,944
Adjustment for:			
Provision for staff retirement benefits - gratuity	9.2.2	6,336,213	8,183,592
Depreciation	13	594,521,390	591,532,040
Finance cost	25	894,557,228	707,339,260
Gain on sale of property, plant and equipment	23	(243,500)	-
Insurance claim	23	(34,012)	(87,000)
Profit on deposit accounts	23	(15,717)	(147,646)
Return on investments	23	(1,774,421)	(3,532,349)
		<u>4,525,655,727</u>	<u>3,895,412,841</u>
Changes in:			
Stock in trade		(6,114,300)	118,784
Trade debts		(3,032,182,247)	(1,006,228,802)
Other receivable		(90,552,912)	(111,366,931)
Advances		566,479	837,276
Trade deposits and prepayments		(4,849,281)	849,414
Trade and other payables		(379,816,886)	262,771,950
Cash generated from operating activities		<u>1,012,706,580</u>	<u>3,042,394,532</u>
Income taxes paid		(9,781,109)	(424,981)
Finance cost paid		(724,003,669)	(654,528,959)
Staff retirement benefits paid		(8,979,288)	(36,623,422)
Net cash generated from operating activities		<u>269,942,514</u>	<u>2,350,817,170</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(511,659,447)	(9,184,401)
Decrease in long term deposits		502,900	328,050
Proceeds from sale of property, plant and equipment		315,000	-
Acquisition of subsidiary, net of cash acquired		21,190,461	-
Insurance claim received		39,600	87,000
Profit on deposit accounts	23	15,717	147,646
Return on investments - receipt	23	1,774,421	3,532,349
Net cash used in investing activities		<u>(487,821,348)</u>	<u>(5,089,356)</u>
Cash flows from financing activities			
Repayment of long term financing		(1,786,097,130)	(1,738,206,389)
Dividends paid		(1,368,438,059)	(1,410,621,993)
Short term borrowings - net		3,387,272,885	660,640,674
Payment of finance lease liabilities		(4,810,769)	(5,878,667)
Net cash generated from / (used in) financing activities	30	<u>227,926,927</u>	<u>(2,494,066,375)</u>
Net decrease in cash and cash equivalents		<u>10,048,093</u>	<u>(148,338,561)</u>
Cash and cash equivalents at 01 January		<u>4,424,504</u>	<u>152,763,065</u>
Cash and cash equivalents at 31 December	20	<u>14,472,597</u>	<u>4,424,504</u>

The annexed notes 1 to 34 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital	Unappropriated profit - revenue reserve	Non-Controlling interest	Total equity
			Rupees	
Balance at 01 January 2017	3,864,717,790	5,351,061,011	-	9,215,778,801
Total comprehensive income for the year				
Profit for the year	-	2,592,124,944	-	2,592,124,944
Other comprehensive income for the year	-	(1,183,696)	-	(1,183,696)
Total comprehensive income for the year	-	2,590,941,248	-	2,590,941,248
Transaction with owners of the Company				
Distributions				
Final dividend - 2016 @ Rs. 1.90 per share	-	(734,296,380)	-	(734,296,380)
First interim dividend - 2017 @ Rs. 1.75 per share	-	(676,325,613)	-	(676,325,613)
Total transactions with owners of the Company	-	(1,410,621,993)	-	(1,410,621,993)
Balance at 31 December 2017	<u>3,864,717,790</u>	<u>6,531,380,266</u>	<u>-</u>	<u>10,396,098,056</u>
Balance at 01 January 2018	3,864,717,790	6,531,380,266	-	10,396,098,056
Total comprehensive income for the year				
Profit for the year	-	3,032,309,620	(1,074)	3,032,308,546
Other comprehensive income for the year	-	(9,978,718)	-	(9,978,718)
Total comprehensive income for the year	-	3,022,330,902	(1,074)	3,022,329,828
Transaction with owners of the Company				
Distributions				
Final dividend - 2017 @ Rs. 1.90 per share	-	(734,296,380)	-	(734,296,380)
First interim dividend - 2018 @ Rs. 1.65 per share	-	(637,678,435)	-	(637,678,435)
Total distributions	-	(1,371,974,815)	-	(1,371,974,815)
Changes in ownership interests				
Acquisition of subsidiary with NCI	-	-	(1,705)	(1,705)
Acquisition of NCI without a change in control	-	(22,388)	22,388	-
Total changes in ownership interests	-	(22,388)	20,683	(1,705)
Total transactions with owners of the Company	-	(1,371,997,203)	20,683	(1,371,976,520)
Balance at 31 December 2018	<u>3,864,717,790</u>	<u>8,181,713,965</u>	<u>19,609</u>	<u>12,046,451,364</u>

The annexed notes 1 to 34 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

1 Reporting entity

Saif Power Limited ("the Company") was incorporated in Pakistan on 11 November 2004 as a public limited company under the repealed Companies Ordinance, 1984 (which has now been replaced by the Companies Act, 2017) and commenced operations from 30 April 2010. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is a subsidiary of Saif Holdings Limited ("the Controlling Party") with shareholding of 51.04% (2017: 51.04%) ordinary shares.

The Group consists of Saif Power Limited (the Company) and Saif Cement (Pvt) Limited.

The principal activities of the Company are to own, operate and maintain a combined cycle power plant having nameplate capacity of 225 MW (ISO) and sell the electricity to National Transmission and Despatch Company (NTDC).

Subsidiary

Saif Cement (Pvt) Limited (the Subsidiary Company) is a private limited company incorporated in Pakistan on 13 January 2017 under the repealed Companies Ordinance, 1984 (which has now been replaced by the Companies Act, 2017).

The Subsidiary Company is engaged in the construction of Greenfield Cement Production Plant of 6,500 tons per day clinker production line on an EPC Turnkey Contracting Basis near D.I. Khan, Khyber Pakhtunkhwa province. Thereafter, the principal business of the Subsidiary Company will be production and sale of cement.

Geographical locations of the Group's business units are as follows:

- The registered office of the Company is situated at 1st Floor, Kashmir Commercial Complex Fazal-ul-Haq Road, Block E, Blue Area, Islamabad; and
- Plant of the Company is situated at Chak 56/5L, Qadarabad Multan Road, District Sahiwal, Punjab, Pakistan.
- The registered office of the Subsidiary Company, is located at APTMA House, Tehkal Payan, Jamrud Road, Peshawar.
- Construction site of cement plant of the Subsidiary Company, is located at Saiduwali Village Tehsil Paharpur, District Dera Ismail Khan, Khyber Pakhtunkhawa, Pakistan.

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

Summary of significant transactions and events that occurred during the year is as follows:

- trade debts have been increased owing to inter-corporate circular debt with a corresponding increase in short term borrowings;
- the Company declared dividend amounting to Rs. 1,372 million (refer statement of changes in equity);
- the Subsidiary Company, made repayment in full of principal amount and mark up total amounting to Rs. 138.05 million in respect of loan from JHI Holdings (Private) Limited. Refer note 10.4;
- the Subsidiary Company, obtained technical consultancy from PEG S.A. and financial consultancy from

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

Habib Bank Limited (HBL). Refer note 13.1.1; and

-the Subsidiary Company, purchased 4410 kanals and 4 marlas land from Mr. Jehangir Saifullah Khan (Director) at D.I.Khan Khyber Pakhtunkhwa province for the construction of Greenfield Cement Production Plant. Refer note 13.3.

3 BASIS OF PREPARATION

These consolidated financial statements include the financial statements of the Company and its Subsidiary (collectively "the Group"). The financial statements of the Subsidiary are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

3.1 Statement of compliance

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

-International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

-Provisions of and directives issued under the Companies Act, 2017.

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

3.2 Basis of measurement and preparation

These consolidated financial statements have been prepared under the historical cost convention except for staff retirement benefits, which have been measured at values determined through actuarial valuation.

3.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupee (Rupees), which is the Group's functional currency. All financial information presented in Rupees has been rounded off to the nearest of Rupees, unless otherwise indicated.

3.4 Use of judgments and estimates

The preparation of consolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods. Judgments and estimates made by management in the application of accounting and reporting standards as applicable in Pakistan that may have significant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

effect on the consolidated financial statements and estimates with a significant risk of material adjustments in the next years are discussed in the ensuing paragraphs:

(a) Property, plant and equipment

The Group reviews the useful lives of property, plant and equipment on a regular basis. Any change in estimate in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on depreciation charge and impairment.

(b) Impairment of financial assets

In making an estimate of the recoverable amount of the Group's financial assets, the management considers estimated cash flows and their terminal value for impairment testing.

(c) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using the criteria given in respective accounting standards to determine the extent of impairment loss, if any.

(d) Taxation

The Group takes into account the current income tax law and decisions taken by the tax authorities. Instances where the Group's views differ from the views taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(e) Employee benefits

Gratuity is provided for permanent employees of the Company for which liability is recognised in the Group's financial statements. The calculation of defined benefit liability requires assumptions to be made of future outcomes, the principal ones being in respect of expected salary growth, expected mortality of active members and the discount rate used to convert future cash flows to current values. Calculations are sensitive to the changes in assumptions used.

(f) Provision for inventory obsolescence and doubtful receivables

The Group reviews the carrying amount of stores and spares and stock in trade on regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores and spares and stock in trade. Further the carrying amounts of trade and other receivables are assessed on regular basis and if there is any doubt about the realisability of these receivables, appropriate amount is provided for.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

(g) Provisions and contingencies

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost, if any.

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as contingent liability.

(h) Other

Pursuant to decisions of Supreme Court of Pakistan related to discretionary beneficial ownership in an overseas trust on a prudent basis and in good faith transactions with "Orastar" have been disclosed in note 29 irrespective of the absence of significant influence and the fact that the companies are not associated under Companies Act, 2017.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the change as indicated below:

- The Companies Act, 2017 (the Act) became applicable to the Group for the first time for the preparation of these financial statements. The Act forms an integral part of the statutory financial reporting framework applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. The Act also brought certain changes with regard to preparation and presentation of annual financial statements of the Group. These changes include change in nomenclature of the primary financial statements, reclassification of certain items of financial statements, elimination of duplicative disclosures with the disclosure requirements of IFRS Standards and incorporation of significant additional disclosures.
- Following reclassification has been made as required by the Act:
- "Unclaimed dividend" has been reclassified from "trade and other payables" and shown separately on the face of the statement of financial position as required by the Act.
- Effect of retrospective reclassification is as follows:

	2018	2017
	Rupees	
Decrease in trade and other payables	6,654,069	5,162,897

Additional disclosures required by the Act have been given in note 2, 12, 13, 16, 28, 29 and 32 to these financial statements.

The third statement of financial position has not been presented as the amount of reclassification is immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

4.1 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land, stores held for capitalisation and capital work in progress which are stated at cost less impairment loss, if any. Cost comprises purchase price, including import duties, non-recourse purchase taxes and other related costs of bringing the asset to its present working condition and location for intended use. Exchange gains or losses on long term foreign currency loans utilised for acquisition of assets are added to / deducted from cost of respective asset in accordance with note 4.9.

Depreciation is charged to profit or loss on straight line method at the rates given in note 13, after taking into account their respective residual values if any, so as to write off the depreciable amount over their estimated useful lives whereby depreciable amount adjusted for above exchange rate movements of an asset is written off over its remaining estimated useful life. Depreciation is charged from the month asset is available for use whereas no depreciation is charged in the month in which the asset is disposed off.

Normal repairs and maintenance are charged to profit or loss as and when incurred whereas major improvements and modifications are capitalised. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment disposed off, and are recognised net within "other income" in profit or loss.

Leased assets

Assets subject to finance lease in which the Group bears substantially all risks and rewards of ownership of the assets are recognised at the inception of lease at lower of their fair value and the present value of minimum lease payments. Related obligations under the agreement are accounted for as liabilities and financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability. Depreciation is charged on leased assets at the rates given in note 13.

Ijarah

Rentals payable under Ijarah arrangement are charged to profit or loss on a straight line basis over the term of the Ijarah lease arrangement.

4.2 Intangible assets and amortisation

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested for impairment annually and whenever there is an indication that the value may be impaired, and carried at cost less accumulated impairment losses, if any. Impairment losses on goodwill are not reversed.

4.3 Staff retirement benefits - Defined benefit plan

The Company operates a funded gratuity scheme covering all permanent employees completing the minimum qualifying period of service, for which liability is recognised in the Group's financial statements. The assets of the fund plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with actuarial recommendations. The latest actuarial

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

valuation was carried out by the Company as at 31 December 2018. The details of actuarial valuation are given in note 9.2 to these consolidated financial statements. The actuarial gains and losses are recognised in other comprehensive income in the year in which they arise.

4.4 Taxation

(a) Current

The profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Further, the Company is also exempt from minimum tax on turnover under clause (11 A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Subsidiary Company accounts for current taxation on the basis of taxable income at the current rates of taxation after taking into account tax credits and rebates, if any, and any adjustment to tax payable in respect of previous year in accordance with the provisions of the Income Tax Ordinance, 2001.

(b) Deferred

Deferred tax for the Company has not been provided in these financial statements as the profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

The Subsidiary Company recognises deferred tax to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Subsidiary Company recognises deferred tax using the balance sheet liability method, providing for temporary difference between the carrying value of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary difference when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authorities on the same taxable entity, but the Subsidiary Company, intends to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised and settled simultaneously.

4.5 Borrowing costs

Borrowing costs on loans which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent that these are regarded as adjustment to borrowing cost. All other borrowing costs are charged to profit or loss.

4.6 Markup bearing borrowings

Mark-up bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at originally recognised amount less subsequent repayments, while the difference between the original recognised amounts (as reduced by periodic payments) and redemption value is recognised in profit or loss over the period of borrowings on an effective rate basis except to the extent capitalised as borrowing cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

4.7 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle such obligations and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimate.

4.8 Stock in trade

These are valued at lower of cost and net realisable value. Cost is determined using weighted average cost method. Cost of inventory comprises of the purchase price and other direct costs incurred in bringing the inventory items to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

4.9 Foreign currency transactions and translations

Foreign currency transactions are recorded in PKR at the rate of exchange prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevalent on the reporting date. Non monetary assets that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are accounted for as follows:

- (i) Exchange differences related to foreign currency loans obtained by the Company for financing of the plant and machinery are capitalised and depreciated over the remaining useful life of the related assets in accordance with SRO 24 (1) / 2012 of SECP.
- (ii) All other exchange differences are charged to profit or loss on net basis.

4.10 Revenue recognition

Revenue from sale of electricity to NTDC is recognised based on the transmission of electricity and whereas on account of capacity is recognised when due, at rates as specified under the Power Purchase Agreement (PPA) and revised reference tariff determined by National Electric Power Regulatory Authority (NEPRA) and after incorporation of relevant applicable quarterly indexation.

4.11 Financial instruments

Non-derivative financial assets

These are initially recognised on the date that they are originated i.e. on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Investments are recognised on settlement date.

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or when the Group transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group's non-derivative financial assets are classified as loans and receivables.

Loans and receivables comprise trade debts, deposits, other receivables, advances to employees, cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

Trade debts, deposits and other receivables

Deposits and trade and other receivable are stated initially at the fair value. Subsequent to initial recognition these are stated at their amortised cost as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

The allowance for doubtful accounts is based on the Group's assessment of the collectability of counterparty accounts. The Group regularly reviews its debts and receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances, and current economic conditions that may affect a counterparty's ability to pay.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in their fair value.

Non-derivative financial liabilities

The Group initially recognises non derivative financial liabilities on the date that they are originated or the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Non derivative financial liabilities comprise of mark-up bearing borrowings including long term financing, obligations under finance lease, subordinated loan, short term borrowings, markup accrued and trade and other payables.

Trade and other payables

Liabilities for trade and other payable are carried at amortised cost, which approximates the fair value of consideration to be paid in future for goods and services received, whether or not billed to the Group.

Borrowings

Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under mark-up accrued on borrowings to the extent of the amount remains unpaid.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

4.12 Finance income and finance cost

Finance income comprises profit on deposit accounts and profit on short term investment. Profit on deposit accounts is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Income on term deposit receipts is recognised on time proportion basis taking into account the effective yield of such securities.

Finance cost comprises interest expense on borrowings, interest on finance lease liabilities, bank charges, exchange loss - net and other charges on borrowings. Mark-up and other charges on borrowings other than expense incurred on qualifying assets are charged to profit or loss in the period in which they are incurred.

4.13 Impairment

Non-financial assets

The carrying amounts of non-financial assets other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor or indications that a debtor or issuer will enter bankruptcy.

All individually significant assets are assessed for specific impairment. All individually significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and are reflected in an allowance account. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4.14 Provision for Workers' Profit Participation Fund

The Company does not account for Provision for Workers Profit Participation Fund (WPPF) in its profit or loss as they are pass through items to NTDC under the PPA. In case the liability arises, it is recovered from NTDC.

4.15 Dividend

Dividend distribution to the shareholders is recognised as liability in the period in which it is declared.

4.16 Basis of consolidation - subsidiary

Subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a Subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. The assets and liabilities of the Subsidiary have been consolidated on a line-by-line basis and the carrying value of investment held by the Company is eliminated against the subsidiary's share capital and advance against share capital in the consolidated financial statements. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

Non-controlling interest (NCI) is the equity in a subsidiary not attributable, directly or indirectly, to the Company.

4.17 Forthcoming changes in approved accounting standards that are not yet effective

The following IFRS Standards as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Group's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Group is currently in the process of analysing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for reporting period / year ending on or after 30 June 2019). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', 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'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Group is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Group's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - (a) IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - (b) IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transaction that generates the distributable profits.
 - (c) IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

		2018	2017
		Rupees	
5	SHARE CAPITAL		
	5.1 Authorized share capital		
	405,000,000 (2017: 405,000,000) ordinary shares of Rs.10 each	<u>4,050,000,000</u>	<u>4,050,000,000</u>
	5.2 Issued, subscribed and paid-up capital		
	386,471,779 (2017: 386,471,779) ordinary shares of Rs. 10 each fully paid in cash	<u>3,864,717,790</u>	<u>3,864,717,790</u>
	5.3 Saif Holdings Limited ("the Controlling Party") holds 197,272,619 i.e. 51.04% (2017: 197,272,619 i.e. 51.04%) ordinary shares of Rs.10/- each at the reporting date and 12,501 (2017: 12,002) ordinary shares of Rs. 10 each and 100 (2017: 100) ordinary shares of Rs. 10 each are held by directors and a related party respectively. Orastar Limited held 66,022,504 (2017: 74,670,104) ordinary shares of the Company.		

		2018	2017
		Rupees	
6	LONG TERM FINANCING		
	Loan from banking companies and financial institutions		
	Syndicate term finance facilities	6.1 <u>2,975,180,137</u>	4,761,277,267
	Current portion of long term financing	11 <u>(2,322,465,694)</u>	(1,903,173,105)
		<u>652,714,443</u>	<u>2,858,104,162</u>

6.1 Breakup of syndicate term finance facilities is as follows:

Syndicate term finance facility under SFA	6.1.1	<u>2,465,112,225</u>	3,946,162,973
Syndicate term finance facility under TFFA	6.1.2	<u>510,067,912</u>	815,114,294
		<u>2,975,180,137</u>	<u>4,761,277,267</u>

6.1.1 Syndicate term finance facility under Senior Facility Agreement ("SFA")

National Bank of Pakistan	<u>551,866,220</u>	919,634,716
Habib Bank Limited	<u>551,866,220</u>	919,634,716
United Bank Limited	<u>648,913,448</u>	919,634,713
Allied Bank Limited	<u>264,895,785</u>	441,424,663
Faysal Bank Limited	<u>110,373,243</u>	183,926,942
Askari Bank Limited	<u>110,374,043</u>	183,926,942
Bank of Punjab	<u>110,373,243</u>	183,926,942
Pak Oman Investment Company Limited	<u>66,223,945</u>	110,356,164
Saudi Pak Industrial & Agricultural Investment Company Limited	<u>50,226,078</u>	83,697,175
	<u>2,465,112,225</u>	<u>3,946,162,973</u>

This represents a syndicate senior facility of Rs. 10,727.53 million (2017: Rs. 10,727.53 million) obtained from a consortium of seven banks and two Development Finance Institutions (DFIs) led by Habib Bank Limited, the agent bank. The facility carries mark-up at the rate of 3 months KIBOR plus 3% per annum with no floor or cap and is payable in quarterly installments in a period of ten years, starting from 30 June 2010. The facility is secured against immovable property of the Company located at Sahiwal, project receivables, sponsors' shares constituting 51% of total issued share capital of the Company, lien over project accounts and all present and future assets and properties of the Company for an amount of Rs. 27,210.47 million (2017: Rs. 27,210.47 million) and assignment of the Company's rights and benefits under all project agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6.1.2 Syndicate term finance facility under Term Finance Facility Agreement ("TFFA")

	2018	2017
	Rupees	
National Bank of Pakistan	114,196,490	189,950,200
Habib Bank Limited	114,196,490	189,950,200
United Bank Limited	134,224,428	189,950,200
Allied Bank Limited	54,814,314	91,176,095
Faysal Bank Limited	22,839,297	37,990,039
Askari Bank Limited	22,839,297	37,990,039
Saudi Pak Industrial & Agricultural Investment Company Limited	10,414,720	17,323,458
Pak Brunei Investment Company Limited	36,542,876	60,784,063
	<u>510,067,912</u>	<u>815,114,294</u>

This represents a syndicate term finance facility of Rs. 2,180 million (2017: Rs. 2,180 million) obtained from a consortium of six banks and two DFIs led by Habib Bank Limited, the agent bank. The facility carries mark-up at the rate of 3 months KIBOR plus 3% per annum with no floor or cap and payable in quarterly installments in a period of ten years, starting from 30 June 2010. The facility is secured against immovable property of the Company located at Sahiwal, project receivables, sponsors' shares constituting 51% of total issued share capital of the Company, lien over project accounts and all present and future assets and properties of the Company for an amount of Rs. 2,906.66 million (2017: Rs. 2,906.66 million) and assignment of the Company's rights and benefits under all project agreements.

6.2 Subject to certain materiality test, significant covenants of above facilities are as follows:

- (i) Restriction of creation of further charge on the assets;
- (ii) Certain restriction on distribution of dividend; and
- (iii) Maintenance of debt service coverage ratio, debt equity ratio and leverage ratio.

Further covenants under these loans relate to the operation of the Company, project accounts, PPA and material agreements.

		2018	2017
		Rupees	
7 SUB-ORDINATED LOAN - UNSECURED	Note		
Balance at 01 January		762,252,708	722,932,879
Exchange loss capitalised	7.1	197,288,948	39,319,829
Current portion of subordinated loan		(159,923,606)	-
Balance at 31 December	7.2	<u>799,618,050</u>	<u>762,252,708</u>

7.1 Exchange loss on sub-ordinated loan has been capitalised in accordance with note 4.9(i).

7.2 This represents remaining balance of US \$ 6,898,215 (2017: US \$ 6,898,215) from the original foreign currency loan of US \$ 8,946,353 obtained from Orastar Limited, incorporated under the laws of British Virgin Island (BVI). The loan is duly registered with State Bank of Pakistan (SBP). The loan carries a markup at the rate of 3 months USD LIBOR plus 3% per annum and payable in quarterly installments in a period of six years starting from 01 January 2019 subject to availability of surplus funds available for distribution. As per agreement, the Company can also issue shares to Orastar Limited in lieu of repayment on mutually agreed basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2018			2017
		Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments	Present value of minimum lease payments
Within one year	8.2	4,913,222	1,217,376	3,695,846	5,933,698
Later than one year and not later than five years		9,507,360	698,440	8,808,920	11,381,837
		<u>14,420,582</u>	<u>1,915,816</u>	<u>12,504,766</u>	<u>17,315,535</u>

8.1 Minimum lease payments have been discounted at an implicit interest rate ranging from 7.93% to 11.55% (2017: 7.12% to 8.65%) per annum. Lease rental are repayable monthly.

8.2 This includes past due principal amount of Rs. 1,179,809 (2017: Rs. 1,462,151).

9 TRADE AND OTHER PAYABLES	2018		2017
	Rupees		
Creditors		588,197,211	992,030,560
Accrued liabilities		100,187,093	59,470,889
Withholding tax payable		2,906,022	1,285,350
Sales tax payable		28,169,431	8,186,294
WPPF payable	9.1	151,654,044	129,606,247
Payable to staff gratuity fund	9.2	16,314,930	8,979,287
Support services fee payable to the Holding Company		221,525,725	221,525,725
Other payables		5,241,176	3,487,218
		<u>1,114,195,632</u>	<u>1,424,571,570</u>

9.1 Workers' Profit Participation Fund

Balance at 01 January		129,606,247	115,616,668
Provision for the year		151,654,044	129,606,247
Payment during the year		(129,606,247)	(115,616,668)
Balance at 31 December	9.1.1	<u>151,654,044</u>	<u>129,606,247</u>

9.1.1 This represent Workers' Profit Participation Fund (WPPF) payable at the rate of 5% of the net profit of the Company for the year and is a pass through item under the provisions of Power Purchase Agreement (PPA).

9.2 Payable to staff gratuity fund	2018		2017
	Rupees		

The amount recognised in the statement of financial position is as follows:

Present value of defined benefit obligation	9.2.1	64,878,789	45,809,648
Less: Fair value of plan assets	9.2.2	(48,563,859)	(36,830,361)
Net defined benefit liability		<u>16,314,930</u>	<u>8,979,287</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

	2018	2017
	Rupees	
9.2.1 The movement in present value of defined benefit obligation is as follows:		
Balance at 01 January	45,809,648	36,235,421
<i>Included in profit or loss</i>		
Current service cost	5,965,817	5,311,697
Interest cost	3,779,296	2,871,895
	9,745,113	8,183,592
<i>Included in other comprehensive income</i>		
<i>Remeasurement loss:</i>		
- Actuarial loss	9,324,028	2,064,099
<i>Others</i>		
Benefits paid	-	(673,464)
Balance at 31 December	64,878,789	45,809,648
9.2.2 The movement in fair value of plan assets is as follows:		
Balance at 01 January	36,830,361	-
<i>Included in profit or loss</i>		
Interest income	3,408,900	-
<i>Included in other comprehensive income</i>		
Return on plan assets excluding interest income	(654,690)	880,403
<i>Others</i>		
Contribution to gratuity fund	8,979,288	36,623,422
Benefits paid	-	(673,464)
Balance at 31 December	48,563,859	36,830,361
Breakup of plan assets is as follows:		
Cash at bank	124,570	314,611
Treasury bills	48,439,289	36,515,750
	48,563,859	36,830,361
Allocation of gratuity expense is as follows:		
Cost of sales	22.1	3,639,344
Administrative expenses	24.1	2,696,869
		6,336,213
		8,183,592

Gratuity plan entitles a retired employee of the Company to receive gratuity equivalent to last drawn salary into eligible number of years of service. The gratuity plan is administered by a gratuity fund that is legally separated from the Group and is fully funded by the Company based on actuarial valuation. Employees are not required to contribute to this plan. The latest actuarial valuation was carried out on 31 December 2018 using projected unit credit method. Expected gratuity expense for the next financial year is Rs. 9,472,007. This defined benefit plan exposes the Company to the following actuarial risks:

(a) Final salary risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

(b) Demographic risks

-Mortality risk

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

-Withdrawal risk

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

(c) Investment risk

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

Key actuarial assumptions	2018	2017
Discount rate used for interest cost	8.25%	8.00%
Discount rate used for year end obligation	13.25%	8.25%
Future salary growth	12.25%	7.25%
Expected mortality for active members	As per SLIC 2001-2005 setback 1 Year	As per SLIC 2001-2005 setback 1 Year
Average expected remaining working life time of employees	5 years	5 years

Sensitivity analysis

Reasonably possible changes at the reporting date at one of the relevant actuarial assumptions, holding other assumption constant, would have affected the defined benefit obligations by the amount shown below;

	31 December 2018		31 December 2017	
	Increase	Decrease	Increase	Decrease
	Rupees			
Discount rate (1% movement)	61,943,170	68,246,123	43,571,534	48,381,098
Future salary growth (1% movement)	68,342,110	61,805,882	48,454,744	43,464,747

10 SHORT TERM BORROWINGS

Short term borrowings from banking companies

		2018	2017
Working capital facilities - secured	10.1	5,031,518,017	1,677,513,509
Short term murabaha facility- secured	10.2	417,035,977	250,000,238
Loan from related party	10.3	24,496,976	-
		<u>5,473,050,970</u>	<u>1,927,513,747</u>

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For the year ended 31 December 2018

10.1 The Company has obtained working capital facilities amounting to Rs. 8.65 billion (2017: Rs. 6.36 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2019. Effective markup rates during the year on these facilities ranges between 6.66% to 11.25% (2017: 6.53% to 7.65%) with no floor or cap and payable in arrears on quarterly basis. The facilities are secured by way of mortgage charge on fuel stocks inventory and energy payment receivables up to Rs. 12.77 billion (2017: Rs. 10.06 billion) and subordinated / ranking charge on all present and future assets and properties of the Company for an amount of Rs. 1.41 billion (2017: Rs. 1.52 billion).

10.2 The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 1.25 billion (2017: Rs. 1.00 billion). Effective variable markup rate during the year on these facilities ranges between 6.76% to 10.17% (2017: 6.72% to 6.91%) and are secured by pari passu / ranking charge on fuel stock and energy purchase price receivables of the Company up to Rs. 1.625 billion (2017: Rs. 1.292 billion) and subordinated / ranking charge on all present and future assets and properties of the Company up to Rs. 0.225 billion (2017: Rs. 0.15 billion).

		2018	2017
	Note	Rupees	
10.3 Loan from related party			
Balance at 01 January		-	-
Liability assumed through business combination		158,264,338	-
Financing obtained during the year		1,343,361	-
Interest accrued during the year		3,494,767	-
Repayments during the year	10.4	(138,605,490)	-
Balance at 31 December	10.5	24,496,976	-

10.4 This represents repayment in full, by the Subsidiary Company, of principal and interest accrued amounting to Rs. 138.05 million in respect of loan from JHI Holdings (Private) Limited, a related party, and repayment of interest amounting to Rs. 0.56 million in respect of loan from Saif Holdings Limited (the Controlling Party).

10.5 This represents loan obtained, by the Subsidiary Company, from the Controlling party amounting to Rs. 23.84 million. The loan carries interest equal to average borrowing rate of the Controlling Party from Pakistani Financial Institution plus 10 basis points (i.e. 8.99% - 9.86%), payable on quarterly basis. Principle amount of the loan is repayable at end of the term of Agreement i.e. 27 April 2019. The loan from related party is obtained and utilized in full to finance the advisory and consultancy charges incurred for the project prior to financial close.

10.6 Letters of credit / guarantee

Letters of guarantee amounting to Rs. 4.37 billion (2017: Rs. 4.67 billion) are available to the Company. These facilities are secured against the ranking charge over all present and future fixed assets amounting to Rs. 6.58 billion (2017: Rs. 6.98 billion).

		2018	2017
	Note	Rupees	
11 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term financing	6	2,322,465,694	1,903,173,105
Current portion of sub-ordinated loan	7	159,923,606	-
Current portion of liabilities against assets subject to finance lease	8	3,695,846	5,933,698
		2,486,085,146	1,909,106,803

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For the year ended 31 December 2018

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies:

- 12.1.1** In 2014, the tax authorities raised sales tax demand of Rs. 1,498.51 million against the Company by partially disallowing input sales tax for the tax periods 2010 to 2013 by apportioning the total claim to energy purchase price and capacity purchase price, the latter being not subject to sales tax. On appeal filed by the Company, the Appellate Tribunal Inland Revenue (ATIR) directed the taxation officer to decide the matter in line with expected judgment of the Honorable High Court in parallel cases. Consequently, at present, the aforesaid tax demand is no more payable. Tax Authorities, against the decision of ATIR, filed reference application under section 47 of the Sales Tax Act, 1990 before the Honorable Islamabad High Court on 16 October 2015. However, in case the matter is eventually resolved against the Company, the tax payment will be claimable under the Power Purchase Agreement. Based on the advice of the Company's tax consultants and decision of the Lahore High Court in a parallel case, the Group's management believes that the contention of tax department even after filing of reference application does not commensurate with the related statutory provisions and the issue is likely to be decided in favor of the Company.
- 12.1.2** For the tax period July 2015 to June 2016, the assessing officer raised sales tax demand of Rs. 10.43 million in the matter of inadmissibility of input tax in relation to financial banking services, security services and business support services procured by the Company. The Company filed an appeal with Commissioner (Appeals), who decided the matter in favor of the Company on account of business support services and remanded back the matter to assessing officer on account of security services and financial banking services. On 29 June 2018 the Company filed an appeal in the Appellant Tribunal Inland Revenue (ATIR) against the order of Commissioner (Appeals) which is pending adjudication. Maximum amount of contingency as per the Company's records is Rs. 4.92 million.
- 12.1.3** In respect of Tax Years 2014 and 2015, the assessing officer amended the Company's assessments and raised tax demand amounting to Rs. 25.15 million and Rs. 9.45 million respectively by subjecting bank profit, return on investments and foreign exchange gain to tax. The Company filed an appeal before Commissioner (Appeals), who confirmed the tax imposed in the earlier order and further ordered to charge tax on interest on delayed payment revenue. On 29 May 2018, the Company filed an appeal before ATIR against the order of Commissioner (Appeals), which is pending adjudication. Assessing officer issued appeal effect order based on Commissioner (Appeals) decision and enhanced the tax payable to Rs. 188.32 million and Rs. 150.92 million for Tax Year 2014 and 2015 respectively. The Company has filed appeal, against the appeal effect orders for Tax Year 2014 and 2015, before Commissioner (Appeals), on 2 October 2018 and 10 October 2018 respectively.
- 12.1.4** For Tax Year 2015, the assessing officer raised demand of Rs. 55.6 million from the Company in March 2017 allegedly on account of non-withholding of tax on salaries, payment for goods and service, rent and dividend. The Company filed appeal before Commissioner (Appeals) who remanded back the case to assessing officer. Assessing officer in turn created a demand of Rs. 13.4 million in September 2018. The Company filed appeal before Commissioner (Appeals) against the appeal effect order on 16 October 2018. Commissioner (Appeals) decided the matter in favor of department except for tax on salaries.
- 12.1.5** Sui Northern Gas Pipelines Limited (SNGPL) has claimed an amount of Rs.89.28 million (31 December 2017: Rs 84.03 million) on account of late payment by the Company against SNGPL's invoices of Regasified Liquefied Natural Gas (RLNG). SNGPL submitted these RLNG invoices to the Company without getting determination of RLNG tariff from Oil and Gas Regulatory Authority (OGRA). The Company has considered such SNGPL invoices to be invalid without OGRA determination. Therefore, no provision for the above mentioned amount has been made in these financial statements.
- 12.1.6** Performance guarantees amounting to Rs. 10.3 million in favor of Directorate General Mines and Minerals have been issued by banks on behalf of the Subsidiary Company. Also refer note 20.1 and 20.4.

12.2 Commitments:

The Company is committed to pay monthly fee and milestone payments to its O&M contractors as per terms agreed in the Operations & Maintenance (O&M) agreement.

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13 PROPERTY, PLANT AND EQUIPMENT

	Owned assets											Leased assets	
	Freehold land	Buildings on freehold land	Plant and machinery	Office equipment	Computer and accessories	Furniture and fixtures	Motorcycle and bicycle	Vehicles	Other assets	Stores held for capital expenditure	Capital work in progress (note 13.1)	Vehicles	Total
Rupees													
Cost													
Balance at 01 January 2017	43,890,600	2,352,888,758	15,095,828,055	10,242,013	5,214,815	3,807,168	395,645	2,970,058	626,230	511,038,581	-	13,179,374	18,040,081,297
Additions	-	-	8,720,884	135,017	328,500	-	-	-	-	-	-	17,125,322	26,309,723
Transfers	-	-	-	-	-	-	-	5,275,136	-	-	-	(5,275,136)	-
Disposals	-	-	-	-	(262,490)	-	-	-	-	-	-	-	(262,490)
Effect of exchange loss (Refer note 7.2)	-	-	39,319,829	-	-	-	-	-	-	-	-	-	39,319,829
Balance at 31 December 2017	43,890,600	2,352,888,758	15,143,868,768	10,377,030	5,280,825	3,807,168	395,645	8,245,194	626,230	511,038,581	-	25,029,560	18,105,448,359
Balance at 01 January 2018	43,890,600	2,352,888,758	15,143,868,768	10,377,030	5,280,825	3,807,168	395,645	8,245,194	626,230	511,038,581	-	25,029,560	18,105,448,359
Acquisition through business combination	500,000	-	-	264,532	238,293	-	-	143,724	-	-	167,533,284	-	168,679,833
Additions	415,367,600	-	-	661,412	368,195	3,063,030	-	-	-	-	66,952,874	-	486,413,111
Transfers	-	-	-	-	-	-	-	7,905,238	-	-	-	-	(7,905,238)
Disposals	-	-	-	(18,289)	(74,240)	-	-	(357,500)	-	-	-	-	(450,029)
Effect of exchange loss (Refer note 7.2)	-	-	197,288,948	-	-	-	-	-	-	-	-	-	197,288,948
Balance at 31 December 2018	459,758,200	2,352,888,758	15,341,157,716	11,284,685	5,813,073	6,870,198	395,645	15,936,656	626,230	511,038,581	234,486,158	17,124,322	18,957,380,222
DEPRECIATION													
Balance at 01 January 2017	-	532,442,500	3,272,106,470	7,076,231	4,635,402	2,817,627	265,841	1,560,527	626,230	-	-	5,037,603	3,826,568,431
Charge for the year	-	78,351,192	506,004,608	901,220	168,122	188,760	28,380	1,245,048	-	-	-	4,644,710	591,532,040
On transfers	-	-	-	-	-	-	-	2,889,981	-	-	-	(2,889,981)	-
On disposals	-	-	-	-	(262,490)	-	-	-	-	-	-	-	(262,490)
Balance at 31 December 2017	-	610,793,692	3,778,111,078	7,977,451	4,541,034	3,006,387	294,221	5,695,556	626,230	-	-	6,792,332	4,417,837,981
Balance at 01 January 2018	-	610,793,692	3,778,111,078	7,977,451	4,541,034	3,006,387	294,221	5,695,556	626,230	-	-	6,792,332	4,417,837,981
Charge for the year	-	78,351,192	509,578,659	565,449	225,540	435,988	26,015	1,860,831	-	-	-	3,477,716	594,521,390
On transfers	-	-	-	-	-	-	-	3,840,755	-	-	-	(3,840,755)	-
On disposals	-	-	-	(12,701)	(74,240)	-	-	(286,000)	-	-	-	-	(372,941)
Balance at 31 December 2018	-	689,144,884	4,287,689,737	8,530,199	4,692,334	3,442,375	320,236	11,111,142	626,230	-	-	6,429,293	5,011,986,430
Carrying amounts													
At 01 January 2017	43,890,600	1,820,446,258	11,823,721,585	3,165,782	579,413	989,541	129,804	1,409,531	-	511,038,581	-	8,141,771	14,213,512,866
At 31 December 2017	43,890,600	1,742,095,066	11,365,757,690	2,399,579	739,791	800,781	101,424	2,549,638	-	511,038,581	-	18,237,228	13,687,610,378
At 31 December 2018	459,758,200	1,663,743,874	11,053,467,979	2,754,486	1,120,739	3,427,823	75,409	4,825,514	-	511,038,581	234,486,158	10,695,029	13,945,393,792
Rate of depreciation per annum (%)	-	3.33%	3.33% to 3.8%	10% to 33.33%	33.33%	10%	20%	20%	10%	-	-	20%	20%

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13.1 Capital work in progress	Note	2018	2017
		Rupees	
Advisory and consultancy charges	13.1.1	175,855,868	-
Salaries, wages and other benefits		18,942,027	-
Security charges		10,720,193	-
Borrowing	13.1.2	8,733,221	-
Travelling expenses		2,137,975	-
License fee		725,040	-
Equipment rentals		1,082,500	-
Fuel expenses		1,750,809	-
Vehicle rentals		1,383,770	-
Miscellaneous expenses		13,154,755	-
		<u>234,486,158</u>	<u>-</u>

13.1.1 This includes cost of technical advisory services amounting to Rs. 73,131,932 from PEG and cost of geological exploration consultancy amounting to Rs. 82,201,535 obtained by the Subsidiary Company, from Sinoma Handan Engineering Company.

13.1.2 An amount of Rs. 3,494,767 representing borrowing cost for the period has been capitalised by the Subsidiary Company, which is calculated using capitalisation rate of 7.05% - 9.86% per annum.

13.2 The depreciation charge for the year has been allocated as follows:	Note	2018	2017
		Rupees	
Cost of sales	22	587,929,851	584,355,800
Administrative expenses	24	6,591,539	7,176,240
		<u>594,521,390</u>	<u>591,532,040</u>

13.3 Particulars of the Group's immovable fixed assets

-The Company's immovable fixed assets consist of buildings and civil structure on land measuring 275.35 Kanals, located at Chak 56/5L, Qadarabad Multan Road, District Sahiwal, Punjab.

-The Subsidiary Company's immovable fixed assets consist of land measuring 4,410 kanals and 4 marlas, located at Saiduwali Village Tehsil Paharpur, District Dera Ismail Khan, Khyber Pakhtunkhawa, Pakistan.

14 PROJECT TRANSACTION COST

These represent expenses incurred against advisory services provided by Habib Bank Limited (HBL) in relation to the project financing of the Subsidiary Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

15	GOODWILL	Note	2018	2017
			Rupees	
	Balance at 01 January		-	-
	Acquisition through business combinations	15.3	11,530,918	-
	Balance at 31 December		11,530,918	-

15.1 Acquisition of subsidiary

The Company acquired 1,062,500 ordinary shares of Rs. 10 each of the Subsidiary Company, on 01 August 2018 ("the acquisition date") through issuance of shares by the Subsidiary Company. Further right issue of 17,000,000 and 45,037,500 ordinary shares of Rs. 10 each was made by the Subsidiary Company to the Company on 19 November 2018 and 31 December 2018 respectively. After the aforementioned issuance of shares, the Company holds 99.98% of the issued share capital of the Subsidiary Company. Control of the Subsidiary Company was transferred to the Company on the acquisition date.

15.2 Identifiable assets acquired and liabilities assumed

Following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Rupees
Property, plant and equipment	168,679,833
Project transaction costs	18,269,255
Cash and bank	21,178,186
Advances	697,471
Short term investments	10,637,275
Loans	(158,264,338)
Trade and other payables	(62,105,305)
Total net assets acquired	(907,623)

15.3 Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Rupees
Fair value of consideration	10,625,000
NCI (based on their proportionate interest in the recognised amounts of the assets and liabilities in the Subsidiary Company)	(1,705)
Fair value of the net assets of Subsidiary Company	907,623
Goodwill	11,530,918

Initial accounting for acquisition of the Subsidiary Company was incomplete as at 31 December 2018. Accordingly, provisional amounts have been recognised in respect of net assets acquired for the purpose of goodwill calculation. Provisional values will be retrospectively adjusted once the process to obtain the facts and circumstances that existed at the acquisition date is completed. Accordingly, initial allocation of the goodwill could not be completed as at 31 December 2018.

The goodwill is mainly attributable to the fact that the Company foresees the cement project as a highly profitable venture resulting in returns greater than the cost of capital. Additionally, the leased mining area for this project is located at a place where all the required raw material is available in the same area.

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For the year ended 31 December 2018

16 TRADE DEBTS	Note	2018	2017
		Rupees	
National Transmission and Dispatch Company (NTDC)	16.1	<u>8,415,730,184</u>	<u>5,383,547,937</u>

16.1 Trade debts include an overdue amount of Rs 6.72 billion (2017: Rs. 3.90 billion). The Company considers this amount to be fully recoverable because this is secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). Additionally, trade debts are subject to markup on delayed payments under PPA at the rate of KIBOR + 4.5% per annum except RLNG fuel invoices which are subject to markup of KIBOR+2% for first 30 days and after 30 days markup will be KIBOR+4.5%.

16.2 Included in trade debts is an amount of Rs. 477.56 million (2017: Rs. 477.56 million) relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilisation of plant capacity was non-availability of fuel owing to non-payment by NTDC.

The Company along with other Independent Power Producers (IPPs) agreed with NTDC to resolve the dispute through dispute resolution mechanism (appointment of expert) under the PPA. In his decision the expert in August 2015 determined that the amount mentioned above is payable to the Company and accordingly the Company has claimed the said amount from NTDC. Since NTDC did not conform to requirements of PPA relating to Expert decision within 30 days, the IPPs went to London Court of International Arbitration (LCIA).

Sole arbitrator appointed by LCIA issued a partial final award on 8 June 2017 wherein it was inter alia held that the expert determination is final and binding. Thereafter, a final award was issued by the sole arbitrator on 29 October 2017 pursuant to which NTDC was ordered to pay Rs. 477.56 million (2017: Rs. 477.56 million) along with cost of proceedings, interest from the date of expert determination till payment by NTDC, after Arbitrator decision, to the Company. The Company filed petitions before Lahore High Court for enforcement of partial final award and final award on 17 June 2017 and 30 November 2017 respectively, which proceedings are pending. NTDC has also challenged the partial final award and final award in English Courts as well as Civil Court, Lahore, however, it withdrew from the English Courts during the year.

16.3 During year ended 31 December 2016, an amount of Rs. 239.68 million relating to capacity purchase price not acknowledged by NTDC was adjusted by the Company against payable to SNGPL pursuant to award in favour of the Company for the whole amount by the London Court of International Arbitration (Arbitrator). SNGPL disputed the adjustment/set off amount of Award in the Lahore High Court, however, the court dismissed such petition of SNGPL. Thereafter, SNGPL filed appeal before the Supreme Court of Pakistan which, during the current year, disposed off the appeal by stating that the judgement of the Lahore High Court, to the extent it decides on merits, the question of the Company's right to set off is set aside (without prejudice to the rights of the parties). SNGPL also challenged the award in Civil Court, Lahore, on 21 April 2016, which is pending adjudication. On 7 June 2016, the Company filed a petition in the Civil Court Lahore to obtain a Decree in lieu of the arbitration award and also adjusted an amount of Rs. 270.66 million (inclusive of the aforementioned amount of Rs. 239.68 million) from payable to SNGPL as such amount was allowed by the Arbitrator in its award. Subsequent to the reporting date, SNGPL has filed suit for recovery before District Judge, Lahore (Invested with Powers of the Gas Utility Court) on 01 March 2019 against this adjustment and also has filed a request for Arbitration before the LCIA on 22 March 2019.

16.4 For aging of receivable from NTDC at the reporting date, refer to note 26.4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

17 OTHER RECEIVABLES	Note	2018	2017
		Rupees	
WPPF receivable		496,240,240	405,718,556
Other receivables		1,762,518	1,731,290
		<u>498,002,758</u>	<u>407,449,846</u>
18 ADVANCES - considered good			
Advances to supplier		374,545	617,590
Advances to employees	18.1	546,672	865,168
		<u>921,217</u>	<u>1,482,758</u>
<p>18.1 Advances to employees includes an amount of Rs. Nil (2017: Rs. 0.489 million) receivable from key management personnel. These were secured and considered good.</p>			
19 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note	2018	2017
		Rupees	
Prepayments		49,101,107	45,029,926
Security deposit		1,833,000	1,038,000
Current portion of long term deposits		752,500	769,400
		<u>51,686,607</u>	<u>46,837,326</u>
20 CASH AND BANK BALANCES			
Cash in hand		146,698	-
Cash at bank:			
Current accounts			
Local currency	20.1	3,407,673	231,878
Foreign currency	20.2	-	499,360
		<u>3,407,673</u>	<u>731,238</u>
Deposit accounts			
Local currency		974	3,477,224
Foreign currency	20.2	271,840	216,042
	20.3	272,814	3,693,266
Short term investment	20.4	10,645,412	-
		<u>14,472,597</u>	<u>4,424,504</u>

20.1 This includes an amount of Rs. 0.3 million under lien to secure bank guarantee issued on behalf of the Subsidiary Company. Also refer note 12.1.6.

20.2 This represents an amount of USD 1,954 (2017: USD 6,485) in US Dollar deposit and current accounts.

20.3 These carry markup ranging from 4% to 4.62% (2017: 3.84% to 3.99%) per annum for Rupee denominated balances while 0.15% (2017: 0.05%) per annum for US Dollar denominated balances.

20.4 This represents investment in local currency Term Deposit Receipt carrying interest rate of 8.05% per annum having maturity of three months. The deposit is under lien to secure bank guarantee issued on behalf of the Subsidiary Company. Also refer note 12.1.6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

21	TURNOVER - NET	Note	2018	2017
			Rupees	
	Gross Energy Purchase Price		13,685,991,456	10,242,980,782
	Less: Sales tax		(1,990,837,969)	(2,370,631,699)
			11,695,153,487	7,872,349,083
	Capacity Purchase Price		4,995,173,542	4,384,848,020
			<u>16,690,327,029</u>	<u>12,257,197,103</u>
22	COST OF SALES			
	Raw material consumed		11,000,232,532	7,208,099,606
	Operation and maintenance		815,409,235	756,995,163
	Salaries and other benefits	22.1	58,102,812	52,894,010
	Electricity charges		21,568,216	41,684,931
	Insurance		138,225,809	132,890,646
	Depreciation	13.2	587,929,851	584,355,800
	Office expenses		1,564,615	963,462
	Travelling, conveyance and entertainment		1,093,134	1,046,083
	Repair and maintenance		1,098,461	215,383
	Communication		98,065	136,048
	Other expenses		-	241,529
			<u>12,625,322,730</u>	<u>8,779,522,661</u>

22.1 These include Rs. 3,639,344 (2017: Rs. 6,546,874) charged in respect of staff retirement benefits - gratuity.

23	OTHER INCOME	Note	2018	2017
			Rupees	
	Income from financial assets			
	Profit on deposit accounts		15,717	147,646
	Return on investments		1,774,421	3,532,349
	Income from non financial assets			
	Insurance claim	23.1	34,012	87,000
	Gain on disposal of property, plant and equipment		243,500	-
	Scrap sales		360,665	418,391
			<u>2,428,315</u>	<u>4,185,386</u>

23.1 This represents net amount of insurance claim received against assets having written down value of Rs. 5,588 (2017: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

24 ADMINISTRATIVE EXPENSES	Note	2018	2017
		Rupees	
Salaries and other benefits	24.1	46,513,472	36,418,536
Traveling and conveyance		1,300,740	2,594,769
Rent, rates and taxes	24.2	10,165,604	9,375,357
Security services		11,941,276	11,662,656
Office expenses		6,395,772	8,176,955
Fees and subscriptions		11,687,724	12,805,111
Legal and professional		6,555,262	69,614,842
Consultancy		22,736,520	12,139,050
Repair and maintenance		5,677,380	4,884,932
Utilities		1,575,165	1,528,518
Insurance		2,393,835	2,202,493
Depreciation	13.2	6,591,539	7,176,240
Auditors' remuneration	24.3	1,882,500	1,953,050
Donations	24.4	4,600,000	1,600,000
Advertisements		267,660	263,115
Others		282,391	-
		140,566,840	182,395,624

24.1 These include Rs. 2,696,869 (2017: Rs. 1,636,718) charged in respect of staff retirement benefits - gratuity.

24.2 This includes Ijarah payments of Rs. 2,593,148 (2017: Rs. 2,516,571) and vehicles registration charges under an Ijarah (lease) agreement. As required under IFAS 2 "IJARAH" (notified through SRO 43(1) / 2007 by Securities & Exchange Commission of Pakistan), Ijarah payments under an Ijarah (lease) agreement are recognised as an expense in profit or loss on straight line basis over the term of Ijarah. The amount of future Ijarah payments and the periods in which these will be due are as follows:

	2018	2017
	Rupees	
Within one year	1,283,935	2,346,604
After one year but not more than five years	1,406,558	948,537
	2,690,493	3,295,141

24.3 Auditors' remuneration

Annual audit fee	870,000	670,000
Half yearly review fee	424,000	370,000
Consolidation	250,000	-
Certifications	263,500	735,500
Out of pocket expenses	75,000	177,500
	1,882,500	1,953,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

- 24.4** This includes donation amounting to Rs. 4.5 million (2017: Rs. 1.5 million) in Akbar Kare Institute, Kulsum Plaza, Jinnah Avenue, Blue Area, Islamabad, a company registered under Section 42 of the repealed Companies Ordinance, 1984 in which following directors of the Company are common directors:

Name of Director	Nature of interest in donee
Ms. Hoor Yousafzai	Director
Mr. Jehangir Saifullah Khan	Director
Mr. Assad Saifullah Khan	Director

25 FINANCE COST	2018	2017
	Rupees	
Markup on short term borrowings	303,758,174	92,953,809
Markup on long term financing	401,469,713	529,776,453
Markup on sub-ordinated loan	43,961,603	30,971,925
Guarantee commission and arrangement fee	16,500,598	3,500,000
Markup on liabilities against assets subject to finance lease	918,537	1,395,113
Bank charges	662,314	433,890
Exchange loss - net	127,286,289	48,308,070
	<u>894,557,228</u>	<u>707,339,260</u>

26 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value measurement

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Group is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

A. Accounting classifications and fair values

26.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy..

	Note	Carrying Amount		Fair value			
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
31 December 2018							
Financial assets measured at fair value							
Financial assets not measured at fair value	26.2	-	-	-	-	-	-
Long term deposits		-	4,084,310	-	-	-	4,084,310
Trade debts		-	8,415,730,184	-	-	-	8,415,730,184
Other receivables		-	1,762,518	-	-	-	1,762,518
Advances to employees		-	546,672	-	-	-	546,672
Security deposits		-	1,833,000	-	-	-	1,833,000
Bank balances		-	14,472,597	-	-	-	14,472,597
Total		-	8,438,429,281	-	-	-	8,438,429,281
Financial liabilities not measured at fair value							
Long term financing	26.2	-	-	2,975,180,137	-	-	2,975,180,137
Sub-ordinated loan		-	-	959,541,656	-	-	959,541,656
Liabilities against assets subject to finance lease		-	-	12,504,766	-	-	12,504,766
Trade and other payables	26.3	-	-	931,466,135	-	-	931,466,135
Short term borrowings		-	-	5,473,050,970	-	-	5,473,050,970
Markup accrued		-	-	550,426,755	-	-	550,426,755
Unclaimed dividend		-	-	10,190,825	-	-	10,190,825
Total		-	-	10,912,361,244	-	-	10,912,361,244
31 December 2017							
Financial assets measured at fair value							
Financial assets not measured at fair value	26.2	-	-	-	-	-	-
Long term deposits		-	4,604,110	-	-	-	4,604,110
Trade debts		-	5,383,547,937	-	-	-	5,383,547,937
Other receivables		-	1,731,290	-	-	-	1,731,290
Advances to employees		-	865,168	-	-	-	865,168
Security deposits		-	1,038,000	-	-	-	1,038,000
Bank balances		-	4,424,504	-	-	-	4,424,504
Total		-	5,396,211,009	-	-	-	5,396,211,009
Financial liabilities not measured at fair value							
Long term financing	26.2	-	-	4,761,277,267	-	-	4,761,277,267
Sub-ordinated loan		-	-	762,252,708	-	-	762,252,708
Liabilities against assets subject to finance lease		-	-	17,315,535	-	-	17,315,535
Trade and other payables	26.3	-	-	1,285,493,679	-	-	1,285,493,679
Short term borrowings		-	-	1,927,513,747	-	-	1,927,513,747
Markup accrued		-	-	379,873,196	-	-	379,873,196
Unclaimed dividend		-	-	6,654,069	-	-	6,654,069
Total		-	-	9,140,380,201	-	-	9,140,380,201

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

26.2 The Group has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

26.3 This excludes withholding tax payable, sales tax payable and payable against WPPF.

B. Financial risk management

The Group has exposure to the credit risk, market risk and liquidity risk from its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee.

26.4 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. The primary activity of the Company is power generation and sale of total output to NTDC. The Company is exposed to credit risk from its operations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2018	2017
		Rupees	
Long term deposits		4,084,310	4,604,110
Trade debts	16	8,415,730,184	5,383,547,937
Other receivables	17	1,762,518	1,731,290
Advances to employees	18	546,672	865,168
Security deposits	19	1,833,000	1,038,000
Bank balances	20	14,472,597	4,424,504
		<u>8,438,429,281</u>	<u>5,396,211,009</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

Credit risk is minimum as the bank accounts are maintained with reputable banks having good credit ratings. Further, as disclosed in note 16.1 that the trade debts are secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA).

Credit quality of financial assets

The credit quality of the Group's financial assets have been assessed as follows by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

	2018	2017
	Rupees	
Trade debts		
Counterparties without external credit ratings	<u>8,415,730,184</u>	<u>5,383,547,937</u>

Impairment losses

The aging of trade debts at the reporting date was:

	31 December 2018		31 December 2017	
	Gross	Impairment	Gross	Impairment
	Rupees			
Not past due	1,698,500,047	-	1,485,622,177	-
Past due 0 - 60 days	525,770,527	-	924,970,510	-
Past due 61 - 120 days	3,805,573,181	-	1,013,422,512	-
Past due 121 - 180 days	814,388,033	-	1,221,764,026	-
181 days and above	1,571,498,396	-	737,768,712	-
	<u>8,415,730,184</u>	<u>-</u>	<u>5,383,547,937</u>	<u>-</u>

	2018	2017
	Rupees	
Security deposits		
Counterparties without external credit ratings	<u>1,833,000</u>	<u>1,038,000</u>

Other receivables

Counterparties without external credit ratings	<u>1,762,518</u>	<u>1,731,290</u>
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Long term deposits

Counterparties with external credit ratings - A1+	<u>1,002,100</u>	<u>4,604,110</u>
Counterparties with external credit ratings - A-	<u>3,082,210</u>	<u>-</u>

Advances to employees

Counterparties without external credit ratings	<u>546,672</u>	<u>865,168</u>
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

Cash and cash equivalents

The Group held cash at bank amounting to Rs. 14,325,900 as at 31 December 2018 (2017: Rs.4,424,504). Cash at bank is held with banks and financial institution counter parties, which are rated A1+ and A-1+ based on JCR-VIS rating.

26.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

There were no defaults on loans payable during the year.

The maturity profile of the Group's financial liabilities based on the contractual amounts is as follows:

	Carrying amount	Contractual cash flows	Maturity in less than 1 year	Maturity after one year and up to five years	Maturity after five years
Rupees					
2018					
Long term financing	2,975,180,137	3,514,802,741	2,822,450,712	692,352,029	-
Sub-ordinated loan	959,541,656	1,133,275,103	212,042,429	755,517,697	165,714,977
Liabilities against assets subject to finance lease	12,504,766	14,420,582	4,913,222	9,507,360	-
Trade and other payables	931,466,135	931,466,135	931,466,135	-	-
Short term borrowing	5,473,050,970	5,473,834,622	5,473,834,622	-	-
Markup accrued	550,426,755	550,426,755	550,426,755	-	-
Unclaimed dividend	10,190,825	10,190,825	10,190,825	-	-
	10,912,361,244	11,628,416,763	10,005,324,700	1,457,377,086	165,714,977
Rupees					
2017					
Long term financing	4,761,277,267	6,291,643,955	2,893,916,385	3,397,727,570	-
Sub-ordinated loan	762,252,708	911,934,510	-	647,407,455	264,527,055
Liabilities against assets subject to finance lease	17,315,535	18,964,482	6,656,791	12,307,691	-
Trade and other payables	1,285,493,679	1,285,493,679	1,285,493,679	-	-
Short term borrowing	1,927,513,747	1,927,513,747	1,927,513,747	-	-
Markup accrued	379,873,196	379,873,196	379,873,196	-	-
Unclaimed dividend	6,654,069	6,654,069	6,654,069	-	-
	9,140,380,201	10,822,077,638	6,500,107,867	4,057,442,716	264,527,055

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

The contractual cash flows relating to long term borrowings and liabilities against assets subject to finance lease have been determined on the basis of expected markup rates. The markup rates have been disclosed in notes 6, 7, 8 and 10 to these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

26.6 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group is exposed to currency risk and interest rates only.

Currency risk

Rupee is the functional currency of the Group and as a result currency exposures arise from transactions and balances in currencies other than Rupee. The Group's potential foreign currency exposure comprise:

- Transactional exposure in respect of non functional currency monetary items
- Transactional exposure in respect of non functional currency expenditure and revenues

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Group are periodically restated to Rupee equivalent, and the associated gain or loss is taken to the profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Group in currencies other than the functional currency. These currency risks are managed as part of overall risk management strategy. The Group does not enter into forward exchange contracts.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	2018	2017	2018	2017
	Rupees		USD	
Subordinated loan	959,541,656	762,252,708	6,898,215	6,898,215
Accrued markup on subordinated loan	345,645,490	235,003,282	2,484,871	2,126,727
Trade and other payables	411,044,532	751,653,565	2,955,029	6,802,295
Bank balances	(271,840)	(715,402)	(1,954)	(6,474)
	<u>1,715,959,838</u>	<u>1,748,194,153</u>	<u>12,336,161</u>	<u>15,820,763</u>

The following significant exchange rates have been applied:

	Average Rate		Reporting date rate	
	2018	2017	2018	2017
US Dollars	<u>122.3</u>	<u>105.6</u>	<u>139.1</u>	<u>110.5</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

Foreign Currency Sensitivity Analysis

A 5% strengthening of the functional currency against USD at 31 December 2018 would have increased profit or loss by Rs. 37.82 million (2017: Rs. 49.36 million). A 5% weakening of the functional currency against USD at 31 December 2018 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rate. The Group has long term Rupee and USD based loans and short term running finance arrangement at variable rates. The local currency loans have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) and London Inter Bank Offer Rate (LIBOR). Any increase / decrease in KIBOR is adjustable and approved by NEPRA.

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

	2018	2017
	Rupees	
Fixed rate instruments		
Financial assets	<u>10,918,226</u>	<u>3,693,266</u>
Variable rate instruments		
Financial assets	<u>6,717,230,137</u>	3,897,925,760
Financial liabilities	<u>(9,420,277,529)</u>	<u>(7,468,359,257)</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by Rs. 27.03 million (2017: Rs. 35.70 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2017.

Other market price risk

The primary goal of the Group's investment strategy is to maximise investment returns on surplus funds. The Group adopts a policy of ensuring to minimise its price risk by investing in securities having sound market performance. Certain investments are designated as held for trading because their performance is actively monitored and these are managed on a fair value basis. Equity price risk arises from investments at fair value through profit or loss.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

Non - derivative financial assets

The fair value of non - derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non - derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

26.7 Capital Risk Management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. The Group manages its capital structure which comprises of capital and reserves by monitoring the return on net assets and makes adjustments, if required, in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend to shareholders, appropriation of amounts to capital reserves or / and issue new shares. There was no change in the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirement.

27 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration including benefits applicable to the chief executive officer, directors and executives of the Group are given below:

	2018	2017
	Rupees	
	Chief executive officer	
Managerial remuneration - Gross	17,200,000	-
Staff retirement benefits	1,901,408	-
Bonus	3,900,000	-
	23,001,408	-
Number of persons	1	-
	Executives	
Managerial remuneration - Gross	52,556,120	52,947,064
Staff retirement benefits	3,348,990	6,794,906
Bonus	6,874,636	8,974,819
	62,779,746	68,716,789
Number of persons including those who worked part of the year	12	9

27.1 Executive means any employee whose basic salary exceeds Rs. 1,200,000 (2017: Rs. 1,200,000) per year. Comparative figures have been restated to reflect changes in definition of executive as per the Companies Act, 2017.

27.2 In addition to the above, chief executive officer and executives are provided with the Company maintained vehicles and health insurance coverage as per the Company's policy.

27.3 No remuneration has been paid to the directors of the Group, except for meeting fee amounting to Rs. 100,000 which was paid to 6 directors (2017: Rs. 140,000 paid to 5 directors).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

28 RELATED PARTY TRANSACTIONS

The Company is subsidiary of Saif Holdings Limited ("the Controlling Party"), therefore the Controlling Party, the Subsidiary Company and all associated undertakings of the Controlling Party are related parties of the Group. Other related parties comprise of directors, key management personnel, entities over which directors are able to exercise significant influence and major shareholders. Balances and other arrangements with Orastar Limited have been disclosed in note 5.3, 7 and 11 to the financial statements. Balances with related parties are disclosed in note 9, 10 and 18.1 to the financial statements. Transactions with related parties other than those disclosed in note 7.1, 10 and 24.4 to these financial statements are as follows:

	Note	2018	2017
		Rupees	
Saif Holdings Limited - the Holding Company			
(51.04% shareholding-common directorship)			
Rent		675,000	3,943,310
Dividend		700,317,797	720,045,059
Expenses incurred on behalf of the Company		354,561	253,089
Saif Health Care Limited - Associated Company			
(Common directorship)			
Expenses incurred on behalf of the Company		222,720	222,720
Saif Textile Limited - Associated Company			
(Common directorship)			
Expenses incurred on behalf of the Company		-	158,173
Dividend		355	365
Saif Energy Limited - Associated Company (Common directorship)			
Expenses incurred on behalf of Saif Cement (Private) Limited		52,720	-
JSK Feeds Limited - Associated Company (Common directorship)			
Expenses incurred on behalf of Saif Cement (Private) Limited		326,063	-
JHI Holdings (Private) Limited - Associated Company			
(Common directorship)			
Repayment of principal and markup on loan obtained by Saif Cement (Private) Limited		138,047,865	-
Transaction with Shareholders			
Purchase of land by the Subsidiary Company, from Director (Jehangir Saif Ullah Khan)		396,399,019	-
Key Management Personnel			
Dividend to Directors		44,379	73,008
Remuneration including benefits and perquisites to key management personnel	28.1	55,585,059	47,385,617
Other Related Parties			
Contribution to Saif Power Limited - Staff Gratuity Fund	9.2.2	8,979,288	36,623,422

28.1 Key management personnel comprise of chief executive officer (Mr. Sohail H. Hydari), chief financial officer (Mr. Hammad Mahmood) and general manager plant (Mr. Ghias Ul Hassan). The key management personnel are also provided with the Company maintained vehicles and health insurance coverage as per the Company's policy. During the year, Rs. Nil (2017: Rs. 15 million) was given as personal loan to key management personnel secured against their gratuity balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

29 APPLICATION OF IFRIC INTERPRETATION - 4 (IFRIC-4)

"Determining whether an arrangement contain a lease"

International Accounting Standards Board (IASB) has issued IFRIC-4 "Determining whether an Arrangement contains a Lease", which is effective for financial periods beginning on or after 01 January 2006. According to the said interpretation an arrangement conveys the right to use the asset, if the arrangement conveys to the purchaser (lessee) the right to control the use of the underlying asset. The right to control the use of the underlying asset is conveyed when the purchaser has the ability or right to operate the asset or direct others to operate the asset in a manner it determines while obtaining or controlling more than an insignificant amount of the output or other utility of the asset. Such arrangements are to be accounted for as a lease in accordance with the requirements of IAS 17- "Leases".

The Company's plant's control due to purchase of total output by NTDC appears to fall under the scope of IFRIC-4. However, Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O No. 24 (I)/2012 has exempted application of IFRIC-4 for all companies. However, impact of IFRIC-4 is mandatory to be disclosed in the financial statements as per requirements of IAS-8.

	2018	2017
	Rupees	
Decrease in unappropriated profit at 01 January	<u>(2,679,582,780)</u>	(1,998,616,682)
Increase / (decrease) in profit for the year	<u>142,325,655</u>	(680,966,098)
Decrease in unappropriated profit at 31 December	<u>(2,537,257,125)</u>	<u>(2,679,582,780)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

30 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities			Rupees	Equity		Total	
	Long Term Financing	Sub-ordinated loan	Short term borrowings		Liabilities against assets subject to finance lease	Share Capital		Un appropriated profit - revenue reserve
Balance at 01 January 2018	4,761,277,267	762,252,708	1,927,513,747	17,315,535	3,864,717,790	6,531,380,266	-	17,864,457,313
Changes from financing cash flows								
Proceeds from short-term borrowings - net	-	-	3,387,272,885	-	-	-	-	3,387,272,885
Repayments of long term financing	(1,786,097,130)	-	-	-	-	-	-	(1,786,097,130)
Payment of finance lease liabilities	-	-	-	(4,810,769)	-	-	-	(4,810,769)
Dividend paid	-	-	-	-	-	(1,368,438,059)	-	(1,368,438,059)
Total changes from financing cash flows	(1,786,097,130)	-	3,387,272,885	(4,810,769)	-	(1,368,438,059)	-	227,926,927
Changes arising from obtaining or losing control of subsidiary	-	-	158,264,338	-	-	-	(1,705)	158,262,633
Acquisition of NCI without a change in control	-	-	-	-	-	(22,388)	22,388	-
The effect of changes in foreign exchange rates	-	197,288,948	-	-	-	-	-	197,288,948
Other changes	-	197,288,948	158,264,338	-	-	(22,388)	20,683	355,551,581
Liability related	-	-	-	-	-	(3,536,756)	-	(3,536,756)
Movement in unclaimed dividend	-	-	-	-	-	(3,536,756)	-	(3,536,756)
Total liability related other changes	-	-	-	-	-	(3,536,756)	-	(3,536,756)
Equity related								
Total comprehensive income for the year	-	-	-	-	-	3,022,330,902	(1,074)	3,022,329,828
Total equity related other changes	-	-	-	-	-	3,022,330,902	(1,074)	3,022,329,828
Balance at 31 December 2018	2,975,180,137	959,541,656	5,473,050,970	12,504,766	3,864,717,790	8,181,713,965	19,609	21,466,728,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

31 NUMBER OF EMPLOYEES

	At year end		Average	
	2018	2017	2018	2017
Head office	49	18	41	18
Plant	22	21	22	22

32 CAPACITY AND PRODUCTION

	2018	2017
Installed capacity based on hours 8,760 (2017: 8,760) – Megawatt hours	1,784,253	1,786,374
Actual energy delivered – Megawatt hours	1,104,685	577,041

- Output produced by the plant is dependent on the load demanded by NTDC.

33 NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors proposed final dividend for the year ended 31 December 2018 Rs.1.30 (2017: Rs. 1.90) per share in their meeting held on 28 March 2019.

34 DATE OF APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors in their meeting held on 28 March 2019.



Chief Financial Officer



Director



Chief Executive Officer

Pattern of Shareholding

Saif Power Limited

As at 31 December 2018

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
93	1	100	2,820	0.0007
2588	101	500	1,290,435	0.3339
817	501	1000	813,255	0.2104
591	1001	5000	1,525,360	0.3947
153	5001	10000	1,204,486	0.3117
46	10001	15000	577,064	0.1493
35	15001	20000	639,500	0.1655
27	20001	25000	645,000	0.1669
18	25001	30000	509,500	0.1318
9	30001	35000	289,000	0.0748
12	35001	40000	469,000	0.1214
6	40001	45000	260,000	0.0673
11	45001	50000	540,500	0.1399
5	50001	55000	267,000	0.0691
5	55001	60000	297,000	0.0768
4	65001	70000	272,684	0.0706
2	70001	75000	148,500	0.0384
4	75001	80000	315,000	0.0815
3	80001	85000	248,000	0.0642
2	85001	90000	172,500	0.0446
3	90001	95000	280,500	0.0726
13	95001	100000	1,295,500	0.3352
4	100001	105000	408,500	0.1057
2	105001	110000	212,000	0.0549
2	110001	115000	228,500	0.0591
2	125001	130000	260,000	0.0673
1	130001	135000	135,000	0.0349
2	135001	140000	279,500	0.0723
1	140001	145000	142,000	0.0367
4	145001	150000	595,500	0.1541
1	160001	165000	163,000	0.0422
2	170001	175000	346,500	0.0897
1	175001	180000	176,500	0.0457
1	200001	205000	203,000	0.0525
1	210001	215000	212,500	0.0550
2	220001	225000	447,000	0.1157
1	240001	245000	242,000	0.0626
2	250001	255000	503,500	0.1303
1	255001	260000	257,500	0.0666
1	265001	270000	268,000	0.0693
1	270001	275000	275,000	0.0712
1	295001	300000	300,000	0.0776
2	305001	310000	619,500	0.1603
1	310001	315000	313,000	0.0810
2	345001	350000	700,000	0.1811
1	365001	370000	366,000	0.0947
1	395001	400000	400,000	0.1035
1	410001	415000	412,500	0.1067
1	440001	445000	441,500	0.1142
1	465001	470000	470,000	0.1216
1	470001	475000	475,000	0.1229
1	475001	480000	476,000	0.1232
1	495001	500000	500,000	0.1294
1	500001	505000	503,500	0.1303

Pattern of Shareholding

Saif Power Limited

As at 31 December 2018

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
1	545001	550000	550,000	0.1423
1	605001	610000	610,000	0.1578
1	650001	655000	654,000	0.1692
1	665001	670000	666,500	0.1725
1	700001	705000	701,500	0.1815
1	760001	765000	763,000	0.1974
2	995001	1000000	2,000,000	0.5175
1	1495001	1500000	1,500,000	0.3881
1	1510001	1515000	1,511,816	0.3912
1	1750001	1755000	1,751,500	0.4532
1	1900001	1905000	1,902,000	0.4921
1	2105001	2110000	2,108,500	0.5456
1	2605001	2610000	2,609,000	0.6751
1	3245001	3250000	3,248,000	0.8404
1	3440001	3445000	3,441,500	0.8905
1	4445001	4450000	4,449,500	1.1513
1	4935001	4940000	4,935,882	1.2772
1	8555001	8560000	8,555,684	2.2138
1	10235001	10240000	10,237,000	2.6488
1	10470001	10475000	10,475,000	2.7104
1	13885001	13890000	13,889,000	3.5938
1	15345001	15350000	15,350,000	3.9718
1	16020001	16025000	16,022,504	4.1458
1	16425001	16430000	16,427,854	4.2507
1	49995001	50000000	50,000,000	12.9376
1	188715001	188720000	188,716,935	48.8307
4,521			386,471,779	100.0000

CATEGORY OF SHAREHOLDER	NO OF FOLIO	SHARES	PERCENTAGE
SPONSORS, DIRECTORS, CEO AND CHILDREN	7	12,502	0.0032
ASSOCIATED COMPANIES	3	197,272,719	51.0445
BANKS, DFI AND NBFI	8	60,967,854	15.7755
INSURANCE COMPANIES	5	6,240,382	1.6147
MODARABAS AND MUTUAL FUNDS	12	13,382,500	3.4627
GENERAL PUBLIC (LOCAL)	4,349	19,823,714	5.1294
GENERAL PUBLIC (FOREIGN)	86	2,347,101	0.6073
OTHERS	46	9,690,003	2.5073
FOREIGN COMPANIES	5	76,735,004	19.8553
Total	4,521	386,471,779	100.0000

Pattern of Shareholding

Saif Power Limited

As at 31 December 2018

SPONSORS, DIRECTORS CEO AND CHILDREN	SHARES	PERCENTAGE
HOOR YOUSAFZAI	1	0.0000
OSMAN SAIFULLAH KHAN	5,000	0.0013
JEHANGIR SAIFULLAH KHAN	4,000	0.0010
ASSAD SAIFULLAH KHAN	1,000	0.0003
JEHANNAZ SAIFULLAH KHAN	1,000	0.0003
NAVED ABID KHAN	1	0.0000
RANA MUHAMMAD SHAFI	1500	0.0004
ASSOCIATED COMPANIES		
SAIF HOLDINGS LIMITED	197,272,619	51.0445
SAIF TEXTILE MILLS LIMITED	100	0.0000
BANKS, FI AND NBFI		
SAMBA BANK LIMITED	1,500,000	0.3881
ALLIED BANK LIMITED	13,889,000	3.5938
HABIB BANK LIMITED-TREASURY DIVISION	16,427,854	4.2507
BANK AL HABIB LIMITED	3,248,000	0.8404
UNITED BANK LIMITED - TRADING PORTFOLIO	10,237,000	2.6488
MCB BANK LIMITED – TREASURY	15,350,000	3.9718
PAIR INVESTMENT COMPANY LIMITED	309,500	0.0801
FIRST CREDIT & INVESTMENT BANK LIMITED	6,500	0.0017
INSURANCE COMPANIES		
UBL INSURERS LIMITED	503,500	0.1303
EFU GENERAL INSURANCE LIMITED	763,000	0.1974
IGI LIFE INSURANCE LIMITED	13,000	0.0034
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	25,000	0.0065
ADAMJEE INSURANCE COMPANY LIMITED	4,935,882	1.2772
MODARABAS AND MUTUAL FUNDS		
CDC-TRUSTEE AKD INDEX TRACKER FUND	39,500	0.0102
CDC-TRUSTEE UBL STOCK ADVANTAGE FUND	1,511,816	0.3912
CDC-TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1,902,000	0.4921
CDC-TRUSTEE UBL ASSETS ALLOCATION FUND	3,441,500	0.8905
CDC-TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1,751,500	0.4532
CDC-TRUSTEE AL-AMEEN ISLAMIC RET.SAV.FUND EQUITY	654,000	0.1692
CDC-TRUSTEE UBL RETIREMENT SAVINGS FUND	701,500	0.1815
CDC-TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	2,609,000	0.6751
CDC - TRUSTEE NAFA STOCK FUND	475,000	0.1229
CDC - TRUSTEE NAFA MULTI ASSET FUND	130,000	0.0336
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	100,500	0.0260
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	66,184	0.0171
GENERAL PUBLIC		
GENERAL PUBLIC (LOCAL)	19,823,714	5.1294
GENERAL PUBLIC (FOREIGN)	2,347,101	0.6073
OTHERS	9,690,003	2.5073
HOLDING MORE THAN FIVE PERCENT		
SAIF HOLDINGS LIMITED	197,272,619	51.0445
ORASTAR LIMITED	66,022,504	17.0834

پیٹرن آف شیئر ہولڈنگ سیف پاور لمیٹڈ

مضاربہ اور باہمی فنڈز

0.0102	39,500	سی ڈی سی - ٹرسٹی اے کے ڈی انڈیکس ٹریڈر فنڈ
0.3912	1,511,816	سی ڈی سی - ٹرسٹی یو بی ایل سٹاک ایڈوانس فنڈ
0.4921	1,902,000	سی ڈی سی - ٹرسٹی الایمان شریعہ سٹاک فنڈ
0.8905	3,441,500	سی ڈی سی - ٹرسٹی یو بی ایل ایسٹس ایلیکیشن فنڈ
0.4532	1,751,500	سی ڈی سی - ٹرسٹی الایمان اسلامک ایسٹ ایلیکیشن فنڈ
0.1692	654,000	سی ڈی سی - ٹرسٹی الایمان اسلامک ریٹائرمنٹ سیونگ فنڈ ایکویٹی
0.1815	701,500	سی ڈی سی - ٹرسٹی یو بی ایل ریٹائرمنٹ سیونگ فنڈ
0.6751	2,609,000	سی ڈی سی - ٹرسٹی الایمان اسلامک ڈیڈ ویلٹیٹیڈ ایکویٹی فنڈ
0.1229	475,000	سی ڈی سی - ٹرسٹی نافاسٹاک فنڈ
0.0336	130,000	سی ڈی سی - ٹرسٹی نافا ملٹی ایسٹ فنڈ
0.0260	100,500	سی ڈی سی - ٹرسٹی نافا ایسٹ ایلیکیشن فنڈ
0.0171	66,184	سی ڈی سی - ٹرسٹی یو بی ایل ایلیکیشن ایکویٹی فنڈ

عام پبلک

5.1294	19,823,714	عام پبلک (مقامی)
0.6073	2,347,101	عام پبلک (غیر ملکی)

دیگر

2.5073	9,690,003	عام پبلک (مقامی)
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پانچ فیصد سے زیادہ ہولڈنگ

51.0445	197,272,619	سیف ہولڈنگز لمیٹڈ
17.0834	66,022,504	اور اسٹریٹجیٹ

سپانسرز، ڈائریکٹرز، چیف ایگزیکٹو آفیسر اور بچے	شئیرز	فیصد
حور یوسف زئی	1	0.0000
عثمان سیف اللہ خان	5,000	0.0013
جہانگیر سیف اللہ خان	4,000	0.0010
اسد سیف اللہ خان	1,000	0.0003
جہاں ناز سیف اللہ خان	1,000	0.0003
نوید عابد خان	1	0.0000
رانا محمد شفیق	1500	0.0004

معاون کمپنیاں

سیف ہولڈنگز لمیٹڈ	197,272,619	51.0445
سیف ٹیکسٹائل ملز لمیٹڈ	100	0.0000

بینک، "ایف آئی" اور "این بی ایف آئی"

سامبا بینک لمیٹڈ	1,500,000	0.3881
الائیڈ بینک لمیٹڈ	13,889,000	3.5938
حبیب بینک لمیٹڈ - ٹریری ڈویژن	16,427,854	4.2507
بنک الحبیب لمیٹڈ	3,248,000	0.8404
یونائیٹڈ بینک لمیٹڈ - ٹریڈنگ پورٹ فولیو	10,237,000	2.6488
مسلم کمرشل بینک لمیٹڈ - ٹریری	15,350,000	3.9718
پیپرا انوسٹمنٹ کمپنی لمیٹڈ	309,500	0.0801
فرسٹ کریڈٹ اینڈ انوسٹمنٹ بینک لمیٹڈ	6,500	0.0017

بیمہ کمپنیاں

یو بی ایل بیمہ کار لمیٹڈ	503,500	0.1303
ای ایف یوجزل انشورنس لمیٹڈ	763,000	0.1974
آئی جی آئی لائف انشورنس لمیٹڈ	13,000	0.0034
آدم جی لائف انشورنس کمپنی لمیٹڈ	25,000	0.0065
آدم جی انشورنس کمپنی لمیٹڈ	4,935,882	1.2772

بیٹرن آف شیئر ہولڈنگ سیف پاور لیٹیٹیڈ

فیصد	جو شیئر لے لیے ہیں	تک	سے	شیئر ہولڈرز کی تعداد
0.4532	1,751,500	1755000	1750001	1
0.4921	1,902,000	1905000	1900001	1
0.5456	2,108,500	2110000	2105001	1
0.6751	2,609,000	2610000	2605001	1
0.8404	3,248,000	3250000	3245001	1
0.8905	3,441,500	3445000	3440001	1
1.1513	4,449,500	4450000	4445001	1
1.2772	4,935,882	4940000	4935001	1
2.2138	8,555,684	8560000	8555001	1
2.6488	10,237,000	10240000	10235001	1
2.7104	10,475,000	10475000	10470001	1
3.5938	13,889,000	13890000	13885001	1
3.9718	15,350,000	15350000	15345001	1
4.1458	16,022,504	16025000	16020001	1
4.2507	16,427,854	16430000	16425001	1
12.9376	50,000,000	50000000	49995001	1
48.8307	188,716,935	188720000	188715001	1
100.0000	386,471,779			4,521

فیصد	شیئرز	فولیو کی تعداد	شیئر ہولڈرز کی کٹیگری
0.0032	12,502	7	سپانسرز، ڈائریکٹرز، چیف ایگزیکٹو آفیسر اور بچے
51.0445	197,272,719	3	معاون کمپنیاں
15.7755	60,967,854	8	بینک، "ڈی ایف آئی" اور "این بی ایف آئی"
1.6147	6,240,382	5	بیمہ کمپنیاں
3.4627	13,382,500	12	مضاربہ اور باہمی فنڈز
5.1294	19,823,714	4,349	عام پبلک (مقامی)
0.6073	2,347,101	86	عام پبلک (غیر ملکی)
2.5073	9,690,003	46	دیگر
19.8553	76,735,004	5	غیر ملکی کمپنیاں
100.0000	386,471,779	4,521	ٹوٹل

فیصد	جو شیئر لے لیے ہیں	تک	سے	شیئر ہولڈرز کی تعداد
0.0457	176,500	180000	175001	1
0.0525	203,000	205000	200001	1
0.0550	212,500	215000	210001	1
0.1157	447,000	225000	220001	2
0.0626	242,000	245000	240001	1
0.1303	503,500	255000	250001	2
0.0666	257,500	260000	255001	1
0.0693	268,000	270000	265001	1
0.0712	275,000	275000	270001	1
0.0776	300,000	300000	295001	1
0.1603	619,500	310000	305001	2
0.0810	313,000	315000	310001	1
0.1811	700,000	350000	345001	2
0.0947	366,000	370000	365001	1
0.1035	400,000	400000	395001	1
0.1067	412,500	415000	410001	1
0.1142	441,500	445000	440001	1
0.1216	470,000	470000	465001	1
0.1229	475,000	475000	470001	1
0.1232	476,000	480000	475001	1
0.1294	500,000	500000	495001	1
0.1303	503,500	505000	500001	1
0.1423	550,000	550000	545001	1
0.1578	610,000	610000	605001	1
0.1692	654,000	655000	650001	1
0.1725	666,500	670000	665001	1
0.1815	701,500	705000	700001	1
0.1974	763,000	765000	760001	1
0.5175	2,000,000	1000000	995001	2
0.3881	1,500,000	1500000	1495001	1
0.3912	1,511,816	1515000	1510001	1

پیٹرن آف شیئر ہولڈنگ سیف پاور لیمیٹڈ

فیصد	جو شیئر لے لیے ہیں	تک	سے	شیئر ہولڈرز کی تعداد
0.0007	2,820	100	1	93
0.3339	1,290,435	500	101	2588
0.2104	813,255	1000	501	817
0.3947	1,525,360	5000	1001	591
0.3117	1,204,486	10000	5001	153
0.1493	577,064	15000	10001	46
0.1655	639,500	20000	15001	35
0.1669	645,000	25000	20001	27
0.1318	509,500	30000	25001	18
0.0748	289,000	35000	30001	9
0.1214	469,000	40000	35001	12
0.0673	260,000	45000	40001	6
0.1399	540,500	50000	45001	11
0.0691	267,000	55000	50001	5
0.0768	297,000	60000	55001	5
0.0706	272,684	70000	65001	4
0.0384	148,500	75000	70001	2
0.0815	315,000	80000	75001	4
0.0642	248,000	85000	80001	3
0.0446	172,500	90000	85001	2
0.0726	280,500	95000	90001	3
0.3352	1,295,500	100000	95001	13
0.1057	408,500	105000	100001	4
0.0549	212,000	110000	105001	2
0.0591	228,500	115000	110001	2
0.0673	260,000	130000	125001	2
0.0349	135,000	135000	130001	1
0.0723	279,500	140000	135001	2
0.0367	142,000	145000	140001	1
0.1541	595,500	150000	145001	4
0.0422	163,000	165000	160001	1
0.0897	346,500	175000	170001	2

Pattern of Shareholding

Saif Cement (Private) Limited

As at 31 December 2018

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
11	1	100	1,100	0.00174
1	501	1000	900	0.00143
1	63,000,000	63,100,000	63,100,000	99.99683
13			63,102,000	100.00000

CATEGORY OF SHAREHOLDER

SPONSORS, DIRECTORS, CEO AND CHILDREN	SHARES	PERCENTAGE
HOOR YOUSAFZAI	100	0.00016
IQBAL SAIFULLAH KHAN	100	0.00016
FAISAL SAIFULLAH KHAN	100	0.00016
ABBAS SAIFULLAH KHAN	100	0.00016
OSMAN SAIFULLAH KHAN	100	0.00016
ASSAD SAIFULLAH KHAN	100	0.00016
MUHAMMAD ALY SAIFULLAH KHAN	100	0.00016
ANWAR SAIFULLAH KHAN	100	0.00016
SALIM SAIFULLAH KHAN	100	0.00016
JEHANGIR SAIFULLAH KHAN	900	0.00143
HUMAYUN SAIFULLAH KHAN	100	0.00016
JAVED SAIFULLAH KHAN	100	0.00016
ASSOCIATED COMPANIES		
SAIF POWER LIMITED	63,100,000	99.99683
Total	63,102,000	100.00000

پیٹرن آف شیئر ہولڈنگ

سیف سیمنٹ (پرائیویٹ) لمیٹڈ

فیصد	جو شیئر لے لیے ہیں	تک	سے	شیئر ہولڈرز کی تعداد
0.00174	1,100	100	1	11
0.00143	900	1000	501	1
99.99683	63,100,000	63,100,000	63,000,000	1
100.00000	63,102,000			13

شیئر ہولڈرز کی کیٹیگری

فیصد	شیئرز	سپانسرز، ڈائریکٹرز، چیف ایگزیکٹو آفیسر اور بچے
0.00016	100	حور یوسف زئی
0.00016	100	اقبال سیف اللہ خان
0.00016	100	فیصل سیف اللہ خان
0.00016	100	عباس سیف اللہ خان
0.00016	100	عثمان سیف اللہ خان
0.00016	100	اسد سیف اللہ خان
0.00016	100	محمد علی سیف اللہ خان
0.00016	100	انور سیف اللہ خان
0.00016	100	سلیم سیف اللہ خان
0.00143	900	جہانگیر سیف اللہ خان
0.00016	100	ہمایوں سیف اللہ خان
0.00016	100	جاوید سیف اللہ خان

معاون کمپنیاں

99.99683	63,100,000	سیف پاور لمیٹڈ
100.00000	63,102,000	ٹوٹل

Notice of 15th Annual General Meeting

Notice is hereby given that the 15th Annual General Meeting of Shareholder of Saif Power Limited ("the Company") will be held on April 30, 2019, Tuesday at 11:00 A.M, at 3rd floor Razia Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of 14th AGM held on May 29, 2018.
2. To receive, consider and adopt the Audited Financial Statements of the Company (separate and consolidated) for the year ended December 31, 2018 together with Directors' and Auditors' report thereon.
3. To consider and approve the final dividend Rs.1.3 per share i.e. 13% in addition to interim dividend of Rs. 1.65 per share i.e. 16.5 %, making it a total dividend of Rs. 2.95 per share i.e. 29.5%, Rs. 1.65 per share already paid, as recommended by the Directors.
4. To appoint statutory auditors of the Company for the year ending December 31, 2019 and fix their remuneration. The Board of Directors have recommended the appointment of retiring auditors, M/s KPMG Taseer Hadi & co. Chartered Accountants, Islamabad, being eligible, have offered themselves for reappointment.
5. To transact any other business with the permission of Chair.

By Order Of The Board



Waseemullah
Company Secretary

Islamabad
April 09, 2019

Notes:

- i. Share Transfer Book of the Company will remain closed from April 24, 2019 to April 30, 2019 (Both days inclusive). Transfer received in order at the share Registrar's office by the close of business on April 23, 2019 will be treated in time for the purpose of payment of final dividend.
- ii. A member entitled to attend and vote at the Meeting may appoint another member as his /her proxy to attend and vote on his /her behalf. The instrument appointing the proxy duly completed must be received at the Company's Registered Office not later than 48 hours before the time of holding of the meeting.
- iii. CDC individual Account holders or Sub-account holders are required to bring with them their original Computerized National Identity Card (CNIC) / Original Passport along with participant's ID number and their account number in order to facilitate identification.
- iv. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen signature of nominees shall be produced (unless provided earlier) at the time of meeting.
- v. Members are requested to immediately notify the change in address, if any.

SPECIAL NOTES TO SHAREHOLDERS:

vi. **Transmission of Annual Financial Statements through Email (optional):**

Shareholders who wish to receive the Annual Report through e-mail are requested to provide a duly completed annexed consent form to Company's Share Registrar, M/s THK Associates (Pvt) Ltd. 1st Floor, 40-C, Block-6, P.E.C.H.S Karachi. Form is also available at Company's website www.saifpower.com

vii. **Consent for video conference facility**

Members can also avail video conference facility under the provision of Section 134 of the Companies Act, 2017 to participate in AGM. The members must hold in aggregate 10% or more shareholding residing in that city and consent of shareholders must reach at the registered address of the Company at

least 10 days prior to the Annual General Meeting in order to participate in the meeting through video conference.

viii. Payment of Cash dividend electronically into the bank account

Under proviso to Section 242 of the Companies Act-2017, listed companies are required to pay cash dividends only through electronically mode directly into the bank accounts. The shareholders are requested to submit their information, to their investor account services or their brokers where shares are placed electronically. Physical holding, the shareholders are requested to submit their information to the Company's Shares Registrar as appended below:

THK ASSOCIATES (PVT) LIMITED

1st Floor, 40-C, Block-6, P.E.C.H.S, KARACHI-75400.

UAN: +92-21-111-000-322 Direct: +92-21-34168270 Fax: +92-21-34168271

Email: sfc@thk.com.pk

I Mr./Ms./Mrs. _____ S/o, D/o, w/o, _____

hereby authorizes Saif Power Limited to directly credit cash dividends into following bank account:

- Title of Bank Account
- International Bank Account Number (IBNR)
- Bank's Name
- Branch Name and address

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company/ Share Registrar informed in case of any changes in the said particulars in future.

Signature of the shareholder

ix Unclaimed Dividend

Shareholders who could not collect their dividend are advised to contact our Share Registrar to collect their unclaimed dividend, if any.

Contact information

For any query/problem/information, the investors may contact the company/or share registrar at the following:

Company Secretary
waseem.ullah@saifgroup.com
051-2271378-83








Share Registrar
THK Associates (Pvt) Ltd
UAN: +92-21-111-000-322
Email: sfc@thk.com.pk










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-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices.

Form of Proxy

I/We _____
of _____ being a member of SAIF POWER LIMITED
and holder of _____
(Number of Shares)

Ordinary shares as per share Register Folio No. _____ and/or CDC
Participant I.D.No. _____ and Sub Account No. _____, hereby appoint
_____ of _____ or failing him
_____ of _____

as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held the 30 April 2019 Tuesday at 11:00 am at any adjournment thereof.

Signed this _____ day of _____ 2019.

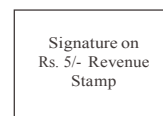
Witnesses

1) Signature : _____
Name : _____
Address : _____

CNIC/Passport No. : _____

2) Signature : _____
Name : _____
Address : _____

CNIC/Passport No. : _____



(Signature must agree with the specimen signature registered with the company)

NOTES:

1. No Proxy shall be valid unless duly signed along with revenue stamp and in case of company should be executed under its common seal under signed by its authorized person.
2. This instrument appointing a proxy, duly completed, must be received at the registered Office of the Company at first Floor, Kashmir Commercial Complex, Block E, Fazal-ul-Haq Road, Blue Area, Islamabad not later than 48 hours before the time of holding the Annual General Meeting.
3. Attested copies of the CNIC or the passport of beneficial owners shall be furnished with the proxy form.
4. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
5. In case of corporate entity, the Board's resolution/ power of attorney with specimen signature of the nominee shall be furnished along with proxy form to the Company.

Electronic Transmission Consent Form

Date: _____

General Manager

THK Associates (Private) Ltd.

1st Floor, 40-C, Block-6,

P.E.C.H.S, Karachi 75400,

P.O Box. No: 8533

Pursuant to the directions given by Securities and Exchange Commission of Pakistan through its SRO 787 (I)/2014 dated September 8, 2014, I/we Mr./Ms/M/s _____

_____ S/o, D/o, W/o _____

hereby give consent to receive the Audited Financial Statements along with notice of Annual General Meeting of M/s Saif Power Limited through email on my/our email address provided as under:

Name of Member / shareholder: _____

Folio/CDC Account Number: _____

Email Address: _____

It is stated that above mentioned particulars are true and correct. I/we shall notify you and the the Company in writing in case of any change in my/our email address or withdrawal of my/our above mentioned consent.

Signature of the Member/Shareholder

CNIC Number:



SAIF POWER LIMITED

1st Floor, Kashmir Commercial Complex (KCC),
Fazal-ul-Haq Road, Block E, Blue Area, Islamabad.

Tel: +92-51-2271378-83, Fax: +92-51-2277670

www.saifpower.com