



# ANNUAL REPORT 2022

# Financials at a Glance

	<b>2022</b>	2021
		(Restated)
		Rs. Million
Turnover	<b>22,870</b>	16,394
Financial cost	<b>1,353</b>	771
Net Profit	<b>1,951</b>	1,959
Shareholders Equity	<b>13,867</b>	16,552
		Rs.
Dividend per share	<b>8.50</b>	8.00

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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. Assad Saifullah Khan	Director
Mr. Rana Muhammad Shafi	Director
Miss. Saima Akbar Khattak	Independent Director
Mr. Rashid Ibrahim	Independent Director

## Audit Committee

Mr. Rashid Ibrahim	Chairman
Mr. Osman Saifullah Khan	Member
Mr. Rana Muhammad Shafi	Member

## Human Resource and Remuneration Committee

Miss. Saima Akbar Khattak	Chairperson
Mrs. Hoor Yousafzai	Member
Mr. Assad Saifullah Khan	Member

## 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

Grant Thornton Anjum Rahman  
302 B, 3<sup>rd</sup> Floor, Evacuee Trust Complex,  
Aga Khan Road, F-5/1, Islamabad, Pakistan.  
Tel: +92 51 2271906, Fax: +92 51 2273874

## Legal Advisors

Mr. Muhammad Naeem Amer (MNA) Rehan  
Advocate High Court

## Registered / Head Office

1<sup>st</sup> 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.  
Plot No. 32-C, Jami Commercial  
Street 2, DHA Phase VII, Karachi.  
Tel: +92-21- 111 000 322,  
Email: sfc@thk.com.pk

## Banks & Financial Institutions

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Limited  
Faysal Bank Limited  
First Habib Modaraba  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri 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 2022 & 2021

Parameters	Units	2022	2021
Plant Operation Hours on Gas Fuel	Hrs.	4,618	4,814
Plant Operation Hours on HSD Fuel	Hrs.	234	647
Utilization Factor	%	38	44
Load Factor	%	37	45
Complex Reliability Factor	%	99	99
Complex Start up Reliability Factor	%	100	98
Generation on HSD	MWH	23,705	87,090
Generation on Gas	MWH	592,993	660,833
Net Generation	MWH	616,697	747,923
Period Hours	Hrs.	8,760	8,760
Service Hours	Hrs.	4,853	5,292
Standby Hours	Hrs.	3,358	3,074
Available Hours	Hrs.	8,210	8,365
Planned Outage Hours	Hrs.	492	384
Unplanned Outage Hours	Hrs.	84	67
Total Outage Hours	Hrs.	576	451
Availability Factor	%	93	95



# Chairperson's Review

## Dear Shareholders

I am pleased to present the Annual Report of your Company for the financial year ended December 31, 2022.

Net Profit of your Company for the year ended December 31, 2022 stands at Rs. 1,951 million. Details of financial, operational performance and other information have been described in more detail in Directors' Report to the shareholders.

To evaluate the performance of the Board and its Committees, the Board has put in place mechanism for annual evaluation of the performance of the Board of Directors. Accordingly, the Board has completed its annual self-evaluation for the year 2022 and I am pleased to report that the overall performance has remained satisfactory.

The Board reviews the quality and appropriateness of financial statements of the Company; reporting and transparency of disclosures; Company's accounting policies; corporate objective plans and, other reports.

On behalf of the Board, I would like to place on record appreciation for the continued support of lender banks, suppliers, contractors, regulatory authorities, various government functionaries and acknowledge with thanks the contributions made by the management and employees. At the same time, I would also like to acknowledge the trust shown by our shareholders in the Company.

March 29, 2023  
Islamabad



**Hoor Yousafzai**  
Chairperson

# چیمبر پرسن کا جائزہ

## 31 دسمبر 2022ء کو ختم ہونے والے سال کا مستحکم مالی بیان

محترم شیئر ہولڈرز،

مجھے آپ کی کمپنی کی 31 دسمبر 2022 کو ختم ہونے والے مالی سال کی سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

31 دسمبر 2022 کو ختم ہونے والے سال کے لیے آپ کی کمپنی کا خالص منافع 1,951 ملین روپے ہے۔ مالی، آپریشنل کارکردگی اور دیگر معلومات کی تفصیلات شیئر ہولڈرز کو ڈائریکٹرز کی رپورٹ میں مزید تفصیل سے بیان کی گئی ہیں۔

بورڈ اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لینے کے لیے، بورڈ نے بورڈ آف ڈائریکٹرز کی کارکردگی کی سالانہ جانچ کے لیے ایک طریقہ کار وضع کیا ہے۔ اسی مناسبت سے، بورڈ نے سال 2022 کے لیے اپنی سالانہ خود تشخیص مکمل کر لی ہے اور مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ مجموعی کارکردگی تسلی بخش رہی ہے۔

بورڈ کمپنی کے مالی بیانات کے معیار اور مناسبت، افشاء کی رپورٹنگ اور شفافیت، کمپنی کی اکاؤنٹنگ پالیسیوں، کارپوریٹ مقصدی منصوبوں، اور دیگر رپورٹس کا جائزہ لیتا ہے۔

بورڈ کی جانب سے، میں انتظامیہ، ملازمین، قرض دینے والے بینکوں، سپلائرز، ٹھیکیداروں، ریگولیٹری اتھارٹیز، مختلف سرکاری اداروں کے تعاون کا شکریہ ادا کرنا چاہوں گی۔ اس کے ساتھ ساتھ، میں کمپنی میں ہمارے شیئر ہولڈرز کی طرف سے دکھائے گئے اعتماد کو بھی تسلیم کرتی ہوں۔

Am Yussuf

حور یوسف  
چیمبر پرسن

29 مارچ 2023  
اسلام آباد

# REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

The Board of Directors is pleased to present the Annual Report of Saif Power Limited (the “Company”) along with its audited Financial Statements for the year ended December 31, 2022.

## PRINCIPAL ACTIVITY

The principal activity of the Company is to own, operate & maintain a combined cycle power plant and undertake the business of power generation and sale of electricity to Central Power Purchasing Agency Guarantee Limited (CPPA-G). The Company is listed on Pakistan Stock Exchange Limited.

## OPERATIONS

The Company continues to follow best practices to ensure highest Reliability, Availability and best Operational Performance. During the year, reliability factor was 98.99% as compared to 99.20% in 2021 and availability factor was 93.43% as compared to 94.85% in 2021. Despatch level was 34.53% as compared to 41.90% last year.

## FINANCIAL PERFORMANCE

### UNCONSOLIDATED:

The Company earned a net profit of Rs. 1,951 million, resulting in earning per share (EPS) of Rs. 5.05 as compared to Rs. 1,959 million and EPS Rs. 5.07 in 2021. Energy revenue of the Company has increased as compared to last year mainly due to increase in fuel prices.

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

FOR THE YEAR ENDING DECEMBER	2022	2021	2020	2019	2018	2017
	-----Rupees in million-----					
Turnover	22,870	16,394	8,925	14,910	16,690	12,257
Net Profit	1,951	1,959	*2,372	3,650	3,033	2,592
Property, Plant and Equipment	11,302	11,711	12,232	12,800	13,294	13,688
Investment in subsidiary	-	789	785	738	631	-
Net worth	13,867	16,552	15,932	14,808	12,047	10,396
Long term financing	-	-	-	788	2,975	4,761
Short term borrowing	15,527	7,668	6,974	5,260	5,449	1,928
Earnings per share – (in rupees)	5.05	5.07	6.14	9.44	7.85	6.71
Dispatch level- (percentages)	34.53%	41.90%	25.80%	40.19%	61.92%	32.30%
Capacity Made Available-GWHs	1,786	1,785	1,786	1,782	1,784	1,786

\* The long term loan was paid off entirely in March 2020.

# REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

## CONSOLIDATED:

Consolidated net profit during the year under review is Rs. 2,168 million resulting in earning per share (EPS) of Rs. 5.59 (2021: Rs. 1,955 million and EPS Rs. 5.06).

Appropriations and movement in reserve have been disclosed in the consolidated statement of changes in equity.

## PENDING ISSUES

In the case against M/s Sui Northern Gas Pipelines Limited (SNGPL), after the arbitration award in Company's favour for an amount of Rs. 270.66 million (disputed amount of Rs. 239.68 million & related costs of Rs. 30.98 million), the Company filed a petition in the Civil Court Lahore to obtain the enforcement Decree in lieu of the Arbitration award. The Company has already adjusted the awarded amount as above against payables to SNGPL.

SNGPL enforced another arbitration saying that Company could not adjust without a decree from the court. The arbitration tribunal has agreed with SNGPL in its decision dated April 22, 2022. SNGPL has filed a petition in the Lahore High Court, however, the Company is confident that ultimately the money will be retained by the Company.

In the cases against Power Purchaser, on account of 'Period Weighing Factors' and 'Heat Rate Correction Factor' as explained in note 16.3 and note 16.4, the Company has initiated the process of dispute resolution under Power Purchase Agreement by serving notices to CPPA-G.

## RECEIVABLES FROM POWER PURCHASER

During the year, the Company received Rs. 9.5 billion in two installments under the Master Agreement. Despite such receipt, the Company's total receivables were Rs. 11.6 billion (2021: Rs. 12.7 billion) at the year end. However, the Company has adequate working capital lines to sustain its operations. The Company and Power Sector are looking forward to government to take some concrete steps to address the root causes of circular debt for sustainability of this Sector.

## CREDIT RATING

PACRA's rating for the Company is 'AA-' in the long term and 'A1' in the short term while the 'Outlook' has been determined as 'Stable', which denote a low expectation of credit risk and indicate adequate capacity for timely payment of financial obligations.

## 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.

## **PRINCIPAL RISKS & UNCERTAINTIES**

The Company has ensured that appropriate controls exist to cater to any unforeseen risks & uncertainties. Most of the financial risks are covered through tariff. However, liquidity risk remains as one of the uncertainties for reliable operations of the company. This risk, as highlighted above, has been mitigated by arranging adequate credit lines from banks. Financial risk management is also disclosed in notes to the financial statements. Operational risks have been mitigated to a great extent through outsourcing of plant operations to M/s General Electric Inc. (who are both the original supplier and the O&M contractor) and through a comprehensive and effective insurance policy.

## **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.

## **INTERNAL AUDIT AND CONTROL**

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

## **DIVIDEND**

The Board has recommended a final dividend of 25% (Rs. 2.50 per share) for the year ended December 31, 2022 to the shareholders for their approval in forthcoming Annual General Meeting in addition to interim dividends of 60% (Rs. 6.00 per share), making it total dividend of 85% (Rs. 8.50 per share) as compared to 80% (Rs. 8 Per share) for previous year. The dividend was paid from the amount of capacity payments received from CPPA / GOP.

At the year-end, dividend payable to non-resident shareholder of the Company remained unpaid due to pending State Bank of Pakistan's approval for remittance outside Pakistan.

## **INVESTMENT IN SUBSIDIARY**

In 2021, the Board of Directors of the Company approved the proposal for sale of land and other assets of Saif Cement Ltd. (SCL) which was also approved by the shareholders in the Extra Ordinary General Meeting held on June 26, 2021. As of today, SCL is in the process of being sold. The proceeds from sale of assets will be used by SCL to payback to Saif Power Limited and other sponsors according to their investment after liquidation of SCL.

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

# REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

The Company has so far invested equivalent to US \$ 5.7 million (based on US dollar rate which existed on the date of investment) out of the proposed US \$ 20 million during the last four years from the date of approval of members.

Earnings per share for the year ended December 31, 2022 is Rs. 2.65 compared to loss per share of Rs. 0.040 for the year 2021.

## 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	2
B	Other Non-executive Director	5

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 Companies Act, 2017 and listed companies 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.

As required by the Code of Corporate Governance, directors are pleased to report 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, and subject to waivers from the competent authority, 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.
- During the year, four directors have received shares of the Company on the distribution of dividend in kind by Saif Holding Limited in the Company shares to its shareholders. There has been no trading of shares by CEO, CFO, Company Secretary and their spouses. Shareholding of directors is annexed to this report.
- Information about outstanding taxes and levies is given in the notes to the financial statements.

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

<b>Name of Directors</b>	<b>Status</b>	<b>Meetings attended</b>
Mrs. Hoor Yousafzai - Chairperson	Elected	04/06
Mr. Javed Saifullah Khan	Elected	05/06
Mr. Osman Saifullah Khan	Elected	05/06
Mr. Assad Saifullah Khan	Elected	06/06
Mr. Rana Muhammad Shafi	Elected	05/06
Mr. Naved Abid Khan	Elected / Resigned	01/01
Mr. Rashid Ibrahim	Appointed	04/04
Miss. Saima Akbar Khattak	Elected	05/06

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 2023 when fresh elections will be held for appointment of directors through general meeting of the shareholders.

# REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

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

Name of Directors	Status	Meetings attended
Mr. Rashid Ibrahim	Chairman	03/03
Mr. Osman Saifullah Khan	Member	04/04
Mr. Rana Muhammad Shafi	Member	03/04

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

Name of Directors	Status	Meetings attended
Miss. Saima Akbar Khattak	Chairperson	00/01
Mrs. Hoor Yousafzai	Member	01/01
Mr. Assad Saifullah Khan	Member	01/01

## DIRECTORS' TRAINING

The Company is compliant with the requirement of director training program provided in these Regulations.

## EVALUATION OF THE BOARD'S PERFORMANCE

The Company's Board of Directors undergoes a self-evaluation exercise against a set of parameters. This evaluation is performed primarily to assist the Board in evaluating its quality of governance as it enables the Board members to perform their roles and responsibilities more effectively towards progress of your Company.

The result of the Board's self-assessment of its overall performance was satisfactory against the set criteria.

## DIRECTORS' REMUNERATION

Non-Executive directors and independent directors are entitled for fixed fee for attending the meeting of the Board and its committee, as determined by the Board from time to time. All directors of the Company are non-Executive directors.

Remuneration paid to Directors and Chief Executive has been disclosed in note no. 31 of the Financial Statements.

## CHAIRPERSON'S REVIEW

The accompanied Chairperson's review deals with overall performance of the board and effectiveness of the role played by the board in achieving the Company's objectives. The directors endorse the contents of the Chairperson's Review.



## **RELATED PARTY TRANSACTIONS**

Transaction undertaken with related parties are carried out on arm's length basis during the year and have been ratified / recommended by the Audit Committee and approved by the Board.

## **PATTERN OF SHAREHOLDING**

The statement of pattern of shareholding is given at page no. 122.

## **SUBSEQUENT EVENT**

The Board of directors of the Company, in its Board meeting held on, 29 March, 2023 has approved final cash dividend of Rs. 2.50 per share (2021: Rs. 1.00) per share.

## **AUDITORS**

The present auditors M/s Grant Thornton Anjum Rahman, Chartered Accountants, Islamabad retire and being eligible, have offered themselves for re-appointment for next term.

## **INFORMATION OF SUBSIDIARY REQUIRED TO BE DISCLOSED U/S 226(3) OF THE COMPANIES ACT, 2017**

### **SAIF CEMENT LIMITED**

#### **PRINCIPAL ACTIVITY**

The principal activity of Saif Cement Limited (SCL) after Commercial Operation Date will be production and sale of Cement.

#### **FINANCIAL PERFORMANCE AND FUTURE OUTLOOK**

As explained above, SCL is in the process of being sold. Profit for the year amounting to Rs. 217,059,577 compared to loss for the year of Rs. 3,319,716 in the year 2021. Profit for the year represents gain on disposal of land and other assets of SCL. Profit per share reported during the year was Rs. 2.65. SCL acquired loan from related party amounting to Rs. 38 million for managing its operations. SCL has never defaulted on any payment.

# REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

## BOARD OF DIRECTORS

The Board comprise of the following directors who were directors during the year:

S. No	NAME	STATUS
1	Mrs. Hoor Yousafzai	Elected
2	Mr. Javed Saifullah Khan	Elected
3	Mr. Anwar Saifullah Khan	Elected
4	Mr. Osman Saifullah Khan	Elected
5	Mr. Assad Saifullah Khan	Elected
6	Mr. Faisal Saifullah Khan	Elected
7	Mr. Abbas Saifullah Khan	Elected
8	Mr. Muhammad Aly Saifullah Khan	Elected

## PRINCIPAL RISKS AND UNCERTAINTIES

In the year 2021, the Board of Directors of the Company approved the proposal for sale of land and other assets of SCL which was also approved by the shareholders in the Extra Ordinary General Meeting held on June 26, 2021. As of today, SCL is in the process of being sold.

## ACKNOWLEDGEMENT

The Directors of your company would like to show their appreciation to its 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 director.

For and on behalf of the Board



**Sohail H. Hydari**  
Chief Executive Officer

Islamabad: March 29, 2023



**Hoor Yousafzai**  
Director

## بورڈ آف ڈائریکٹرز:

بورڈ مندرجہ ذیل ڈائریکٹرز پر مشتمل ہے جو سال کے دوران ڈائریکٹرز تھے:

نمبر شمار	نام	سٹیٹس
1	محترمہ حور یوسف زئی	منتخب
2	محترم جاوید سیف اللہ خان	منتخب
3	محترم انور سیف اللہ خان	منتخب
4	محترم عثمان سیف اللہ خان	منتخب
5	محترم اسد سیف اللہ خان	منتخب
6	محترم فیصل سیف اللہ خان	منتخب
7	محترم عباس سیف اللہ خان	منتخب
8	محترم محمد علی سیف اللہ خان	منتخب

## بنیادی خطرات اور غیر یقینی اقدامات:

سال 2021 میں، کمپنی کے بورڈ آف ڈائریکٹرز نے SCL کی درخواست پر اراضی اور دیگر اثاثوں کی فروخت کی تجویز کی منظوری دی جسے 26 جون 2021 کو ہونے والی ایکسٹرا آرڈینری جنرل میٹنگ میں شیئر ہولڈرز نے بھی منظور کیا تھا۔ آج تک، SCL فروخت ہونے کے عمل میں جاری ہے۔

## اعترافات:

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 کے دوران 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 دل کی گہریوں سے تعریف کا اظہار کرتے ہیں اور امید کرتے ہیں کہ آپ مستقبل میں بھی ایسا ہی کرتے رہیں گے۔

بورڈ سبکدوش ہونے والے ڈائریکٹرز کی طرف سے دی گئی ناقابل تسخیر شراکت کے لیے اپنے دل کی گہریوں سے مشکور ہیں۔

بورڈ آف ڈائریکٹرز کی جگہ اور بورڈ کی نیابت سے:



حور یوسف زئی  
ڈائریکٹر



سہیل ایچ. حیدری  
چیف ایگزیکٹو آفیسر

اسلام آباد: 29 مارچ 2023

## متعلقہ پارٹی (RELATED PARTY) کا لین دین

سال کے دوران متعلقہ فریقوں کے ساتھ ہونے والے لین دین بنا کسی تعلق داری کے کیا جاتا ہے اور آڈٹ کمیٹی کے ذریعہ اس کی توثیق کر دی جاتی ہے اور بورڈ کے ذریعہ اس کی منظوری دی جاتی ہے۔

## شیر ہولڈنگ کا نمونہ:

31 دسمبر 2022 تک شیر ہولڈنگ کے پیٹرن کا بیان رپورٹ کے ساتھ منسلک ہے۔

## سال کے بعد کا واقعہ

کمپنی کے بورڈ آف ڈائریکٹرز نے 29 مارچ 2023 کو ہونے والے اپنے بورڈ اجلاس میں 2.50 روپے فی شیئر (2021: 1.00 روپے) فی شیئر کے حتمی نقد منافع کی منظوری دی ہے۔

## آڈیٹرز:

موجودہ آڈیٹرز میسرز گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس، اسلام آباد ریٹائر ہو رہے ہیں اور اہل ہیں اس کے لیے خود کو انہوں نے اگلی مدت کے لیے دوبارہ تقرری کے لیے پیش کیا ہے۔

کمپنیز ایکٹ، 2017 کے سیکشن (3) 226 تحت ذیلی ادارے کی معلومات

## سیف سیمنٹ لمیٹڈ

### بنیادی سرگرمی:

کمرشل آپریشن کی تاریخ کے بعد سیف سیمنٹ لمیٹڈ (SCL) کی اصل سرگرمی سیمنٹ کی پیداوار اور اس کی فروخت ہوگی۔

### مالی کارکردگی اور مستقبل کے امکانات:

جیسا کہ اوپر بیان کیا گیا ہے، SCL فروخت ہونے کے عمل میں ہے۔ سال کے لیے منافع کی رقم -217,059,577 روپے کے مقابلے میں سال 2021 میں 3,319,716 روپے کا نقصان تھا۔ سال کے لیے منافع SCL کی زمین اور دیگر اثاثوں کو سیل کرنے پر حاصل ہونے والے منافع کی نمائندگی کرتا ہے۔ سال کے دوران رپورٹ کردہ فی حصص منافع 2.65 روپے تھا۔ SCL نے متعلقہ فریق سے 38 ملین روپے کا قرض حاصل کیا۔ اس کے آپریشنز کے انتظام کے لیے SCL نے کبھی بھی کسی ادائیگی میں انحراف نہیں کیا۔

سال کے دوران، ایک HR اور معاوضہ کمیٹی کا انعقاد کیا گیا، حاضری کی پوزیشن حسب ذیل رہی۔

ڈائریکٹر کا نام	سٹیٹس	شرکت کردہ اجلاس کی تعداد
محترمہ صائمہ اکبر خٹک	چیئر پرسن	00/01
محترمہ حور یوسف زئی	ممبر	01/01
محترم اسد سیف اللہ خان	ممبر	01/01

### ڈائریکٹرز کی ٹریننگ:

کمپنی مطلوبہ ضوابط میں فراہم کردہ ڈائریکٹر ٹریننگ پروگرام کی ضرورت کی تعمیل کرتی ہے۔

### بورڈ کی کارکردگی کا خلاصہ:

کمپنی کا بورڈ آف ڈائریکٹر مقرر کردہ خود تشخیصی مشق سے گزرتا ہے۔ یہ تشخیصی نظام بنیادی طور پر بورڈ کو اس کے حکمرانی کے معیار کا جائزہ لینے میں مدد کرنے کے لیے کیا جاتا ہے کیونکہ اس سے بورڈ کے اراکین آپ کی کمپنی کی ترقی کے لیے اپنے کردار اور ذمہ داریوں کو زیادہ مؤثر طریقے سے انجام دینے کے قابل بناتے ہیں۔

بورڈ کی اپنی مجموعی کارکردگی کے خود جائزہ کا نتیجہ مقررہ معیار کے خلاف تسلی بخش تھا۔

### ڈائریکٹرز کے لیے معاوضہ:

نان ایگزیکٹو ڈائریکٹرز اور انڈیپنڈنٹ ڈائریکٹرز بورڈ اور اس کی کمیٹی کے اجلاس میں شرکت کے لیے مقررہ فیس کے حقدار ہیں، جیسکو بورڈ وقتاً فوقتاً طے کرتا ہے۔ کمپنی کے تمام ڈائریکٹرز نان ایگزیکٹو ڈائریکٹرز ہیں۔

ڈائریکٹرز اور چیف ایگزیکٹو کو ادا کیے گئے معاوضے کا خلاصہ مالیاتی بیانات کے نوٹ نمبر 31 میں کیا گیا ہے۔

### چیئر پرسن کا جائزہ:

بہراہ چیئر پرسن کا جائزہ بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے ذریعے ادا کیے گئے کردار کے تاثیر سے متعلق ہے۔

ڈائریکٹرز جائزہ کے مندرجات کی توثیق کرتے 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۔
- سال کے دوران، سیف ہولڈنگ لمیٹڈ کی طرف سے کمپنی کے حصص میں اس کے حصص یافتگان میں ڈیویڈنڈ کی تقسیم پر چار ڈائریکٹرز نے کمپنی کے حصص حاصل کیے ہیں۔ سی ای او، سی ایف او، کمپنی سیکریٹری اور ان کی شریک حیات کی طرف سے حصص کی کوئی تجارت نہیں ہوئی ہے۔ ڈائریکٹرز کی شیئر ہولڈنگ اس رپورٹ کے ساتھ منسلک ہے۔
- مالی بیانات کو دی گئی ہدایات میں بقایا ٹیکسوں اور محصولات کے بارے میں معلومات دی گئی ہیں۔

اس سال کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ حاضری کی صورت حال درج ذیل رہی:

ڈائریکٹر کا نام	سٹیٹس	شرکت کردہ اجلاس کی تعداد
محترمہ حوریوسف زئی چیئر پرسن	منتخب	04/06
محترم جاوید سیف اللہ خان	منتخب	05/06
محترم عثمان سیف اللہ خان	منتخب	05/06
محترم اسد سیف اللہ خان	منتخب	06/06
محترم رانا محمد شفیع	منتخب	05/06
محترم نوید عابد خان	منتخب / مستعفی	01/01
محترمہ صائمہ اکبر تنگ	منتخب	05/06
محترم راشد ابراہیم	تعیینات	04/04

غیر حاضری کی چھٹی ان ڈائریکٹر (ز) کو دی گئی جو کسی وجہ سے میٹنگ میں شرکت نہیں کر سکے۔ ڈائریکٹرز کی موجودہ مدت اکتوبر 2023 میں مکمل ہو جائے گی جب شیئر ہولڈرز کی جنرل میٹنگ کے ذریعے ڈائریکٹرز کی تقرری کے لیے نئے انتخابات کرائے جائیں گے۔

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

ڈائریکٹر کا نام	سٹیٹس	شرکت کردہ اجلاس کی تعداد
محترم راشد ابراہیم	چیئر مین	03/03
محترم عثمان سیف اللہ خان	ممبر	04/04
محترم رانا محمد شفیع	ممبر	03/04

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 حضرات	5
بی	خواتین	2

بورڈ کی تشکیل مندرجہ ذیل ہے:

اے	آزاد ڈائریکٹر	2
بی	دیگر غیر ایگزیکٹو ڈائریکٹر	5

بورڈ کی چیئر پرسن ایک غیر ایگزیکٹو ڈائریکٹر ہے۔ چیئر پرسن 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 کی درج کردہ کمپنیوں کے کوڈ اور کمپنیز ایکٹ، 2017ء 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۔

جیسا کہ کارپوریٹ گورننس کوڈ کی طرف سے مطلوب ہے، ڈائریکٹرز یہ رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں:

- 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 ایکوٹی 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۔
- مالی بیانات کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS)، جیسا کہ پاکستان میں قابل اطلاق ہیں اور مجاز اتھارٹی سے چھوٹ کے تابع ہیں، کی پیروی کی گئی ہے اور، ان سے الگ ہونے کی صورت (اگر ایسی صورت ہے تو) میں مناسب طور پر اس کا انکشاف اور وضاحت کی گئی ہے۔
- داخلی کنٹرول کا نظام ڈیزائن میں مستحکم ہے، اسے موثر طریقے سے لاگو کیا گیا ہے اور اس کی اچھے سے نگرانی کی گئی ہے۔
- حالیہ تشویش (going concern) کے طور پر جاری رکھنے کے لئے کمپنی کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

## ڈیویڈنڈ (تقسیم شدہ منافع):

بورڈ نے 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے حصص یافتگان کو 60 فیصد (6.00 روپے فی شیئر) کے عبوری منافع کے علاوہ آئندہ سالانہ جنرل میٹنگ میں منظوری کے لیے 25 فیصد (2.5 روپے فی شیئر) کے حتمی منافع کی سفارش کی ہے۔ جو پچھلے سال کے 80 فیصد (8.00 روپے فی حصص) کے مقابلے میں 85 فیصد (روپے 8.5 فی شیئر) کا کل ڈیویڈنڈ بناتا ہے۔ ڈیویڈنڈ CPPA / GOP سے موصول ہونے والی (CAPACITY PAYMENTS) صلاحیت کی ادائیگی کی رقم سے ادا کیا گیا تھا۔

سال کے آخر میں، پاکستان سے باہر ترسیلات زر کے لیے اسٹیٹ بینک آف پاکستان کی منظوری زیر التواء ہونے کی وجہ سے کمپنی کے غیر ملکی شیئر ہولڈر کو قابل ادائیگی ڈیویڈنڈ باقی رہا۔

## ذیلی کاروبار میں سرمایہ کاری:

2021 میں، کمپنی کے بورڈ آف ڈائریکٹرز نے سیف سینٹ لمیٹڈ (SCL) کی زمین اور دیگر اثاثوں کی فروخت کی تجویز کی منظوری دی جسے 26 جون 2021 کو ہونے والی غیر معمولی جنرل میٹنگ میں شیئر ہولڈرز نے بھی منظور کیا۔ آج تک SCL فروخت ہونے کے عمل میں ہے۔ اثاثوں کی فروخت سے حاصل ہونے والی آمدنی SCL کے ذریعے سیف پاور لمیٹڈ اور دیگر سپانسرز کو ان کی سرمایہ کاری کے مطابق SCL کے ختم ہونے کے بعد ادائیگی کے لیے استعمال کی جائے گی۔

کمپنیوں کے ضابطہ (2) 4 کے تحت معلومات (ایسوسی ایٹڈ کمپنیوں میں سرمایہ کاری یا ایسوسی ایٹڈ انڈر ٹیکینگ) ء

ریگولیشنز: 2017

کمپنی نے ممبران کی منظوری کی تاریخ سے گزشتہ چار سالوں کے دوران مجوزہ 20 ملین امریکی ڈالر میں سے 5.7 ملین امریکی ڈالر کے مساوی سرمایہ کاری کی ہے۔ 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے فی شیئر آمدنی 2.65 روپے ہے۔

اسکے برعکس سال 2021 کے میں فی شیئر نقصان 0.040 روپے تھا۔

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 تعمیل تمام حصص کنندگان کے مفادات کی حفاظت میں بورڈ کی مدد کرتی ہے۔ بورڈ آف ڈائریکٹرز کمپنی کی گورننس، انتظام اور کنٹرول میں



## 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 کے ہر قسم کے اخراج پر سخت کنٹرول رکھتی ہے اور اس بات کو یقینی بناتی ہے کہ کسی بھی حالت میں اخراج کی مقدار "انوائز میٹریل پروٹیکشن ایجنسی (EPA) کی ہدایات میں دی گئی حد سے تجاوز نہ کرے۔

## بنیادی خطرات اور غیر یقینی صورتحال:

کمپنی نے اس بات کو یقینی بنایا ہے کہ کسی بھی غیر متوقع خطرات اور غیر یقینی صورتحال سے نمٹنے کے لیے مناسب کنٹرول موجود ہیں۔ بیشتر مالی خطرات، ٹیرف کے ذریعے پورے کیے جاتے ہیں۔ تاہم، لیکویڈٹی کا خطرہ، کمپنی کے قابل بھروسہ کاموں کے لیے، غیر یقینی صورتحال میں سے ایک ہے۔ اس خطرے کو، جیسا کہ اوپر بیان کیا گیا ہے، پندرہ مختلف بینکوں سے مناسب حد تک کریڈٹ لائسنز کا بندوبست کر کے کم کیا گیا ہے۔ مالی بیانات کے حوالے سے دی گئی ہدایات میں فنانشل رسک مینجمنٹ کا انکشاف بھی کیا جاتا ہے۔ جنرل الیکٹرک (جو کہ دونوں یعنی اصل سپلائر اور O&M ٹھیکیدار ہیں) کو پلانٹ آپریشن کے آؤٹ سورسنگ (خارجی سپلائر سے لے کر) کے ذریعہ اور ایک جامع اور موثر انشورنس پالیسی اختیار کرتے ہوئے آپریشنل رسک کو کافی حد تک کم کیا گیا ہے۔

## داخلی مالیاتی کنٹرول کا مناسب معیار:

آپ کی کمپنی کارپوریٹ 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۔

## داخلی آڈٹ اور کنٹرول:

آڈٹ کمیٹی کو اطلاع دینے والے ایک تعلیم یافتہ شخص کی سربراہی میں "خود مختار داخلی آڈٹ" کا کام جاری ہے۔ کمپنی میں داخلی آڈٹ کا دائرہ واضح طور پر بیان کیا گیا ہے جس میں وسیع پیمانے پر اندرونی کنٹرول سسٹم کا جائزہ اور اس میں تشخیص، اثاثوں کی حفاظت، اکاؤنٹنگ ریکارڈوں کی درستگی اور تکمیل سب شامل ہیں۔

## مستحکم:

زیر جائزہ سال کے دوران مجموعی مستحکم خالص منافع 2,168 ملین روپے رہا جس کے نتیجے میں فی شیئر آمدن 5.59 روپے رہی (جب کہ سال 2021ء میں یہی خالص منافع 1,955 ملین روپے تھا اور فی شیئر آمدن 5.06 روپے تھی)۔

ایکویٹی میں تبدیلیوں کے استحکام کے بیان میں ریزرو میں نقل و حرکت اور تخصیصات کا انکشاف کیا گیا ہے۔

## زیر التواء مسائل:

میسرز سوئی ناردرن گیس پائپ لائنز لمیٹڈ (SNGPL) کے خلاف مقدمہ میں، کمپنی کے حق میں ثالثی کے فیصلے کے بعد 270.66 ملین روپے کی رقم (تنازعہ رقم 239.68 ملین روپے اور متعلقہ اخراجات 30.98 ملین روپے)، کمپنی نے ثالثی کے ایوارڈ کے عوض قابل نفاذ حکم نامہ حاصل کرنے کے لیے سول کورٹ لاہور میں درخواست بھی درج کر رکھی ہے۔ کمپنی نے سوئی ناردرن گیس پائپ لائن کو قابل ادارہ قوم کے معاملے میں یہ رقم پہلے ہی ایڈجسٹ کر دی ہے۔ ایس این جی پی ایل نے ایک اور ثالثی نافذ کرتے ہوئے کہا کہ کمپنی عدالت کے حکم نامے کے بغیر ایڈجسٹ نہیں کر سکتی۔ ثالثی ٹریبونل نے 22 اپریل 2022 کے اپنے فیصلے میں (SNGPL) سے اتفاق کیا ہے۔ SNGPL نے لاہور ہائی کورٹ میں درخواست دائر کی ہے، تاہم، کمپنی کو یقین ہے کہ بالآخر رقم کمپنی کے پاس ہی رہے گی۔

پاور پراجیکٹ کے خلاف کیسز میں، نوٹ 16.3 اور نوٹ 16.4 میں بیان کردہ 'پیریڈ ویجنگ فیکٹرز' اور 'ہیٹ ریٹ کریکشن فیکٹرز' کی بنیاد پر، کمپنی نے CPPA-G کو نوٹس بھیج کر پاور پراجیکٹ ایگریمنٹ کے تحت تنازعات کے حل کا عمل شروع کیا ہے۔

## بجلی خریدار کی طرف سے وصولی:

کمپنی نے سال کے دوران، ماسٹر ایگریمنٹ کے تحت دو قسطوں میں 9.5 بلین وصول کیے۔ اس طرح کی وصولی کے باوجود، کمپنی کی کل وصول کرنے کی رقم سال کے آخر میں 11.6 بلین روپے (2021: 12.7 بلین روپے) تھی۔ تاہم، کمپنی کے پاس اپنے کاموں کو برقرار رکھنے کے لیے کافی ورکنگ (کاروباری قرضے) ہیں۔ کمپنی اور پاور سیکٹر اس سیکٹر کی پائیداری کے لیے سرکلر ڈیٹ کی بنیادی وجوہات کو حل کرنے کے لیے حکومت سے کچھ ٹھوس اقدامات کرنے کے منتظر ہیں۔

## کریڈٹ ریٹنگ:

کمپنی کے لیے PACRA کی ریٹنگ طویل مدت میں 'AA-' اور مختصر مدت میں 'A1' ہے جبکہ آؤٹ لک کو مستحکم کے طور پر متعین کیا گیا ہے، جو کریڈٹ رسک کی کم توقع کو ظاہر کرتا ہے اور مالی ذمہ داریوں کی بروقت ادائیگی کے لیے مناسب صلاحیت کی نشاندہی کرتا ہے۔

## حصص کنندگان کے لیے بورڈ آف ڈائریکٹرز کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کو سیف پاور لمیٹڈ ("کمپنی") کی 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ سالانہ رپورٹ پیش کرنے پر خوشی ہے۔

## بنیادی سرگرمی

کمپنی کی بنیادی سرگرمی ایک "کمبائنڈ سائیکل پاور پلانٹ" کی ملکیت ہے جسے آپریٹ کرنا اور قابل عمل رکھنا ہوتا ہے، نیز بجلی پیدا کرنے کا کاروبار کرنا اور "سینٹرل پاور پراجیکٹ ایجنسی گارنٹی لمیٹڈ (CPPA-G) کو بجلی فروخت کرنا ہے۔ کمپنی پاکستان اسٹاک ایکسچینج لمیٹڈ میں درج ہے۔

## کارکردگی:

کمپنی اعلیٰ ترین اعتبار، دستیابی اور بہترین آپریشنل کارکردگی کو یقینی بنانے کے لیے بہترین طریقوں پر عمل پیرا ہے۔ سال کے دوران، 2021 میں 99.20 فیصد کے مقابلے میں قابل اعتماد عنصر 98.99 فیصد تھا اور 2021 میں 94.85 فیصد کے مقابلے میں دستیابی کا عنصر 93.43 فیصد تھا۔ ترسیل کی سطح گزشتہ سال 41.90 فیصد کے مقابلے میں 34.53 فیصد تھی۔

## مالیاتی کارکردگی

کمپنی نے 1,951 ملین روپے کا خالص منافع کمایا، جس کے نتیجے میں فی شیئر آمدنی 5.05 روپے رہی۔ 2021 کے مقابلے میں 1,959 ملین روپے اور (EPS) 5.07 روپے تھی۔ کمپنی کی توانائی کی آمدنی میں پچھلے سال کے مقابلے میں اضافہ ہوا ہے جس کی بنیادی وجہ ایندھن کی قیمتوں میں اضافہ ہے۔ پچھلے چھ سالوں کے اہم مالیاتی اور کارکردگی کے اعداد و شمار اس طرح ہیں:

دسمبر میں ختم ہونے والے سال کے لیے	2022ء	2021ء	2020ء	2019ء	2018ء	2017ء
کاروبار	22,870	16,394	8,925	14,910	16,690	12,257
خالص منافع	1,951	1,959	*2,373	3,650	3,033	2,592
پراپرٹی، پلانٹ اور آلات	11,302	11,711	12,232	12,800	13,294	13,688
ذیلی کاروبار میں سرمایہ کاری	-	789	785	738	631	-
نیٹ مالیت	13,867	16,552	15,932	14,808	12,047	10,396
طویل مدتی فنانشنگ	-	-	-	788	2,975	4,761
مختصر مدت کے قرضوں کے حصول	15,527	7,668	6,974	5,260	5,449	1,928
فی شیئر آمدنی - (روپوں میں)	5.05	5.07	6.14	9.44	7.85	6.71
ترسیل کالیول - (فیصدی میں)	34.53%	41.90%	25.80%	40.19%	61.92%	32.30%
دستیاب صلاحیت - GWHS	1,786	1,785	1,786	1,782	1,784	1,786

\* طویل مدتی قرض مارچ 2020ء میں پوری طرح ادا کر دیا تھا۔

# Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

## Saif Power Limited

### Year ended December 31, 2022

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:

Independent directors*	Mr. Rashid Ibrahim Miss. Saima Akbar Khattak
Non-executive directors	Mrs. Hoor Yousafzai Mr. Javed Saifullah Khan Mr. Osman Saifullah Khan Mr. Assad Saifullah Khan Mr. Rana Muhammad Shafi

\* Fractional requirement for independent directors has not been rounded up to one as fraction below 0.5 has been considered as zero. Furthermore, both the independent directors have requisite competencies, skill, knowledge and experience to discharge their duties competently as per laws and regulations; therefore not warrant the appointment of third independent director.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Four directors had attended training program in preceding years and two directors meet the exemption criteria of minimum of 14 years of education and 15 year of experience on the Board of listed companies, hence are exempt from Directors' training program;
10. The Board has approved appointment of Chief Financial Officer, 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. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

**a) Audit Committee (Name of members and Chairman)**

- Mr. Rashid Ibrahim Chairman
- Mr. Osman Saifullah Khan Member
- Mr. Rana Muhammad Shafi Member

**b) HR and Remuneration Committee (Name of members and Chairman)**

- Miss. Saima Akbar Khattak Chairperson
- Mrs. Hoor Yousafzai 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 (quarterly/half yearly/ yearly) of the committee were as per following:

- a) Audit Committee -Quarterly
- b) HR and Remuneration Committee -On required basis

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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;

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

18. We confirm that all requirements of the regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.



**Sohail H. Hydari**  
Chief Executive Officer



**Hoor Yousafzai**  
Chairperson

Islamabad  
March 29, 2023

## 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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by Board of Directors of Saif Power Limited (the Company) for the year ended 31 December 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provision 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 controls, the Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention which causes us to believe the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respect, with the requirement contained in the Regulations as applicable to the company for the year ended 31 December 2022.



**Grant Thornton Anjum Rahman**  
Chartered Accountants  
Place: Islamabad  
Date: March 30, 2023  
UDIN: CR202210209X0HPnVas5



# **FINANCIAL STATEMENTS**

For the year ended December 31, 2022

# 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 (the Company), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was 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 this matter.



Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
<p><b>Following is the key audit matter:</b> (Refer to note 23 to the financial statements)</p> <p>The Company has generated net revenue from sale of electricity to Central Power Purchasing Agency-Guarantee (CPPA-G) amounting to Rs. 22.869 billion for the year ended December 31, 2022.</p> <p>We considered revenue recognition as a key audit matter due to existence of presumed risk of fraud in revenue recognition and revenue being one of the key performance indicator of Company.</p>	<p>Our audit procedures in relation to the matter, amongst others included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of business processes related to revenue recognition and understanding of relevant internal controls over the Company's system which governs revenue recognition;</li> <li>• Evaluated the appropriateness of Company's accounting policies related to revenue in accordance with applicable accounting standards;</li> <li>• Tested revenue recorded during the year with underlying supporting documents i.e. invoices, agreements, tariff notifications and acknowledgements;</li> <li>• Performed cut off procedures to ensure revenue has been recorded in the correct accounting period; and</li> <li>• Assessed the adequacy of related disclosures in the financial statements in accordance with applicable accounting and reporting standards and Companies Act, 2017.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report, but does not include the financial statements and consolidated 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 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 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.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

### **Other Matter**

The financial statements of the Company for the year ended December 31, 2021 were audited by another auditor who have issued an unmodified opinion dated April 6, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Waqas Waris.



**Grant Thornton Anjum Rahman**

Chartered Accountants

Place: Islamabad

Date: March 30, 2023

UDIN: AR202210209MsnvBWI1z

# STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

		2022	2021 (Restated)	1-Jan-21 (Restated)
	Note	Rupees		
<b>Share capital and reserves</b>				
Share capital	4	3,864,717,790	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		9,001,248,625	12,687,512,310	12,472,057,228
Maintenance reserve	5	1,001,140,025	-	-
<b>Total equity</b>		<b>13,867,106,440</b>	16,552,230,100	16,336,775,018
<b>Liabilities</b>				
Subordinated loan	6	260,866,789	409,178,872	554,615,715
Lease liabilities	7	21,093,221	32,492,979	42,511,916
<b>Non-current liabilities</b>		<b>281,960,010</b>	441,671,851	597,127,631
Trade and other payables	8	308,712,514	1,159,001,508	446,803,478
Short term borrowings	9	15,526,546,088	7,667,592,574	6,973,705,255
Current portion of non-current liabilities	10	605,195,974	475,068,256	430,320,820
Markup accrued	11	1,054,652,926	700,002,820	621,543,627
Unclaimed and unpaid dividend	12	388,752,232	15,916,869	12,942,851
<b>Current liabilities</b>		<b>17,883,859,734</b>	10,017,582,027	8,485,316,031
<b>Total liabilities</b>		<b>18,165,819,744</b>	10,459,253,878	9,082,443,662
<b>Total equity and liabilities</b>		<b>32,032,926,184</b>	27,011,483,978	25,419,218,680
<b>Contingencies and commitments</b>	13			
<b>Assets</b>				
Property, plant and equipment	14	11,302,149,549	11,710,519,365	12,232,028,625
Right of use assets	15	44,570,395	45,196,074	54,863,722
Investment in subsidiary		-	-	784,774,230
Long term deposits		-	3,103,150	2,904,800
<b>Non-current assets</b>		<b>11,346,719,944</b>	11,758,818,589	13,074,571,377
Stock in trade - HSD		400,211,550	246,092,789	169,300,404
Trade debts	16	11,647,458,624	12,656,194,470	11,363,291,153
Other receivables	17	505,647,636	464,512,853	614,823,548
Advances	18	1,525,773	4,964,356	105,740,465
Advance income tax		8,072,924	7,301,105	6,305,746
Trade deposits and prepayments	19	88,070,192	67,370,128	71,688,212
Short term investments	20	7,242,386,646	1,015,664,064	-
Bank balances	21	3,654,255	1,386,984	13,497,775
		<b>19,897,027,600</b>	14,463,486,749	12,344,647,303
Assets classified as held for sale	22	789,178,640	789,178,640	-
<b>Current assets</b>		<b>20,686,206,240</b>	15,252,665,389	12,344,647,303
<b>Total assets</b>		<b>32,032,926,184</b>	27,011,483,978	25,419,218,680

The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2022

		2022	2021 (Restated)
	Note	Rupees	
Turnover - net	23	22,869,649,801	16,394,334,530
Cost of sales	24	(19,371,137,022)	(13,503,076,802)
<b>Gross profit</b>		<b>3,498,512,779</b>	2,891,257,728
Other income	25	12,589,294	3,069,400
Administrative expenses	26	(207,446,325)	(164,728,563)
Finance cost	27	(1,352,996,791)	(771,077,575)
<b>Profit for the year</b>		<b>1,950,658,957</b>	1,958,520,990
Earnings per share - basic and diluted	28	5.05	5.07

The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2022

		2022	2021 (Restated)
	Note	Rupees	
<b>Profit for the year</b>		<b>1,950,658,957</b>	1,958,520,990
<b>Other comprehensive income for the year</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit liability	8.2.1 & 8.2.2	<b>1,878,732</b>	(3,942,902)
<b>Total comprehensive income for the year</b>		<b><u>1,952,537,689</u></b>	<u>1,954,578,088</u>

The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

	Note	2022 Rupees	2021 (Restated)
<b>Cash flows from operating activities</b>			
Profit for the year		1,950,658,957	1,958,520,990
<b>Adjustments for non-cash income and expenses:</b>			
Provision for staff retirement benefits - gratuity	8.2.2	8,683,989	8,711,844
Depreciation - property, plant and equipment	14.1	619,044,496	608,162,552
Depreciation - right of use assets	15	14,283,420	15,376,746
Finance cost	27	1,352,996,791	771,077,575
Gain on disposal of property, plant and equipment	25	(407,145)	(141,147)
Insurance claim	25	-	(1,404,391)
Profit on deposit accounts	25	(1,480,146)	(803,089)
Return on investments	25	(10,406,933)	(426,013)
		<b>3,933,373,429</b>	<b>3,359,075,067</b>
<b>Changes in working capital:</b>			
Stock in trade		(154,118,761)	(76,792,385)
Trade debts		1,008,735,846	(1,292,903,317)
Other receivable		(41,134,783)	150,310,695
Advances		3,438,583	100,776,109
Trade deposits and prepayments		(20,700,064)	4,318,084
Trade and other payables		(844,439,505)	699,936,825
<b>Cash generated from operations</b>		<b>3,885,154,745</b>	<b>2,944,721,078</b>
Income taxes paid		(771,819)	(995,359)
Finance cost paid		(998,346,685)	(692,618,382)
Staff retirement benefits paid	8.2.2	(11,730,746)	(393,541)
<b>Net cash from operating activities</b>		<b>2,874,305,495</b>	<b>2,250,713,796</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	14	(2,483,009)	(734,653)
Acquisition of right of use assets		(1,392,268)	(608,855)
Change in long term deposits		3,103,150	(3,199,810)
Proceeds from sale of property, plant and equipment		538,524	362,242
Investment in subsidiary		-	(4,404,410)
Insurance claim received		233,000	1,724,592
Profit on deposit accounts	25	1,480,146	803,089
Return on investments - receipt	25	10,406,933	426,013
<b>Net cash generated from / (used in) investing activities</b>		<b>11,886,476</b>	<b>(5,631,792)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term financing		(230,009,783)	(184,507,187)
Dividend paid		(4,264,825,986)	(1,736,148,988)
Short term borrowings - net		7,858,953,514	693,887,319
Lease liabilities paid		(21,319,863)	(14,759,875)
<b>Net cash generated from / (used in) financing activities</b>		<b>3,342,797,882</b>	<b>(1,241,528,731)</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,228,989,853</b>	<b>1,003,553,273</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>1,017,051,048</b>	<b>13,497,775</b>
<b>Cash and cash equivalents at end of the year</b>	34	<b>7,246,040,901</b>	<b>1,017,051,048</b>

The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022

	Share capital	Unappropriated profit - revenue reserve	Maintenance reserve	Total equity
Rupees				
<b>Balance as at January 1, 2021 as previously reported</b>	3,864,717,790	12,067,738,798	-	15,932,456,588
Impact of rectification (Note 3.17)	-	404,318,430	-	404,318,430
<b>Balance as at January 01, 2021 - Restated</b>	3,864,717,790	12,472,057,228	-	16,336,775,018
Profit for the year	-	1,958,520,990	-	1,958,520,990
Other comprehensive loss for the year	-	(3,942,902)	-	(3,942,902)
<b>Total comprehensive income for the year</b>	-	1,954,578,088	-	1,954,578,088
<b>Transaction with owners of the Company</b>				
<b>Distributions</b>				
Final dividend - 2020 @ Rs. 2.50 per share	-	(966,179,448)	-	(966,179,448)
First interim dividend - 2021 @ Rs. 2 per share	-	(772,943,558)	-	(772,943,558)
<b>Total distributions</b>	-	(1,739,123,006)	-	(1,739,123,006)
<b>Balance as at December 31, 2021 - Restated</b>	3,864,717,790	12,687,512,310	-	16,552,230,100
<b>Balance as at January 1, 2022 - Restated</b>	3,864,717,790	12,687,512,310	-	16,552,230,100
Profit for the year	-	1,950,658,957	-	1,950,658,957
Other comprehensive income for the year	-	1,878,732	-	1,878,732
<b>Total comprehensive income for the year</b>	-	1,952,537,689	-	1,952,537,689
<b>Transfer from unappropriated profit to maintenance reserve</b>	-	(1,001,140,025)	1,001,140,025	-
<b>Transaction with owners of the Company</b>				
<b>Distributions</b>				
2nd interim dividend - 2021 @ Rs. 5 per share	-	(1,932,358,895)	-	(1,932,358,895)
Final dividend - 2021 @ Rs. 1 per share	-	(386,471,779)	-	(386,471,779)
First interim dividend - 2022 @ Rs. 4.5 per share	-	(1,739,123,006)	-	(1,739,123,006)
2nd interim dividend - 2022 @ Rs. 1.5 per share	-	(579,707,669)	-	(579,707,669)
<b>Total distributions</b>	-	(4,637,661,349)	-	(4,637,661,349)
<b>Balance as at December 31, 2022</b>	3,864,717,790	9,001,248,625	1,001,140,025	13,867,106,440

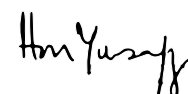
The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 1 Reporting entity

Saif Power Limited ("the Company") was incorporated in Pakistan on November 11, 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 April 30, 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 Central Power Purchasing Agency Guarantee Limited (CPPA-G). The Company has amended its Implementation Agreement on February 11, 2021 whereby National Transmission and Dispatch Company (NTDC) has been replaced with CPPA-G as Power Purchaser. During the year the Saif Holdings Limited has distributed 46,111,745 (2021: 62,250,857) shares held in the Company, as dividend in kind to its shareholders, after which Saif Holdings Limited holds 23.01% (2021: 34.94%) shares of the Company.

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-e-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 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- International Financial Reporting Standards (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.

### 2.2 Basis of measurement and preparation

These financial statements have been prepared under the historical cost convention except for certain items as disclosed in the relevant accounting policies in note 3.

### 2.3 Functional and presentation currency

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

### 2.4 Use of judgments and estimates

The preparation of 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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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 affected. Judgments and estimates made by management in the application of accounting and reporting standards as applicable in Pakistan that may have effect on the financial statements and estimates are discussed in 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) Measurement of the expected credit loss allowance

The measurement of the expected credit loss (“ECL”) allowance for financial assets requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of counter parties defaulting and the resulting losses). Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including the various formulas and choice of inputs;
- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss Given Default (LGDs); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

## (c) Provision against financial assets not subject to ECL model

As referred to note 2.5.1, the Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly / ultimately from Government of Pakistan (GoP) till 31 December 2024. Accordingly, the Company reviews the recoverability of its trade debts that are due directly / ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 ‘Financial Instruments: Recognition and Measurement’ at each reporting date.

The Company’s assessment of objective evidence of impairment with respect to over due amounts on account of intercorporate circular debt takes into account commitment made by the GoP, contractual rights to receive compensation for delayed payments and plans of the GoP to address the issue of intercorporate circular debt.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## (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 views on items of material nature are in accordance with law, the amounts are shown as contingent liabilities.

## (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

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.

## (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) Leases

The Company exercises judgements when determining the lease term of contract with renewal and termination options. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## (i) Other

Pursuant to decisions of the Supreme Court of Pakistan related to discretionary beneficial ownership in an overseas trusts on a prudent basis and in good faith transactions with "Orastar" have been disclosed in note 32 irrespective of the absence of significant influence and the fact that the companies are not associated under the Companies Act, 2017.

## 2.5 Exemptions from applicability of accounting and reporting requirements

### 2.5.1 IFRS 9 "Financial Instruments"

SECP through S.R.O 1177 (I)/2021 dated September 13, 2021 had notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS-9 with respect to application of expected credit loss (ECL) model shall not be applicable till June 30, 2022 provided that such companies shall follow relevant requirements of IAS-39 'Financial Instruments Recognition and measurement' in respect of above referred financial assets during the exemption period. SECP has also clarified to certain companies that financial assets due from GoP include those that are directly due from GoP and that are ultimately due from GoP in consequence of circular debt. IFRS-9 introduces the ECL model, which replaces the incurred loss model of IAS-39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets measured at amortised cost, irrespective of whether a loss event has occurred. In accordance with the exemption granted by SECP, ECL has not been assessed in respect of financial assets due directly/ultimately from GoP i.e. trade debts and other receivables from CPPA-G. Impact of ECL on financial assets not covered under exemption was not material and accordingly has not been included in these financial statements. However, subsequent to the year end, SECP through S.R.O 67(I)/2023, has further extended the exemption till 31 December 2024.

### 2.5.2 IFRS 16 "Leases"

Control of the Company's plant due to purchase of total output by CPPA-G and other arrangement under the Power Purchase Agreement (PPA) was classified as a lease under IFRIC 4 "Determining whether an Arrangement Contains a Lease" which due to exemption available to the Company were not accounted for as a lease in prior years. After applicability of IFRS-16, the Company's arrangement with CPPA-G falls under the definition of a lease as defined in IFRS-16, however, the SECP through S.R.O 986(1)/2019 dated September 02, 2019 has extended the earlier exemption from IFRIC-4 to all companies, which have entered into power purchase arrangements before January 01, 2019. The Company signed its PPA with CPPA-G on April 30, 2007, accordingly, requirement of lease accounting relating to the Company's arrangement with CPPA-G are not applicable to the Company. Had IFRS-16 been applied on transactions with Power Purchaser, impact of financial statements would have been as follows:

	2022	2021
	Rupees	
Decrease in unappropriated profit at January 01	<u>(2,314,971,461)</u>	(3,708,306,689)
(Decrease) / increase in profit for the year	<u>(97,612,818)</u>	1,393,335,228
Decrease in unappropriated profit at December 31	<u>(2,412,584,279)</u>	<u>(2,314,971,461)</u>

The Company has signed a master agreement with the power purchaser pursuant to which the Company shall convert its PPA to take and pay basis, without exclusivity, when competitive trading arrangement is implemented and becomes fully operational. Accordingly, the Company will reassess whether the revised arrangement contains a lease.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 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 3.7.

Depreciation is charged to profit or loss on straight line method at the rates given in note 14, 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 statement.

### 3.2 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 December 31, 2022. The details of actuarial valuation are given in note 8.2 to these financial statements. The actuarial gains and losses are recognised in other comprehensive income in the year in which they arise.

### 3.3 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 1 of the Second Schedule to the Income Tax Ordinance, 2001.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 3.4 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.

## 3.5 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.

## 3.6 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.

## 3.7 Foreign currency transactions and translations

Foreign currency transactions are recorded in Pak Rupees 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.

## 3.8 Financial instruments - Initial recognition and subsequent measurement

### Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be with the exception of trade debts which donot contain a significant financing component and the Company has applied the practical expedient to measure them at the transaction price.

### Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

## Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

## Subsequent measurement

### i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

### ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

### iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk are recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

## Derecognition

### i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in the statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to the statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

### ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss.

## Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the 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.

## 3.9 Impairment of financial asset

The Company recognises loss allowance for expected credit loss (ECL) on financial assets measured at amortised cost except for financial assets due directly / ultimately from GoP which includes trade debts and other receivables in respect of which applicability of ECL model is deferred by SECP as explained in note 2.5.1. For financial assets that are subject to ECL, the Company uses general 3-stage approach to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:

- Long term deposits;
- Other receivables;
- Advances to employees;
- Security deposits;
- Bank balances; and
- Short term investments.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

## Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable 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.

### 3.10 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.

### 3.11 Impairment of 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 3.12 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprises of cash in hand and at bank and includes short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## 3.13 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 CPPA-G under the PPA. In case the liability arises, it is recovered from CPPA-G.

## 3.14 Dividend

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

## 3.15 Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

## 3.16 Revenue recognition

The Company has entered into PPA with NTDC for a period of 30 years starting from its commercial operation date i.e. April 30, 2010. Under the PPA, the Company is obligated to sell and deliver all output of the Complex in accordance with provisions of PPA. The Company's arrangement with NTDC falls under the definition of lease under IFRS-16 for which exemption is available to the Company. Accordingly, revenue in respect of capacity purchase price (CPP) is recognized when due at rates specified under the PPA and revised reference tariff determined by National Electric Power Regulatory Authority (NEPRA) and after incorporation of relevant applicable quarterly indexation. PPA also contains other performance obligations i.e. sale of electricity, insurance and operation & maintenance.

Revenue from sale of electricity is recognized when or as the Company satisfies performance obligation by transferring the promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The Company principally satisfies its performance obligation in respect of supply of electricity upon transmission of electricity and related fuel cost component of the tariff determined by National Electric Power Regulatory Authority (NEPRA) is invoiced to the customer as part of energy purchase price (EPP).

Revenue associated with the operating phase of the PPA i.e. insurance and operations & maintenance of the plant is measured based on the consideration specified in contract with customer. Revenue from contract with customer is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The Company principally satisfies its performance obligations of insurance, operations and maintenance over time and the amount of revenue is recognized based on the consideration specified in the PPA. Consideration for operating phase of the PPA i.e. Insurance and fixed O&M component of tariff is billed to customer as part of CPP whereas variable O&M component is billed to customer as part of EPP. The amount of revenue recognised in respect of operating phase includes the estimates of variable consideration as it is not highly probable that a significant reversal in the amount of cumulative revenue recognised will occur in future when the uncertainty associated with the variable consideration is subsequently resolved.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

Delayed payment markup on amounts due under PPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA.

## 3.17 Rectification

The Company has reassessed the recognition of accruals recorded over the years against factored fired hours (operating hours) in the light of relevant opinion issued by Institute of Chartered Accountants of Pakistan and relevant International Accounting Standards. It was noted that recorded accruals against such operating hours do not meet the recognition criteria as the Company has present obligation only after completion of specific operating hours as per defined payment mechanism in the agreement with the Contractor. Therefore, the Company has restated the financial statements retrospectively to correct the effects of this error.

### Effect on statement of financial position (extract)

	As previously reported Dec 31, 2020	Increase / (decrease)	As Restated Jan 01, 2021
	----- Rupees -----		
<b>Statement of financial position (extracts)</b>			
<b>Current liabilities</b>			
Trade and other payables	851,121,908	(404,318,430)	446,803,478

### Statement of changes in equity (extracts)

Unappropriated profit-revenue reserve	12,067,738,798	404,318,430	12,472,057,228
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	As previously reported Dec 31, 2021	Increase / (decrease)	As Restated Dec 31, 2021
	----- Rupees -----		

### Statement of financial position (extracts)

<b>Current liabilities</b>			
Trade and other payables	1,774,898,581	(615,897,073)	1,159,001,508

### Statement of changes in equity (extracts)

Unappropriated profit-revenue reserve	12,071,615,237	615,897,073	12,687,512,310
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### Effect on statement of profit or loss (extract)

Cost of sales	13,654,893,375	(151,816,573)	13,503,076,802
Gross profit	2,739,441,155	151,816,573	2,891,257,728
Finance Cost	830,839,645	(59,762,070)	771,077,575
Profit for the year	1,746,942,347	211,578,643	1,958,520,990
Earnings per share	4.52	0.55	5.07

## 3.18 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

## Right of use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Rates of depreciation are mentioned in note 15.

## Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments.

Payment associated with short-term and low value leases are recognised on straight line basis and changed to profit or loss from the period.

### 3.19 Assets classified as held for sale

The Company classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for sale in its present condition and its sale must be probable. For sale to be probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete plan must have been initiated. Assets designated as held for sale are carried at lower of carrying amount at designation and fair value less cost to sell, if fair value can reasonably be determined.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 3.20 Forthcoming changes in approved accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (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 1 January 2023 thus having no effect on the financial statements for the year ended December 31, 2022:

- ◆ Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- ◆ Non-current liabilities with covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).
- ◆ Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2) – International Accounting Standards Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, Other events or conditions are themselves material to a company's financial statements.

The International Accounting Standards Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

- ◆ Definition of accounting estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- ◆ Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- ◆ Lease liability in a sale and leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from lease liability in a sale and leaseback for an earlier period, the entity shall disclose that fact.
- ◆ Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

4 SHARE CAPITAL	2022	2021
	Rupees	
<b>4.1 Authorised share capital</b>		
405,000,000 (2021: 405,000,000) ordinary shares of Rs.10 each	<u>4,050,000,000</u>	<u>4,050,000,000</u>
<b>4.2 Issued, subscribed and paid-up capital</b>		
386,471,779 (2021: 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>

**4.3** Saif Holdings Limited holds 88,909,517 i.e., 23.01% (December 31, 2021: 135,021,262 i.e., 34.94%) ordinary shares of Rs.10 each at the reporting date. Further, 44,384,774 (December 31, 2021: 25,465,350) and 65,694,980 (December 31, 2021: 36,813,659) ordinary shares of Rs. 10 each are held by directors and related parties respectively. Orastar Limited holds 66,022,504 (December 31, 2021: 66,022,504) ordinary shares of the Company.

During the year, Saif Holdings Limited has distributed 46,111,745 (2021: 62,250,857) shares held in the Company, as dividend in kind to its shareholders.

## 5 MAINTENANCE RESERVE

Overhauls of the complex are at certain intervals based on Factored Fired Hours (operating hours) as per terms and details of the O&M Agreement. The amount of such overhauls has been calculated on the basis of operating hours as in the above sentence and such amount has been appropriated to Maintenance Reserve through statement of changes in equity. After completion of specific operating hours, the amount will be transferred from maintenance reserve and the same amount will be charged to cost of sales.

6 SUBORDINATED LOAN - UNSECURED	Note	2022	2021
		Rupees	
Balance at January 01		<b>869,505,348</b>	970,578,622
Exchange loss capitalised	6.1	<b>208,323,050</b>	83,433,913
Repayment during the year		<b>(230,009,783)</b>	(184,507,187)
	6.2	<b>847,818,615</b>	869,505,348
Current portion of subordinated loan		<b>(586,951,826)</b>	(460,326,476)
Balance at December 31		<u><b>260,866,789</b></u>	<u>409,178,872</u>

**6.1** Exchange loss on subordinated loan has been capitalised in accordance with note 3.7 (i).

**6.2** This represents remaining balance of US \$ 3,736,529 (2021: US \$ 4,886,234) 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 the State Bank of Pakistan (SBP). The loan carries markup at the rate of 3 month's USD LIBOR plus 3% per annum and is payable in quarterly installments in a period of six years starting from January 1, 2019 subject to availability of surplus funds for distribution. As per loan agreement, the Company can also issue shares to Orastar Limited in lieu of repayment on mutually agreed basis.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

7 LEASE LIABILITIES	2022	2021
	Rupees	
Lease liabilities	39,337,369	47,234,759
Less: current portion	(18,244,148)	(14,741,780)
Long term portion	<u>21,093,221</u>	<u>32,492,979</u>

*Movement of lease liabilities under IFRS 16 is as follows:*

Balance at January 1	47,234,759	56,869,829
Addition during the year	14,064,573	9,584,915
Disposal during the year	(642,100)	(4,460,110)
Interest	5,559,917	4,855,432
Payments during the year	(26,879,780)	(19,615,307)
Balance at December 31	<u>39,337,369</u>	<u>47,234,759</u>
Current portion of lease liabilities	<u>(18,244,148)</u>	<u>(14,741,780)</u>
Non-current portion of lease liabilities	<u>21,093,221</u>	<u>32,492,979</u>

Maturity analysis of undiscounted lease payments that will be paid after the reporting date is as follows:

	2022	2021
Note	Rupees	
Less than one year	23,176,485	18,745,799
One to two years	10,589,313	19,180,504
Two to three years	8,970,950	7,045,618
Three to four years	5,019,411	5,433,746
Four to five years	1,394,427	2,305,461
More than five years	1,230,408	1,845,612
	<u>50,380,994</u>	<u>54,556,740</u>

## 8 TRADE AND OTHER PAYABLES

Creditors		153,744,021	919,972,476
Accrued liabilities		40,263,185	10,143,940
Withholding tax payable		3,453,248	4,496,828
WPPF payable	8.1	97,532,948	205,922,080
Payable to staff gratuity fund	8.2	6,805,257	12,654,746
Other payables		6,913,855	5,811,438
		<u>308,712,514</u>	<u>1,159,001,508</u>

**8.1** 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).



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

		2022	2021
	Note	Rupees	
<b>8.2 Payable to staff gratuity fund</b>			
The amount recognised in the statement of financial position is as follows:			
Present value of defined benefit obligation	8.2.1	<b>125,706,008</b>	106,898,493
Less: Fair value of plan assets	8.2.2	<b>(118,900,751)</b>	(94,243,747)
Net defined benefit liability		<b>6,805,257</b>	12,654,746
<b>8.2.1</b>	The movement in present value of defined benefit obligation is as follows:		
Balance at January 01		<b>106,898,493</b>	87,643,632
<i>Included in profit or loss</i>			
Current service cost		<b>9,941,570</b>	8,692,659
Past service cost (credit)		<b>(2,001,047)</b>	-
Interest cost		<b>12,432,311</b>	8,531,648
		<b>20,372,834</b>	17,224,307
<i>Included in other comprehensive income</i>			
<i>Remeasurement loss:</i>			
Actuarial loss		<b>617,865</b>	2,309,658
<i>Others</i>			
Benefits paid		<b>(2,183,184)</b>	(279,104)
<b>Balance at December 31</b>		<b>125,706,008</b>	106,898,493
<b>8.2.2</b>	The movement in fair value of plan assets is as follows:		
Balance at January 01		<b>94,243,747</b>	87,250,091
<i>Included in profit or loss</i>			
Interest income		<b>11,688,845</b>	8,512,463
<i>Included in other comprehensive income</i>			
Return on plan assets excluding interest income		<b>2,496,597</b>	(1,633,244)
<i>Others</i>			
Contribution to gratuity fund		<b>12,654,746</b>	393,541
Benefits paid		<b>(2,183,184)</b>	(279,104)
<b>Balance at December 31</b>		<b>118,900,751</b>	94,243,747
<b>Breakup of plan assets is as follows:</b>			
Cash at bank		<b>22,028</b>	380,240
Cash balance		<b>2,595</b>	1,850
Treasury bills		<b>103,837,806</b>	78,842,013
Term finance certificates		<b>15,038,322</b>	15,019,644
		<b>118,900,751</b>	94,243,747

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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

	Note	2022	2021
		Rupees	
Opening liability		12,654,746	393,541
Expense for the year		8,683,989	8,711,844
Remeasurement (gain) / loss recognized in other comprehensive income during the year		(1,878,732)	3,942,902
Payments to the fund during the year		(12,654,746)	(393,541)
Closing liability		6,805,257	12,654,746

## Allocation of gratuity expense is as follows:

Cost of sales	24.1	5,079,137	5,035,190
Administrative expenses	26.1	3,604,852	3,676,654
		8,683,989	8,711,844

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 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 December 31, 2022 using projected unit credit method. Expected gratuity expense for the next financial year is Rs. 11,049,448. 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.

### (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

	2022	2021
Discount rate used for interest cost	11.75%	9.75%
Discount rate used for year end obligation	14.50%	11.75%
Future salary growth	13.50%	10.75%
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	6 years	4 years

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## Sensitivity analysis

Reasonably possible changes at the reporting date in one of the relevant actuarial assumptions, holding other assumptions constant, the revised balances of the defined benefit obligations are shown below;

	2022	
	Increase	Decrease
Discount rate (1% movement) - Rupees	118,372,861	134,228,429
Future salary growth (1% movement) - Rupees	134,405,140	118,094,004
	2021	
	Increase	Decrease
Discount rate (1% movement) - Rupees	102,498,051	112,001,288
Future salary growth (1% movement) - Rupees	112,421,406	102,312,141

9	SHORT TERM BORROWINGS	Note	2022	2021
			Rupees	
<i>Short term borrowings from banking companies</i>				
	Working capital facilities - secured	9.1	10,886,157,581	4,457,132,285
	Short term musharakah facilities - secured	9.2	4,640,388,507	3,210,460,289
			<u>15,526,546,088</u>	<u>7,667,592,574</u>

**9.1** The Company has obtained working capital facilities amounting to Rs. 12.73 billion (2021: Rs. 8.33 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2023. Effective markup rates during the year on these facilities range between 8.00% to 17.33% (2021: 7.89% to 10.26%) per annum with no floor or cap and are 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.17.44 billion (2021: Rs.11.58 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company for an amount of Rs. 1.21 billion (2021: Rs.1.21 billion).

**9.2** The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 5.8 billion (2021: Rs. 5.3 billion). Effective variable markup rate during the year on these facilities ranges between 8.38% to 17.28% (2021: 7.89% to 10.22%) per annum and are secured by pari passu / ranking charge on fuel stock and energy purchase price receivables of the Company up to Rs.7.69 billion (2021: Rs.7.03 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company up to Rs. 0.42 billion (2021: Rs. 0.42 billion).

**9.3** The Company has obtained Ijarah (Direct) facility amounting to Rs. 50 million (2021: Rs.50 million) from an Islamic bank. The facility is secured by title of Ijarah asset in the name of bank.

## 9.4 Letter of guarantee / credit

Letter of guarantee / stand by letter of credit amounting to Rs. 3.92 billion (2021: Rs. 3.92 billion) are available to the Company out of which facility amounting to Rs. 1.92 billion (2021: Rs. 1.92 billion) remained unutilized at the year-end. These facilities are secured against the ranking charge over all present and future fixed assets amounting to Rs. 6.18 billion (2021: Rs. 6.18 billion).

10	CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2022	2021
			Rupees	
	Current portion of sub-ordinated loan	6	586,951,826	460,326,476
	Current portion of lease liabilities	7	18,244,148	14,741,780
			<u>605,195,974</u>	<u>475,068,256</u>
<b>11</b>	<b>MARKUP ACCRUED</b>			
	Markup on short term financing		355,052,756	167,049,963
	Markup on sub-ordinated loan		699,600,170	532,952,857
			<u>1,054,652,926</u>	<u>700,002,820</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 12 UNCLAIMED AND UNPAID DIVIDEND

Non-resident shareholder of the Company was entitled to receive dividend amounting to Rs. 732 million (2021: Rs. 275 million) out of which Rs. 366 million (2021: Nil) is payable at the year end due to pending State Bank of Pakistan's approval for remittance outside Pakistan.

## 13 CONTINGENCIES AND COMMITMENTS

### 13.1 Contingencies:

**13.1.1** 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 October 16, 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 Honorable 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.

**13.1.2** 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. Against the order of Commissioner (Appeals) the Company filed an appeal before ATIR which decided the case in favor of the Company on January 24, 2020. However, the tax department has filed a reference application in the Honorable Islamabad High Court against order of ATIR on July 7, 2020 which is pending adjudication.

**13.1.3** For Tax Year 2015, the assessing officer raised demand of Rs. 55.6 million in March 2017 for alleged non-withholding of tax on salaries, payment for goods and service, rent and dividend. The Company filed appeal before Commissioner (Appeals) who remanded the case to the assessing officer who in turn created a demand of Rs. 13.4 million in September 2018. The Company again filed appeal before Commissioner (Appeals) against the appeal effect order on October 16, 2018. Commissioner (Appeals) remanded the case back to assessing officer. Hearing for remand back related to tax charged on salaries was conducted during the year and proceedings were decided in favor of the Company reducing the demand by Rs. 0.25 million.

**13.1.4** For Tax Year 2013, the assessing officer raised a demand of Rs. 29.09 million on account of non-payment to Workers' Welfare Fund. The Company filed appeal before Commissioner (Appeals) on July 26, 2019 who decided the matter in favor of the Company on January 15, 2020. The tax authorities have filed an appeal before ATIR against orders of Commissioner (Appeals) which is pending adjudication.

**13.1.5** Sui Northern Gas Pipelines Limited (SNGPL) has claimed an amount of Rs. 114.48 million (2021: Rs. 104.76 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.

### 13.2 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 FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 14 PROPERTY, PLANT AND EQUIPMENT

	Owned 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	
Rupees											
<b>Cos</b>											
Balance at January 1, 2021	43,890,600	2,352,888,758	14,991,613,099	11,746,360	5,809,810	6,883,198	327,553	3,120,198	626,230	511,038,581	17,927,944,387
Additions	-	-	-	219,771	514,882	-	-	-	-	-	734,653
Transfers	-	-	-	-	-	-	-	13,916,842	-	-	13,916,842
Disposal	-	-	-	(290,712)	(136,892)	-	-	(1,105,474)	-	-	(1,533,078)
Effect of exchange loss (Refer note 6.1)	-	-	83,433,913	-	-	-	-	-	-	-	83,433,913
Balance at December 31, 2021	43,890,600	2,352,888,758	15,075,047,012	11,675,419	6,187,800	6,883,198	327,553	15,931,566	626,230	511,038,581	18,024,496,717
Balance at January 1, 2022	43,890,600	2,352,888,758	15,075,047,012	11,675,419	6,187,800	6,883,198	327,553	15,931,566	626,230	511,038,581	18,024,496,717
Additions	-	-	-	1,456,779	1,026,230	-	-	-	-	-	2,483,009
Transfers	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	(307,433)	(266,220)	-	-	-	-	-	(573,653)
Effect of exchange loss (Refer note 6.1)	-	-	208,323,050	-	-	-	-	-	-	-	208,323,050
Balance at December 31, 2022	43,890,600	2,352,888,758	15,283,370,062	12,824,765	6,947,810	6,883,198	327,553	15,931,566	626,230	511,038,581	18,234,729,123
<b>DEPRECIATION</b>											
Balance at January 1, 2021	-	846,070,796	4,826,824,750	9,791,041	5,492,942	4,289,764	324,080	2,496,159	626,230	-	5,695,915,762
Charge for the year	-	78,574,720	528,342,405	560,154	294,569	387,231	3,473	-	-	-	608,162,552
Transfers	-	-	-	-	-	-	-	11,133,474	-	-	11,133,474
On disposals	-	-	-	(213,165)	(136,892)	-	-	(884,379)	-	-	(1,234,436)
Balance at December 31, 2021	-	924,645,516	5,355,167,155	10,138,030	5,650,619	4,676,995	327,553	12,745,254	626,230	-	6,313,977,352
Balance at January 1, 2022	-	924,645,516	5,355,167,155	10,138,030	5,650,619	4,676,995	327,553	12,745,254	626,230	-	6,313,977,352
Charge for the year	-	78,574,721	539,086,825	595,946	400,153	386,851	-	-	-	-	619,044,496
Transfers	-	-	-	-	-	-	-	-	-	-	-
On disposals	-	-	-	(176,054)	(266,220)	-	-	-	-	-	(442,274)
Balance at December 31, 2022	-	1,003,220,237	5,894,253,980	10,557,922	5,784,552	5,063,846	327,553	12,745,254	626,230	-	6,932,579,574
<b>Carrying amounts</b>											
At January 1, 2021	43,890,600	1,506,817,962	10,164,788,349	1,955,319	316,868	2,593,434	3,473	624,039	-	511,038,581	12,232,028,625
At December 31, 2021	43,890,600	1,428,243,242	9,719,879,857	1,537,389	537,181	2,206,203	-	3,186,312	-	511,038,581	11,710,519,365
At December 31, 2022	43,890,600	1,349,668,521	9,389,116,082	2,266,843	1,163,258	1,819,352	-	3,186,312	-	511,038,581	11,302,149,549
Rate of depreciation per annum (%)	-	3.33%	3.33% to 5.8%	10% to 33.33%	33.33%	10%	20%	20%	10%	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

		2022	2021
		Rupees	
<b>14.1 The depreciation charge for the year has been allocated as follows:</b>	<b>Note</b>		
Cost of sales	24	617,661,546	606,917,125
Administrative expenses	26	1,382,950	1,245,427
		<u>619,044,496</u>	<u>608,162,552</u>

## 14.2 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.

		2022	2021
		Rupees	
<b>15 RIGHT OF USE ASSETS</b>			
<b><u>COST</u></b>	<b>Note</b>		
Balance at January 1		77,930,167	84,427,105
Additions		15,443,555	10,193,770
Disposal / transferred		(4,718,574)	(16,690,708)
Balance at December 31		<u>88,655,148</u>	<u>77,930,167</u>
<b><u>DEPRECIATION</u></b>			
Balance at January 01		32,734,093	29,563,383
Charge for the year	26	14,283,420	15,376,746
Disposal / transferred		(2,932,760)	(12,206,036)
Balance at December 31		<u>44,084,753</u>	<u>32,734,093</u>
<b>Carrying amount</b>		<u>44,570,395</u>	<u>45,196,074</u>
Rate of depreciation per annum (%)		10% to 20%	10% to 20%

		2022	2021
		Rupees	
<b>16 TRADE DEBTS</b>	<b>Note</b>		
Central Power Purchasing Agency-Guarantee (CPPA-G)	16.1	11,647,458,624	12,656,194,470

**16.1** 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). During the year, CPPA-G has paid Rs. 9.5 billion in two instalments as per Master Agreement, the features of which have been explained in detail in earlier submissions. With reference to Report on the Power Sector issued by Government of Pakistan (GoP) on March 16, 2020 and, subsequent discussions with negotiating committee (as submitted earlier many times), an Arbitration is to be conducted through LCIA on any extra profits earned by the IPPs. The Company has already denied and claimed that it has no extra profits in the books and the Company is confident about this statement. As referred in note 2.5.1, SECP has exempted the applicability of expected credit loss allowance on trade debts due directly / ultimately from GoP. Trade debts include unbilled receivable amount of Rs. 1.336 billion (2021: Rs. 0.873 billion) at the year end.

**16.2** The Company had won the original arbitration case against SNGPL on March 09, 2016 for an amount of Rs. 239.68 million as SNGPL could not supply gas to the Company from March 2011 to May 2011 and Power Purchaser deducted Company's capacity amount to that extent.

Subsequently, Company set-off that amount against payables to SNGPL.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

SNGPL enforced another arbitration saying that Company could not adjust without a decree from the court. The arbitration tribunal has agreed with SNGPL in its decision dated April 22, 2022. The Company is now going ahead with the process of obtaining the decree. SNGPL has filed a petition in the Lahore High Court. The decree will be issued at a certain point of time and the Company is confident that ultimately the money will be retained by the Company.

**16.3** Trade debts include Rs. 344.67 million (December 31, 2021: Rs. 164.98 million) which were unilaterally withheld by CPPA-G relating to fuel cost component of energy purchase price invoices on account of incorrect application of heat rate correction factor. The Company initiated the process of dispute resolution under Power Purchase Agreement by serving a notice to CPPA-G. Further, the Company has also obtained stay order against these deductions from Civil Court, Islamabad on October 06, 2022. Based on the advice of legal counsel, the management is confident regarding the favorable resolution of the matter and has accordingly recognized revenue in respect of unilateral withheld amounts.

**16.4** CPPA-G has incorrectly applied period weighing factors (PWF) on capacity purchase price invoices during the year which resulted in capacity loss of Rs. 97.48 million to the Company. This application of PWF on capacity invoices resulted in shortfall of the Company's entitled capacity which is contrary to the relevant provisions of the PPA. Based on management assessment, the management is confident regarding the favorable resolution of the matter and has accordingly recognized such shortfall of Rs. 97.48 million as revenue. The Company has also initiated the process of dispute resolution under PPA by serving a notice to CPPA-G.

**16.5** For aging of receivable from CPPA-G at the reporting date, refer to note 30.5.

<b>17 OTHER RECEIVABLES</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>Rupees</b>	
Workers' profit participation fund (WPPF) receivable		<b>184,955,872</b>	205,922,080
Sales tax receivable - net		<b>305,818,423</b>	228,100,078
Others		<b>14,873,341</b>	30,490,695
		<b>505,647,636</b>	464,512,853
<b>18 ADVANCES - considered good</b>			
Advances to supplier		<b>488,525</b>	1,511,255
Advances to employees		<b>1,037,248</b>	3,453,101
		<b>1,525,773</b>	4,964,356
<b>19 TRADE DEPOSITS AND PREPAYMENTS</b>			
Prepayments	19.1	<b>86,237,192</b>	65,095,778
Security deposit		<b>1,833,000</b>	1,833,000
Current portion of long term deposits		-	441,350
		<b>88,070,192</b>	67,370,128

**19.1** This includes Rs. 83 million (2021: Rs. 63 million) and Rs. 3 million (2021: Rs. 2 million) on account of prepayment of insurance premium and NEPRA licensing fee respectively.

<b>20 SHORT TERM INVESTMENTS</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>Rupees</b>	
T-Bill investments	20.1	<b>7,242,386,646</b>	15,664,064
Term deposit receipts		-	1,000,000,000
		<b>7,242,386,646</b>	1,015,664,064

**20.1** These carry interest rate of 15.85% to 16.12% (2021 : 10.30%) per annum having maturity up to January 03, 2023.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

		2022	2021
	Note	Rupees	
<b>21 BANK BALANCES</b>			
Current accounts			
- Local currency		1,248,293	412,640
Deposit accounts			
- Local currency		1,957,140	625,114
- Foreign currency	21.1	448,822	349,230
	21.2	2,405,962	974,344
		<u>3,654,255</u>	<u>1,386,984</u>

**21.1** This represents an amount of USD 1,982 (2021: USD 1,968) in US Dollar deposit account.

**21.2** These carry markup ranging from 13.96% to 14.50% (2021: 4% to 8.25%) per annum for Rupee denominated balances while 1% (2021: 0.06%) per annum for US Dollar denominated balances.

		2022	2021
	Note	Rupees	
<b>22 ASSETS CLASSIFIED AS HELD FOR SALE</b>			
Asset classified as held for sale	22.1	<u>789,178,640</u>	<u>789,178,640</u>

**22.1** In year 2021, the Board of Directors of the Company approved the proposal for sale of land and other assets of Saif Cement Limited ("SCL"). The same was approved by the shareholders in the extra ordinary general meeting held on June 26, 2021. As of today, the SCL is in the process of being sold. The proceeds from sale of assets will be used by SCL to payback to Saif Power Limited and other sponsors according to their investment after liquidation of SCL.

Accordingly, the Company's investment in Saif Cement Limited (the "Subsidiary Company") has been classified as non-current "asset held for sale" in accordance with International Financial Reporting Standards 5 "Non-current Assets Held for Sales and Discontinued Operations" and measured at lower of carrying amount at designation and fair value less cost to sell.

		2022	2021
	Note	Rupees	
<b>23 TURNOVER - NET</b>			
Gross Energy purchase price		21,200,277,950	14,537,298,704
Less: sales tax		(2,940,433,163)	(2,045,689,133)
		<u>18,259,844,787</u>	12,491,609,571
Capacity Purchase Price		4,609,805,014	3,902,724,959
		<u>22,869,649,801</u>	<u>16,394,334,530</u>
<b>24 COST OF SALES</b>			
Raw material consumed		17,370,136,098	11,620,711,217
Operation and maintenance		1,005,036,485	954,451,361
Salaries and other benefits	24.1	81,859,900	73,256,552
Electricity charges		62,240,282	51,754,604
Insurance expense		229,223,002	191,332,421
Depreciation	14.1	617,661,546	606,917,125
Office expenses		2,485,964	1,814,781
Travelling, conveyance and entertainment		2,306,034	1,843,298
Repair and maintenance		93,659	885,100
Communication		94,052	110,343
		<u>19,371,137,022</u>	<u>13,503,076,802</u>

**24.1** These include Rs. 5,079,137 (2021: Rs. 5,035,190) charged in respect of staff retirement benefits - gratuity.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

		2022	2021
	Note	Rupees	
<b>25 OTHER INCOME</b>			
<i>Income from financial assets</i>			
Profit on deposit accounts		1,480,146	803,089
Return on investments		10,406,933	426,013
		<b>11,887,079</b>	1,229,102
<i>Income from non financial assets</i>			
Insurance claim		-	1,404,391
Gain on disposal of property, plant and equipment		407,145	141,147
Scrap sales		295,070	294,760
		<b>702,215</b>	1,840,298
		<b>12,589,294</b>	3,069,400
<b>26 ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	26.1	92,097,735	88,731,647
Traveling and conveyance		1,666,870	939,965
Rent, rates and taxes		1,543,392	696,874
Security services		16,163,698	14,401,126
Office expenses		5,514,466	4,683,386
Fees and subscriptions		12,373,041	10,065,407
Legal and professional		31,601,677	382,513
Repair and maintenance		9,540,999	7,708,092
Utilities		4,833,022	3,426,321
Insurance		3,320,713	4,025,539
Depreciation - property, plant and equipment	14.1	1,382,950	1,245,427
Depreciation - right of use assets	15	14,283,420	15,376,746
Auditors' remuneration	26.2	3,050,400	3,229,120
Donations	26.3	9,920,000	9,470,000
Advertisements		153,942	346,400
		<b>207,446,325</b>	164,728,563

**26.1** These include Rs. 3,604,852 (2021: Rs. 3,676,654) charged in respect of staff retirement benefits - gratuity.

	2022	2021
	Rupees	
<b>26.2 Auditors' remuneration</b>		
Annual audit fee	1,227,050	1,237,720
Half yearly review fee	678,500	684,400
Consolidation	397,900	401,360
Certifications	619,850	451,241
Out of pocket expenses	127,100	175,999
Tax services	-	278,400
	<b>3,050,400</b>	3,229,120

**26.3** This represents donation made to following institutions in which directors of the Company are common directors:

	Name of Institute	Address	Name of Director	Nature of interest in donee	2022	2021
					Rupees	
<b>a)</b>	Akbar Kare Institute	House 6-B, Sec-3, Near Sui Gas Office, Phase 5, Hayatabad, Peshawar	Mrs. Hoor Yousafzai Mr. Rana Muhammad Shafi	Director Director	<b>7,200,000</b>	6,000,000
<b>b)</b>	Wadaan Foundation	Blue Area, Islamabad	Mr. Rana Muhammad Shafi	Chief Executive Officer	<b>2,220,000</b>	2,220,000
<b>c)</b>	Teach for Pakistan	House No 163, Street 70, E11, Islamabad	Mr. Osman Saifullah Khan	Director	<b>500,000</b>	500,000

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

	2022	2021
	Rupees	
<b>27 FINANCE COST</b>		
Markup on short term borrowings	927,197,807	605,592,870
Markup on sub-ordinated loan	42,120,092	27,670,448
Guarantee commission	12,999,996	12,999,996
Markup on lease liabilities	5,559,917	4,855,432
Bank charges	1,455,425	598,918
Loss on disposal of Pakistan Investment Bonds and Government Ijarah Sukuks	45,347,194	-
Exchange loss - net	318,316,360	119,359,911
	1,352,996,791	771,077,575
<b>28 EARNINGS PER SHARE</b>		
Profit for the year (Rupees)	1,950,658,957	1,958,520,990
Weighted average number of shares (Numbers)	386,471,779	386,471,779
Earnings per share - basic (Rupees)	5.05	5.07

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

## 29 OPERATING SEGMENT

For management purposes, the activities of the Company are organized into a single reportable segment. The operating interests of the Company are confined to Pakistan. Accordingly, the financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 23.

The Company's only customer is Central Power Purchasing Agency Guarantee Limited, a Government owned entity to which it sells electricity. The Company's overall net revenue is Rs 22,869,649,801 (December 2021: Rs. 16,394,334,530).

## 30 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 FINANCIAL STATEMENTS

For the year ended December 31, 2022

## a. Accounting classifications and fair values

30.1 The following table shows the carrying amounts of financial assets and financial liabilities as at December 31, 2022

	Note	Carrying Amount		
		Amortised cost	Fair value	Total
<b>December 31, 2022</b>				
Rupees				
<b>Financial assets</b>				
Long term deposits	30.2	-	-	-
Trade debts		11,647,458,624	-	11,647,458,624
Other receivables	30.3	199,829,213	-	199,829,213
Advances to employees		1,037,248	-	1,037,248
Security deposits		1,833,000	-	1,833,000
Bank balances		3,654,255	-	3,654,255
Short term investments		7,242,386,646	-	7,242,386,646
<b>Total</b>		<b>19,096,198,985</b>	<b>-</b>	<b>19,096,198,985</b>
<b>Financial liabilities</b>				
Sub-ordinated loan	30.2	847,818,615	-	847,818,615
Lease liabilities		39,337,369	-	39,337,369
Trade and other payables	30.4	207,726,318	-	207,726,318
Short term borrowings		15,526,546,088	-	15,526,546,088
Markup accrued		1,054,652,926	-	1,054,652,926
Unclaimed and unpaid dividend		388,752,232	-	388,752,232
<b>Total</b>		<b>18,064,833,548</b>	<b>-</b>	<b>18,064,833,548</b>
<b>December 31, 2021</b>				
<b>Financial assets not measured at fair value</b>				
Long term deposits	30.2	3,544,500	-	3,544,500
Trade debts		12,656,194,470	-	12,656,194,470
Other receivables		236,412,775	-	236,412,775
Advances to employees		3,453,101	-	3,453,101
Security deposits		1,833,000	-	1,833,000
Bank balances		1,386,984	-	1,386,984
Short term investments		1,015,664,064	-	1,015,664,064
<b>Total</b>		<b>13,918,488,894</b>	<b>-</b>	<b>13,918,488,894</b>
<b>Financial liabilities not measured at fair value</b>				
Sub-ordinated loan	30.2	869,505,348	-	869,505,348
Lease liabilities		47,234,759	-	47,234,759
Trade and other payables	30.4	948,582,600	-	948,582,600
Short term borrowings		7,667,592,574	-	7,667,592,574
Markup accrued		700,002,820	-	700,002,820
Unclaimed and unpaid dividend		15,916,869	-	15,916,869
<b>Total</b>		<b>10,248,834,970</b>	<b>-</b>	<b>10,248,834,970</b>

30.2 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 as the financial asset.

30.3 This excludes sales tax receivable.

30.4 This excludes withholding tax payable and WPPF payable.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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.

## 30.5 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 CPPA-G. 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	2022	2021
		Rupees	
Long term deposits		-	3,544,500
Trade debts	16	11,647,458,624	12,656,194,470
Other receivables	17	199,829,213	236,412,775
Advances to employees	18	1,037,248	3,453,101
Security deposits	19	1,833,000	1,833,000
Short term investments	20	7,242,386,646	1,015,664,064
Bank balances	21	3,654,255	1,386,984
		<u>19,096,198,985</u>	<u>13,918,488,894</u>

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 receivable from CPPA-G and are secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). As explained in note 2.5.1 and 3.9 of the financial statements the Company believes that no impairment allowance is necessary on trade debts and other receivables past due from CPPA-G. The Company is actively pursuing for recovery of trade debts and other receivables and the Company does not expect debtor to fail to meet its obligations.

### Credit quality of financial assets

The credit quality of Company'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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

	2022	2021
	Rupees	
<b>Trade debts</b>		
Counterparties without external credit ratings	<u>11,647,458,624</u>	<u>12,656,194,470</u>

## Impairment losses

The aging of trade debts at the reporting date was:

	2022		2021	
	Gross	Impairment	Gross	Impairment
	Rupees			
Not past due	1,542,868,354	-	872,525,459	-
Past due 0 - 60 days	1,052,310,144	-	2,948,266,669	-
Past due 61 - 120 days	5,479,238,976	-	4,886,791,296	-
Past due 121 - 180 days	3,573,041,150	-	3,871,577,687	-
181 days and above	-	-	77,033,359	-
	<u>11,647,458,624</u>	<u>-</u>	<u>12,656,194,470</u>	<u>-</u>

ECL on 'trade debts' and 'WPPF receivable' from CPPA-G has not been determined as these are covered under exemption from SECP as explained in note 2.5.1. Impact of ECL on financial assets not covered under exemption including long term deposits, other receivables, advances to employees, security deposits, bank balances and short term investments, was not material and accordingly has not been included in these financial statements.

	2022	2021
	Rupees	
<b>Security deposits</b>		
Counterparties without external credit ratings	<u>1,833,000</u>	<u>1,833,000</u>

## Other receivables

Counterparties without external credit ratings	<u>199,829,213</u>	<u>236,412,775</u>
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## Long term deposits

Counterparties with external credit ratings - AA+ (2021: AA+)	<u>-</u>	<u>3,103,150</u>
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Counterparties with external credit ratings - AA+ (2021: BBB-)	<u>-</u>	<u>441,350</u>
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## Advances to employees

Counterparties without external credit ratings	<u>1,037,248</u>	<u>3,453,101</u>
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## Bank balances and short term investment

The Company held cash at bank and short term investments amounting to Rs. 7,246,040,901 as at December 31, 2022 (2021: Rs.1,017,051,048). Cash at bank and short term investment is held with banks and financial institution counterparties, which are rated AA+ (2021: A1+) based on JCR-VIS rating.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 30.6 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				
<b>2022</b>					
Sub-ordinated loan	847,818,615	869,317,345	603,206,412	266,110,933	-
Lease liabilities	39,337,369	50,380,994	23,176,485	25,974,101	1,230,408
Trade and other payables	207,726,318	207,726,318	207,726,318	-	-
Short term borrowing	15,526,546,088	15,526,546,088	15,526,546,088	-	-
Markup accrued	1,054,652,926	1,054,652,926	1,054,652,926	-	-
Unclaimed and unpaid dividend	388,752,232	388,752,232	388,752,232	-	-
	<b>18,064,833,548</b>	<b>18,097,375,903</b>	<b>17,804,060,461</b>	<b>292,085,034</b>	<b>1,230,408</b>
<b>2021</b>					
Sub-ordinated loan	869,505,348	903,564,289	479,612,696	423,951,593	-
Lease liabilities	47,234,759	54,556,740	18,745,799	33,965,329	1,845,612
Trade and other payables	948,582,600	948,582,600	948,582,600	-	-
Short term borrowing	7,667,592,574	7,667,592,574	7,667,592,574	-	-
Markup accrued	700,002,820	700,002,820	700,002,820	-	-
Unclaimed and unpaid dividend	15,916,869	15,916,869	15,916,869	-	-
	<b>10,248,834,970</b>	<b>10,290,215,892</b>	<b>9,830,453,358</b>	<b>457,916,922</b>	<b>1,845,612</b>

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 lease liabilities have been determined on the basis of expected markup rates. The markup rates have been disclosed in relevant notes to these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 30.7 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.

## 30.8 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:

	2022	2021	2022	2021
	Rupees		USD	
Sub-ordinated loan	847,818,615	869,505,348	3,736,530	4,886,234
Accrued markup on sub-ordinated loan	699,600,170	532,952,857	3,083,297	2,994,958
Trade and other payables	104,407,808	775,335,090	460,149	4,357,039
Bank balances	(448,822)	(349,230)	(1,982)	(1,968)
	<u>1,651,377,771</u>	<u>2,177,444,065</u>	<u>7,277,994</u>	<u>12,236,263</u>

The following significant exchange rates have been applied:

	Average Rate		Reporting Date Rate	
	2022	2021	2022	2021
US Dollars	<u>207.90</u>	<u>164.00</u>	<u>226.90</u>	<u>177.95</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## Foreign Currency Sensitivity Analysis

A 5% strengthening of the functional currency against USD at December 31, 2022 would have increased profit by Rs. 40.18 million (2021: Rs. 39.96 million). A 5% weakening of the functional currency against USD at December 31, 2022 would have had the equal but opposite effect on 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. These loans have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) . 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:

	2022	2021
	Rupees	
<b>Fixed rate instruments</b>		
Financial assets	<u>7,244,792,608</u>	<u>1,016,638,408</u>
<b>Variable rate instruments</b>		
Financial assets	<u>10,104,590,270</u>	<u>11,783,669,011</u>
Financial liabilities	<u>(16,413,702,072)</u>	<u>(8,584,332,681)</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. 63.15) million (2021: Rs. 31.99 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 2021.

## 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 FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 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.

## 30.9 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.

## 31 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:

	2022	2021
	Rupees	
	<b>Chief executive officer</b>	
Managerial remuneration - Gross	<b>32,963,520</b>	29,496,000
Staff retirement benefit	<b>3,170,825</b>	3,205,091
Bonus	<b>5,493,920</b>	4,916,000
Other reimburseable expenses	<b>312,449</b>	219,445
	<b>41,940,714</b>	37,836,536
Number of persons	<b>1</b>	1
	<b>Executives</b>	
Managerial remuneration - Gross	<b>82,621,944</b>	77,813,824
Staff retirement benefit	<b>4,056,643</b>	3,988,012
Bonus	<b>9,770,324</b>	9,375,104
Other reimburseable expenses	<b>3,560,521</b>	2,367,240
	<b>100,009,432</b>	93,544,180
Number of persons including those who worked part of the year	<b>9</b>	9

**31.1** Executive means any employee whose basic salary exceeds Rs. 1,200,000 (2021: Rs. 1,200,000) per year.

**31.2** In addition to the above, chief executive officer and executives (including KMPs other than directors) are provided with the Company's maintained vehicles, medical facility and health insurance coverage as per the Company's policy.

**31.3** No remuneration has been paid to the directors of the Company, except for meeting fee amounting to Rs. 1,175,000 which was paid to 7 directors (2021: Rs. 1,000,000 paid to 7 directors).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 32 RELATED PARTY TRANSACTIONS

Related parties comprise of Saif Holding Limited, Saif Cement Limited, 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 4.3, 6, 11 and 12 to the financial statements. Transactions with related parties other than those disclosed in note 12 and 26.3 to these financial statements are as follows:

	Note	2022	2021
		Rupees	
<b>Saif Holdings Limited</b>			
<i>(34.94% shareholding-common directorship)</i>			
Dividend		1,343,584,675	607,596,929
<b>Saif Textile Limited</b>			
<i>(Associated Company - common directorship)</i>			
Dividend		1,200	450
<b>Saif Cement Limited - Subsidiary Company</b>			
Investment during the year		-	4,404,410
<b>Key Management Personnel</b>			
Dividend paid to directors		419,037,746	114,594,077
Remuneration including benefits to key management personnel	32.1	80,038,182	72,088,560
<b>Other</b>			
Remuneration / advisory charges		24,000,000	24,000,000
Dividend paid to other related parties		615,188,888	165,636,267
Contribution to Saif Power Limited - Staff Gratuity Fund	8.2.2	12,654,746	393,541

**32.1** Key management personnel comprise of Directors, Chief Executive Officer, Chief Financial Officer and General Manager Plant. The key management personnel are also provided with the Company maintained vehicles, medical facility and health insurance coverage as per the Company's policy.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 33 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities		Rupees	Equity		Total
	Sub-ordinated loan	Short term borrowings		Share Capital	Dividend payable	
<b>Balance at January 01, 2022</b>	869,505,348	7,667,592,574	47,234,759	3,864,717,790	15,916,869	12,464,967,340
<b>Changes from financing cash flows</b>						
Proceeds from short-term borrowings - net	-	7,858,953,514	-	-	-	7,858,953,514
Repayments of long term financing	(230,009,783)	-	-	-	-	(230,009,783)
Lease liabilities paid	-	(21,319,863)	-	-	-	(21,319,863)
Dividend declared	-	-	-	4,637,661,349	-	4,637,661,349
Dividend paid	-	-	-	(4,264,825,986)	-	(4,264,825,986)
<b>Total changes from financing cash flows</b>	<b>(230,009,783)</b>	<b>7,858,953,514</b>	<b>(21,319,863)</b>	<b>-</b>	<b>372,835,363</b>	<b>7,980,459,231</b>
<b>Effect of changes in foreign exchange rates</b>	<b>208,323,050</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>208,323,050</b>
<b>Other changes</b>						
<b>Liability related</b>						
Lease of new vehicles	-	-	14,064,573	-	-	14,064,573
Disposal of leased vehicles	-	-	(642,100)	-	-	(642,100)
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>13,422,473</b>	<b>-</b>	<b>-</b>	<b>13,422,473</b>
<b>Balance at December 31, 2022</b>	<b>847,818,615</b>	<b>15,526,546,088</b>	<b>39,337,369</b>	<b>3,864,717,790</b>	<b>388,752,232</b>	<b>20,667,172,094</b>
<b>Balance at January 01, 2021</b>	970,578,622	6,973,705,255	56,869,829	3,864,717,790	12,942,851	11,878,814,347
<b>Changes from financing cash flows</b>						
Proceeds from short-term borrowings - net	-	693,887,319	-	-	-	693,887,319
Repayments of long term financing	(184,507,187)	-	-	-	-	(184,507,187)
Lease liabilities paid	-	-	(14,759,875)	-	-	(14,759,875)
Dividend declared	-	-	-	1,739,123,006	-	1,739,123,006
Dividend paid	-	-	-	(1,736,148,988)	-	(1,736,148,988)
<b>Total changes from financing cash flows</b>	<b>(184,507,187)</b>	<b>693,887,319</b>	<b>(14,759,875)</b>	<b>-</b>	<b>2,974,018</b>	<b>497,594,275</b>
<b>Effect of changes in foreign exchange rates</b>	<b>83,433,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,433,913</b>
<b>Other changes</b>						
<b>Liability related</b>						
Lease of new vehicles	-	-	9,584,915	-	-	9,584,915
Disposal of leased vehicles	-	-	(4,460,110)	-	-	(4,460,110)
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>5,124,805</b>	<b>-</b>	<b>-</b>	<b>5,124,805</b>
<b>Balance at December 31, 2021</b>	<b>869,505,348</b>	<b>7,667,592,574</b>	<b>47,234,759</b>	<b>3,864,717,790</b>	<b>15,916,869</b>	<b>12,464,967,340</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

		2022	2021
	Note	Rupees	Rupees
<b>34 CASH AND CASH EQUIVALENTS</b>			
Bank balances	21	3,654,255	1,386,984
Short term investments	20	7,242,386,646	1,015,664,064
		<u>7,246,040,901</u>	<u>1,017,051,048</u>
<b>35 NUMBER OF EMPLOYEES</b>			
At year end - number		42	43
Average during the year - number		42	43
<b>36 CAPACITY AND PRODUCTION</b>			
Installed capacity based on hours 8,760 (2021: 8,760) – Megawatt hours		1,786,223	1,785,030
Actual energy delivered – Megawatt hours		616,697	747,924

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

## 37 OTHER

**37.1** In July 2012, the Company along with other Independent Power Producers (IPPs) received a notice for inspection of its books of accounts under section 231 of the Companies Ordinance, 1984. The Company along with other IPPs filed Constitutional Petitions in High Courts and stay order was granted to the IPPs for same. Subsequently, hearing was also conducted in High Courts. The Honourable Lahore High Court accepted the Writ Petitions and decided the case in favour of IPPs along with other connected petitions vide judgment dated January 18, 2016.

During the year, in case of the Company, the Honourable Islamabad High Court ('IHC') dismissed the Company's petition. However, the Honourable Supreme Court of Pakistan ('SCP'), set aside judgement passed by IHC and decided that case in favor of the Company.

## 38 NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of directors of the Company, in its Board meeting held on March 29, 2023 has approved final cash dividend of Rs. 2.5 per share.

## 39 DATE OF APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors in their meeting held on March 29, 2023.



Chief Financial Officer



Chief Executive Officer



Director

# **CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2022

# INDEPENDENT AUDITORS' REPORT

## To the Members of Saif Power Limited

### Opinion

We have audited the annexed consolidated financial statements of Saif Power Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, 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 December 31, 2022, and of 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 Auditor's 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 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 Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Following are the Key audit matters:

Key audit matter	How the matter was addressed in our audit
<p><b>Revenue Recognition</b></p> <p><i>(Refer to note 23 to the consolidated financial statements)</i></p> <p>The Group has generated net revenue from sale of electricity to Central Power Purchasing Agency- Guarantee (CPPA-G) amounting to Rs. 22.869 billion for the year ended December 31, 2022.</p> <p>We considered revenue recognition as a key audit matter due to existence of presumed risk of fraud in revenue recognition and revenue being one of the key performance indicator of Group.</p>	<p>Our audit procedures in relation to the matter, amongst others included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of business processes related to revenue recognition and understanding of relevant internal controls over the Group's system which governs revenue recognition;</li> <li>• Evaluated the appropriateness of Group's accounting policies related to revenue in accordance with applicable accounting standards;</li> <li>• Tested revenue recorded during the year with underlying supporting documents i.e. invoices, agreements, tariff notifications and acknowledgements;</li> <li>• Performed cut off procedures to ensure revenue has been recorded in the correct accounting period; and</li> <li>• Assessed the adequacy of related disclosures in the consolidated financial statements in accordance with applicable accounting and reporting standards and Companies Act, 2017.</li> </ul>

### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report, but does not include the financial statements and 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 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 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 (XIX of 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.

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

#### Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditor's 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 auditor's 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2021 were audited by another auditor who have issued an unmodified opinion dated April 6, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Waqas Waris.



**Grant Thornton Anjum Rahman**

Chartered Accountants

Place: Islamabad

Date: March 30, 2023

UDIN: AR202210209Xt2qpNCdc

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

		2022	2021 (Restated)	1-Jan-21 (Restated)
	Note	Rupees		
<b>Share capital and reserves</b>				
Share capital	4	3,864,717,790	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		9,199,811,049	12,676,860,684	12,464,609,257
Maintenance reserves	5	1,001,140,025	-	-
<b>Equity attributable to the owners of the Company</b>		<b>14,065,668,864</b>	16,541,578,474	16,329,327,047
Non controlling interest		36,608,196	28,762,669	28,869,270
<b>Total equity</b>		<b>14,102,277,060</b>	16,570,341,143	16,358,196,317
<b>Liabilities</b>				
Subordinated loan	6	260,866,789	409,178,872	554,615,715
Lease liabilities	7	21,093,221	32,492,979	45,574,922
Deferred liability - gratuity		-	-	1,643,000
<b>Non-current liabilities</b>		<b>281,960,010</b>	441,671,851	601,833,637
Trade and other payables	8	308,712,514	1,159,001,508	519,603,219
Short term borrowings	9	15,526,546,088	7,667,592,574	6,973,705,255
Current portion of non-current liabilities	10	605,195,974	475,068,256	431,555,916
Markup accrued	11	1,054,652,926	700,002,820	621,543,627
Unclaimed and unpaid dividend	12	388,752,232	15,916,869	12,942,851
		<b>17,883,859,734</b>	10,017,582,027	8,559,350,868
Liabilities directly associated with the asset held for sale	13	91,711,296	46,417,024	-
<b>Current liabilities</b>		<b>17,975,571,030</b>	10,063,999,051	8,559,350,868
<b>Total liabilities</b>		<b>18,257,531,040</b>	10,505,670,902	9,161,184,505
<b>Total equity and liabilities</b>		<b>32,359,808,100</b>	27,076,012,045	25,519,380,822
<b>Contingencies and commitments</b>				
	14			
<b>Assets</b>				
Property, plant and equipment	15	11,302,149,549	11,710,519,365	13,018,595,920
Right of use assets	16	44,570,395	45,196,074	59,283,390
Project transaction cost		-	-	59,560,432
Goodwill		-	-	11,530,918
Long term deposits		-	3,103,150	2,904,800
<b>Non-current assets</b>		<b>11,346,719,944</b>	11,758,818,589	13,151,875,460
Stock in trade - HSD		400,211,550	246,092,789	169,300,404
Trade debts	17	11,647,458,624	12,656,194,470	11,363,291,153
Other receivables	18	505,647,636	464,512,853	614,823,548
Advances	19	1,525,773	4,964,356	105,740,465
Advance income tax		8,072,924	7,301,105	15,933,692
Trade deposits and prepayments	20	88,070,192	67,370,128	71,688,212
Short term investments	21	7,242,386,646	1,015,664,064	-
Bank balances	22	3,654,255	1,386,984	26,727,888
		<b>19,897,027,600</b>	14,463,486,749	12,367,505,362
Asset held for sale	13	1,116,060,556	853,706,707	-
<b>Current assets</b>		<b>21,013,088,156</b>	15,317,193,456	12,367,505,362
<b>Total assets</b>		<b>32,359,808,100</b>	27,076,012,045	25,519,380,822

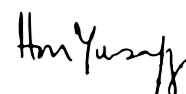
The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2022

	Note	2022	2021 (Restated)
		Rupees	
<b>Continuing operations</b>			
Turnover - net	23	22,869,649,801	16,394,334,530
Cost of sales	24	(19,371,137,022)	(13,503,076,802)
<b>Gross profit</b>		<b>3,498,512,779</b>	2,891,257,728
Other income	25	12,589,294	3,069,400
Administrative expenses	26	(207,446,325)	(164,728,563)
Finance cost	27	(1,352,996,791)	(771,077,575)
<b>Profit for the year - from continuing operations</b>		<b>1,950,658,957</b>	1,958,520,990
<b>Discontinued operations</b>			
Profit / (loss) for the year - from discontinued operations	13.1.3	217,059,577	(3,319,716)
<b>Profit for the year</b>		<b>2,167,718,534</b>	1,955,201,274
<b>Profit / (loss) attributable to:</b>			
Profit from continuing operations			
- Owners of the Company		1,950,658,957	1,958,520,990
Profit from discontinued operations			
- Owners of the Company		209,214,050	(3,199,875)
- Non-controlling interest		7,845,527	(119,841)
		217,059,577	(3,319,716)
		2,167,718,534	1,955,201,274
<b>Earnings /(loss) per share - basic and diluted</b>			
-continuing operations		5.05	5.07
-discontinuing operations		0.54	(0.01)
	28	5.59	5.06

The annexed notes 1 to 39 form an integral part of these financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2022

		2022	2021 (Restated)
	Note	Rupees	
<b>Profit for the year</b>		<b>2,167,718,534</b>	1,955,201,274
<b>Other comprehensive income for the year</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability	8.2.2	<b>1,878,732</b>	(3,942,902)
<b>Total comprehensive income for the year</b>		<b><u>2,169,597,266</u></b>	<u>1,951,258,372</u>
<b>Total comprehensive income / (loss) attributable to:</b>			
- Owners of the Company		<b>2,161,751,739</b>	1,951,378,213
- Non-controlling interests		<b>7,845,527</b>	(119,841)
		<b><u>2,169,597,266</u></b>	<u>1,951,258,372</u>
<b>Total comprehensive income / (loss) arises from:</b>			
- Continued operations		<b>1,952,537,689</b>	1,954,578,088
- Discontinued operations		<b>217,059,577</b>	(3,319,716)
		<b><u>2,169,597,266</u></b>	<u>1,951,258,372</u>

The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

	Note	2022	2021 (Restated)
		Rupees	
<b>Cash flows from operating activities</b>			
Profit for the year		1,950,658,957	1,958,520,990
<b>Adjustments for non-cash income and expenses:</b>			
Provision for staff retirement benefits - gratuity	8.2.2	8,683,989	8,711,844
Depreciation - property, plant and equipment	15.1	619,044,496	608,162,552
Depreciation - right of use assets	16	14,283,420	15,376,746
Finance cost	27	1,352,996,791	771,077,575
Gain on disposal of property, plant and equipment	25	(407,145)	(141,147)
Insurance claim	25	-	(1,404,391)
Profit on deposit accounts	25	(1,480,146)	(803,089)
Return on investments	25	(10,406,933)	(426,013)
		<b>3,933,373,429</b>	<b>3,359,075,067</b>
<b>Changes in working capital:</b>			
Stock in trade		(154,118,761)	(76,792,385)
Trade debts		1,008,735,846	(1,292,903,317)
Other receivable		(41,134,783)	150,310,695
Advances		3,438,583	100,776,109
Trade deposits and prepayments		(20,700,064)	4,318,084
Trade and other payables		(844,439,505)	699,936,825
Discontinued operations	13	(16,811,034)	(1,298,498)
<b>Cash generated from operations</b>		<b>3,868,343,711</b>	<b>2,943,422,580</b>
Income taxes paid		(771,819)	(995,359)
Finance cost paid		(998,346,685)	(692,618,382)
Staff retirement benefits paid	7.2.2	(11,730,747)	(393,541)
<b>Net cash generated from operating activities</b>		<b>2,857,494,460</b>	<b>2,249,415,298</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	15	(2,483,009)	(734,653)
Acquisition of right of use assets		(1,392,268)	(608,854)
Change in long term deposits		3,103,150	(3,199,810)
Proceeds from sale of property, plant and equipment		538,524	362,242
Insurance claim received		233,000	1,724,592
Profit on deposit accounts	25	1,480,146	803,089
Return on investments - receipt	25	10,406,933	426,013
Discontinued operations	13	636,071,300	(18,263,683)
<b>Net cash generated from / (used in) investing activities</b>		<b>647,957,776</b>	<b>(19,491,064)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term financing		(230,009,783)	(184,507,187)
Dividend paid		(4,264,825,986)	(1,736,148,988)
Short term borrowings - net		7,858,953,514	693,887,319
Lease liabilities paid		(21,319,863)	(14,759,875)
Discontinued operations	13	30,664,800	14,297,611
<b>Net cash generated from / (used in) financing activities</b>		<b>3,373,462,682</b>	<b>(1,227,231,120)</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,878,914,918</b>	<b>1,002,693,114</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>1,029,421,002</b>	<b>26,727,888</b>
<b>Cash and cash equivalents at end of the year</b>	34	<b>7,908,335,920</b>	<b>1,029,421,002</b>

The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022

	Share capital	Unappropriated profit - revenue reserve	Maintenance reserve	Non-Controlling interest	Total equity
	Rupees				
<b>Balance as at January 1, 2021 - as previously reported</b>	3,864,717,790	12,060,290,827	-	28,869,270	15,953,877,887
Impact of rectification (Note 3.17)	-	404,318,430	-	-	404,318,430
<b>Balance as at January 1, 2021 - restated</b>	3,864,717,790	12,464,609,257	-	28,869,270	16,358,196,317
Profit / (loss) for the year	-	1,955,321,115	-	(119,841)	1,955,201,274
Other comprehensive income / (loss) for the year	-	(3,942,902)	-	-	(3,942,902)
<b>Total comprehensive income for the year</b>	-	1,951,378,213	-	(119,841)	1,951,258,372
<b>Transaction with owners of the Company</b>					
<b>Distributions</b>					
Final dividend - 2020@ Rs. 2.50 per share	-	(966,179,448)	-	-	(966,179,448)
First interim dividend - 2021 @ Rs. 2 per share	-	(772,943,558)	-	-	(772,943,558)
<b>Total distributions</b>	-	(1,739,123,006)	-	-	(1,739,123,006)
<b>Changes in ownership benefits</b>					
Consideration paid by NCI for acquisition of shares	-	-	-	9,460	9,460
Acquisition of share from NCI without change in control	-	(3,780)	-	3,780	-
	-	(3,780)	-	13,240	9,460
<b>Balance as at December 31, 2021 - restated</b>	3,864,717,790	12,676,860,684	-	28,762,669	16,570,341,143
<b>Balance as at January 1, 2022 - restated</b>	3,864,717,790	12,676,860,684	-	28,762,669	16,570,341,143
Profit for the year	-	2,159,873,007	-	7,845,527	2,167,718,534
Other comprehensive income / (loss) for the year	-	1,878,732	-	-	1,878,732
<b>Total comprehensive income for the year</b>	-	2,161,751,739	-	7,845,527	2,169,597,266
<b>Transfer from unappropriated profit to maintenance reserve</b>	-	(1,001,140,025)	1,001,140,025	-	-
<b>Transaction with owners of the Company</b>					
<b>Distributions</b>					
2nd interim dividend - 2021 @ Rs. 5 per share	-	(1,932,358,895)	-	-	(1,932,358,895)
Final dividend - 2021 @ Rs. 1 per share	-	(386,471,779)	-	-	(386,471,779)
First interim dividend - 2022 @ Rs. 4.5 per share	-	(1,739,123,006)	-	-	(1,739,123,006)
2nd interim dividend - 2022 @ Rs. 1.5 per share	-	(579,707,669)	-	-	(579,707,669)
<b>Total distributions</b>	-	(4,637,661,349)	-	-	(4,637,661,349)
<b>Changes in ownership benefits</b>					
Consideration paid by NCI for acquisition of shares	-	-	-	-	-
Acquisition of share from NCI without change in control	-	-	-	-	-
	-	-	-	-	-
<b>Balance as at December 31, 2022</b>	3,864,717,790	9,199,811,049	1,001,140,025	36,608,196	14,102,277,060

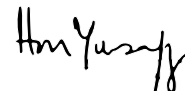
The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 1 REPORTING ENTITY

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

### Parent:

The Company was incorporated in Pakistan on November 11, 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 April 30, 2010. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company has amended its Implementation Agreement on February 11, 2021 whereby National Transmission and Despatch Company (NTDC) has been replaced with CPPA-G as Power Purchaser. During the year the Saif Holdings Limited has distributed 46,111,745 (2021: 62,250,857) shares held in the Company, as dividend in kind to its shareholders, after which Saif Holdings Limited holds 23.01% (2021: 34.94%) shares of the Company.

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 CPPA-G.

### Subsidiary:

The Subsidiary Company is a public limited company incorporated in Pakistan on January 13, 2017 under the repealed Companies Ordinance, 1984 (which has now been replaced by the Companies Act, 2017). The Company holds 96.39% shares (2021: 96.39%) in the subsidiary company.

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-e-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; and
- Construction site of cement plant of the Subsidiary Company, is located at Saiduwali Village Tehsil Paharpur, District Dera Ismail Khan, Khyber Pakhtoonkhawa, Pakistan.

## 2 BASIS OF PREPARATION

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

### 2.1 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:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

- 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.

## 2.2 Basis of measurement and preparation

These consolidated financial statements have been prepared under the historical cost convention except for certain items as disclosed in the relevant accounting policies in note 3.

## 2.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its Subsidiary Company.

During the year 2021, the Board of Directors of the Company approved the proposal for sale of land and other assets of the Subsidiary Company. The same was approved by the shareholders in the Extra Ordinary General Meeting held on June 26, 2021. As of today, the SCL is in the process of being sold. The proceeds from the sale of assets of subsidiary amounts to Rs. 1.3 billion as per Assets Purchase Agreement and will be used by the Subsidiary Company to payback to the Company and other sponsors according to their investment after liquidation of the Subsidiary Company.

### 2.3.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in consolidated statement of profit or loss immediately. Transaction costs are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in consolidated statement of profit or loss. Any contingent gain is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in consolidated statement of profit or loss.

### 2.3.2 Subsidiary

Subsidiary is that enterprise in which the holding company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has the power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases. The assets and liabilities of Subsidiary Company have been accounted for as per the requirements of International Financial Reporting Standard 5 "Non-Current Assets Held For Sale and Discontinued Operations" and hence not been consolidated on a line by line basis. The carrying value of investment held by the

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

Company is eliminated against Company's share in paid up capital of the subsidiary Company. Analysis of Subsidiary Company's assets and liabilities, income and expenses and cash flows have been presented as a separate note as disclosed in note 13 to the consolidated financial statements.

## 2.3.3 Non-controlling interest

Non-controlling interests are that part of net results of the operations and of net assets of the subsidiary attributable to interests which are not owned by the Company. NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

## 2.3.4 Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related Non-controlling interests and other components of equity. Any resulting gain or loss is recognised in consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

## 2.3.5 Transactions elimination in consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

## 2.4 Functional and presentation currency

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

## 2.5 Use of judgments and estimates

The preparation of 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 affected. Judgments and estimates made by management in the application of accounting and reporting standards as applicable in Pakistan that may have effect on the financial statements and estimates are discussed in 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## (b) Measurement of the expected credit loss allowance

The measurement of the expected credit loss (“ECL”) allowance for financial assets requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of counter parties defaulting and the resulting losses). Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including the various formulas and choice of inputs;
- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

## (c) Provision against financial assets not subject to ECL model

As referred to note 2.6.1, the Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly / ultimately from Government of Pakistan (GoP) till 31 December 2024. Accordingly, the Company reviews the recoverability of its trade debts that are due directly / ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 ‘Financial Instruments: Recognition and Measurement’ at each reporting date.

The Company’s assessment of objective evidence of impairment with respect to over due amounts on account of intercorporate circular debt takes into account commitment made by the GoP, contractual rights to receive compensation for delayed payments and plans of the GoP to address the issue of intercorporate circular debt.

## (d) Taxation

The Group 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 Group considers that its views on items of material nature are in accordance with law, the amounts are shown as contingent liabilities.

## (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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## (f) Provision for inventory obsolescence

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.

## (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) Leases

The Group exercises judgements when determining the lease term of contract with renewal and termination options. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

## (i) Other

Pursuant to decisions of the Supreme Court of Pakistan related to discretionary beneficial ownership in an overseas trusts on a prudent basis and in good faith transactions with "Orastar" have been disclosed in note 32 irrespective of the absence of significant influence and the fact that the companies are not associated under the Companies Act, 2017.

## 2.6 Exemptions from applicability of accounting and reporting requirements

### 2.6.1 IFRS 9 "Financial Instruments"

SECP through S.R.O 1177 (I)/2021 dated September 13, 2021 had notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS-9 with respect to application of expected credit loss (ECL) model shall not be applicable till June 30, 2022 provided that such companies shall follow relevant requirements of IAS-39 'Financial Instruments Recognition and measurement' in respect of above referred financial assets during the exemption period. SECP has also clarified to certain companies that financial assets due from GoP include those that

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

are directly due from GoP and that are ultimately due from GoP in consequence of circular debt. IFRS-9 introduces the ECL model, which replaces the incurred loss model of IAS-39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets measured at amortised cost, irrespective of whether a loss event has occurred. In accordance with the exemption granted by SECP, ECL has not been assessed in respect of financial assets due directly/ultimately from GoP i.e. trade debts and other receivables from CPPA-G. Impact of ECL on financial assets not covered under exemption was not material and accordingly has not been included in these financial statements. Subsequent to the year end, SECP through S.R.O 67(I)/2023, has further extended the exemption till 31 December 2024.

## 2.6.2 IFRS 16 “Leases”

Control of the Company’s plant due to purchase of total output by CPPA-G and other arrangement under the Power Purchase Agreement (PPA) was classified as a lease under IFRIC 4 “Determining whether an Arrangement Contains a Lease” which due to exemption available to the Company were not accounted for as a lease in prior years. After applicability of IFRS-16, the Company's arrangement with CPPA-G falls under the definition of a lease as defined in IFRS-16, however, the SECP through S.R.O 986(1)/2019 dated September 02, 2019 has extended the earlier exemption from IFRIC-4 to all companies, which have entered into power purchase arrangements before January 01, 2019. The Company signed its PPA with CPPA-G on April 30, 2007, accordingly, requirement of lease accounting relating to the Company's arrangement with CPPA-G are not applicable to the Company. Had IFRS-16 been applied on transactions with Power Purchaser, impact of financial statements would have been as follows:

	2022	2021
	Rupees	
Decrease in unappropriated profit at January 01	<u>(2,314,971,461)</u>	(3,708,306,689)
Decrease / increase in profit for the year	<u>(97,612,818)</u>	1,393,335,228
Decrease in unappropriated profit at December 31	<u>(2,412,584,279)</u>	<u>(2,314,971,461)</u>

The Company has signed a master agreement with the power purchaser pursuant to which the Company shall convert its PPA to take and pay basis, without exclusivity, when competitive trading arrangement is implemented and becomes fully operational. Accordingly, the Company will reassess whether the revised arrangement contains a lease.

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 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 3.7.

Depreciation is charged to profit or loss on straight line method at the rates given in note 15, 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

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 statement.

## 3.2 Staff retirement benefits - Defined benefit plan

The Group 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 valuation was carried out by the Group as at December 31, 2022. The details of actuarial valuation are given in note 8.2 to these financial statements. The actuarial gains and losses are recognised in other comprehensive income in the year in which they arise.

## 3.3 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.

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 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.

## 3.4 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.

## 3.5 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

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.

## 3.6 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.

## 3.7 Foreign currency transactions and translations

Foreign currency transactions are recorded in Pak Rupees 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.

## 3.8 Financial instruments - Initial recognition and subsequent measurement

### Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be with the exception of trade debts which do not contain a significant financing component and the Group has applied the practical expedient to measure them at the transaction price.

### Classification of financial assets

The Group classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

## Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

## Subsequent measurement

### i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

### ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

### iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk are recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## Derecognition

### i) Financial assets

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

### ii) Financial liabilities

The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

## Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the 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.

## 3.9 Impairment of financial asset

The Group recognises loss allowance for expected credit loss (ECL) on financial assets measured at amortised cost except for financial assets due directly / ultimately from GoP which includes trade debts and other receivables in respect of which applicability of ECL model is deferred by SECP as explained in note 2.6.1. For financial assets that are subject to ECL, the Group uses general 3-stage approach to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:

- Long term deposits;
- Other receivables;
- Advances to employees;
- Security Deposits;
- Cash and bank balances; and
- Short term investments.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

## 3.10 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.

## 3.11 Impairment of 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.

## 3.12 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprises of cash in hand and at bank and includes short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## 3.13 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 CPPA-G under the PPA. In case the liability arises, it is recovered from CPPA-G.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 3.14 Dividend

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

## 3.15 Operating Segment

Segment reporting is based on the operating segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The operating segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Operating segments are production and sale of cement and generation of electricity.

## 3.16 Revenue recognition

The Company has entered into PPA with NTDC for a period of 30 years starting from its commercial operation date i.e. April 30, 2010. Under the PPA, the Company is obligated to sell and deliver all output of the Complex in accordance with provisions of PPA. The Company's arrangement with NTDC falls under the definition of lease under IFRS-16 for which exemption is available to the Company. Accordingly, revenue in respect of capacity purchase price (CPP) is recognized when due at rates specified under the PPA and revised reference tariff determined by National Electric Power Regulatory Authority (NEPRA) and after incorporation of relevant applicable quarterly indexation. PPA also contains other performance obligations i.e. sale of electricity, insurance and operation & maintenance.

Revenue from sale of electricity is recognized when or as the Company satisfies performance obligation by transferring the promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The Company principally satisfies its performance obligation in respect of supply of electricity upon transmission of electricity and related fuel cost component of the tariff determined by National Electric Power Regulatory Authority (NEPRA) is invoiced to the customer as part of Energy Purchase Price (EPP).

Revenue associated with the operating phase of the PPA i.e. insurance and operations & maintenance of the plant is measured based on the consideration specified in contract with customer. Revenue from contract with customer is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The Company principally satisfies its performance obligations of insurance, operations and maintenance over time and the amount of revenue is recognized based on the consideration specified in the PPA. Consideration for operating phase of the PPA i.e. Insurance and fixed O&M component of tariff is billed to customer as part of CPP whereas variable O&M component is billed to customer as part of EPP. The amount of revenue recognised in respect of operating phase includes the estimates of variable consideration as it is not highly probable that a significant reversal in the amount of cumulative revenue recognised will occur in future when the uncertainty associated with the variable consideration is subsequently resolved.

Delayed payment markup on amounts due under PPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 3.17 Rectification

The Company has reassessed the recognition of accruals recorded over the years against Factored Fired Hours (operating hours) in the light of relevant opinion issued by Institute of Chartered Accountants of Pakistan and relevant International Accounting Standards. It was noted that recorded accruals against such operating hours do not meet the recognition criteria as the Company has present obligation only after completion of specific operating hours as per defined payment mechanism in the agreement with the Contractor. Therefore, the Company has restated the financial statements retrospectively to correct the effects of this error.

### Effect on statement of financial position (extract)

	As previously reported Dec 31, 2020	Increase / (decrease)	As Restated Jan 01, 2021
	----- Rupees -----		

### Statement of financial position (extracts)

#### Current liabilities

Trade and other payables	923,921,649	(404,318,430)	519,603,219
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### Statement of changes in equity (extracts)

Unappropriated profit-revenue reserve	12,060,290,827	404,318,430	12,464,609,257
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	As previously reported Dec 31, 2021	Increase / (decrease)	As Restated Dec 31, 2021
	----- Rupees -----		

### Statement of financial position (extracts)

#### Current liabilities

Trade and other payables	1,774,898,581	(615,897,073)	1,159,001,508
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### Statement of changes in equity (extracts)

Unappropriated profit-revenue reserve	12,060,963,611	615,897,073	12,676,860,684
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### Effect on statement of profit or loss (extract)

#### - Continuing operations

Cost of sales	13,654,893,375	(151,816,573)	13,503,076,802
Gross profit	2,739,441,155	151,816,573	2,891,257,728
Finance Cost	830,839,645	(59,762,070)	771,077,575
Profit for the year	1,746,942,347	211,578,643	1,958,520,990
Earnings per share	4.52	0.55	5.07

## 3.18 Leases

Leases at the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct The use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## Right of use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Rates of depreciation are mentioned in note 16.

## Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments.

Payment associated with short-term and low value leases are recognised on straight line basis and changed to profit or loss from the period.

### 3.19 Assets classified as held for sale

The Company classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for sale in its present condition and its sale must be probable. For sale to be probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete plan must have been initiated. Assets designated as held for sale are carried at lower of carrying amount at designation and fair value less cost to sell, if fair value can reasonably be determined.

### 3.20 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of consolidated profit or loss, consolidated statement of comprehensive income and consolidated statement of cashflows is re-presented as if the operation had been discontinued from the start of the comparative year.

## 3.21 Forthcoming changes in approved accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (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 1 January 2023 thus having no effect on the financial statements for the year ended December 31, 2022:

- ◆ Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- ◆ Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).
- ◆ Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, Other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- ◆ Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- ◆ Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- ◆ Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.
- ◆ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

	2022	2021
	Rupees	
<b>4 SHARE CAPITAL</b>		
<b>4.1 Authorised share capital</b>		
405,000,000 (2021: 405,000,000) ordinary shares of Rs.10 each	<b>4,050,000,000</b>	4,050,000,000
<b>4.2 Issued, subscribed and paid-up capital</b>		
386,471,779 (2021: 386,471,779) ordinary shares of Rs.10 each fully paid in cash.	<b>3,864,717,790</b>	3,864,717,790

**4.3** Saif Holdings Limited holds 88,909,517 i.e., 23.01% (December 31, 2021: 135,021,262 i.e., 34.94%) ordinary shares of Rs.10 each at the reporting date. Further, 44,384,774 (December 31, 2021: 25,465,350) and 65,694,980 (December 31, 2021: 36,813,659) ordinary shares of Rs. 10 each are held by directors and related parties respectively. Orastar Limited holds 66,022,504 (December 31, 2021: 66,022,504) ordinary shares of the Company.

During the year, Saif Holdings Limited has distributed 46,111,745 shares (2021: 62,250,857 shares) held in the Company, as dividend in kind to its shareholders.

## 5 MAINTENANCE RESERVE

Overhauls of the complex are at certain intervals based on Factored Fired Hours (operating hours) as per terms and details of the O&M Agreement. The amount of such overhauls has been calculated on the basis of operating hours as in the above sentence and such amount has been appropriated to Maintenance Reserve through statement of changes in equity. After completion of specific operating hours, the amount will be transferred from maintenance reserve and the same amount will be charged to cost of sales.

		2022	2021
		Rupees	
<b>6 SUBORDINATED LOAN - UNSECURED</b>	<b>Note</b>		
Balance at January 01		<b>869,505,348</b>	970,578,622
Exchange loss capitalised	6.1	<b>208,323,050</b>	83,433,913
Repayment during the year		<b>(230,009,783)</b>	(184,507,187)
	6.2	<b>847,818,615</b>	869,505,348
Current portion of subordinated loan		<b>(586,951,826)</b>	(460,326,476)
Balance at December 31		<b>260,866,789</b>	409,178,872

**6.1** Exchange loss on subordinated loan has been capitalised in accordance with note 3.7 (i).

**6.2** This represents remaining balance of US \$ 3,736,529 (2021: US \$ 4,886,234) 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 the State Bank of Pakistan (SBP). The loan carries markup at the rate of 3 month's USD LIBOR plus 3% per annum and is payable in quarterly installments in a period of six years starting from January 1, 2019 subject to availability of surplus funds for distribution. As per loan agreement, the Company can also issue shares to Orastar Limited in lieu of repayment on mutually agreed basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

7 LEASE LIABILITIES	2022	2021
	Rupees	
Lease liabilities	39,337,369	47,234,759
Less: current portion	(18,244,148)	(14,741,780)
Long term portion	<u>21,093,221</u>	<u>32,492,979</u>

*Movement of lease liabilities under IFRS 16 is as follows:*

Balance at January 1	47,234,759	56,869,829
Addition during the year	14,064,573	9,584,915
Disposal during the year	(642,100)	(4,460,110)
Interest	5,559,917	4,855,432
Payments during the year	(26,879,780)	(19,615,307)
Balance at December 31	<u>39,337,369</u>	47,234,759
Current portion of lease liabilities	<u>(18,244,148)</u>	(14,741,780)
Non-current portion of lease liabilities	<u>21,093,221</u>	<u>32,492,979</u>

Maturity analysis of undiscounted lease payments that will be paid after the reporting date is as follows:

	2022	2021
Note	Rupees	
Less than one year	23,176,485	18,745,799
One to two years	10,589,313	19,180,504
Two to three years	8,970,950	7,045,618
Three to four years	5,019,411	5,433,746
Four to five years	1,394,427	2,305,461
More than five years	1,230,408	1,845,612
	<u>50,380,994</u>	<u>54,556,740</u>

## 8 TRADE AND OTHER PAYABLES

Creditors		153,744,021	919,972,476
Accrued liabilities		40,263,185	10,143,940
Withholding tax payable		3,453,248	4,496,828
WPPF payable	8.1	97,532,948	205,922,080
Payable to staff gratuity fund	8.2	6,805,257	12,654,746
Other payables		6,913,855	5,811,438
		<u>308,712,514</u>	<u>1,159,001,508</u>

**8.1** 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).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

8.2 Payable to staff gratuity fund	Note	2022	2021
		Rupees	
The amount recognised in the statement of financial position is as follows:			
Present value of defined benefit obligation	8.2.1	125,706,008	106,898,493
Less: Fair value of plan assets	8.2.2	(118,900,751)	(94,243,747)
Net defined benefit liability		<u>6,805,257</u>	<u>12,654,746</u>
<b>8.2.1</b> The movement in present value of defined benefit obligation is as follows:			
Balance at January 01		106,898,493	87,643,632
<i>Included in profit or loss</i>			
Current service cost		9,941,570	8,692,659
Past service cost (credit)		(2,001,047)	-
Interest cost		12,432,311	8,531,648
		<u>20,372,834</u>	<u>17,224,307</u>
<i>Included in other comprehensive income</i>			
<i>Remeasurement loss:</i>			
Actuarial loss		617,865	2,309,658
<i>Others</i>			
Benefits paid		(2,183,184)	(279,104)
<b>Balance at December 31</b>		<u>125,706,008</u>	<u>106,898,493</u>
<b>8.2.2</b> The movement in fair value of plan assets is as follows:			
Balance at January 01		94,243,747	87,250,091
<i>Included in profit or loss</i>			
Interest income		11,688,845	8,512,463
<i>Included in other comprehensive income</i>			
Return on plan assets excluding interest income		2,496,597	(1,633,244)
<i>Others</i>			
Contribution to gratuity fund		12,654,746	393,541
Benefits paid		(2,183,184)	(279,104)
<b>Balance at December 31</b>		<u>118,900,751</u>	<u>94,243,747</u>
<b>Breakup of plan assets is as follows:</b>			
Cash at bank		22,028	380,240
Cash balance		2,595	1,850
Treasury bills		103,837,806	78,842,013
Term finance certificates		15,038,322	15,019,644
		<u>118,900,751</u>	<u>94,243,747</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

	Note	2022	2021
		Rupees	
<b>The movement in liability recognised in the statement of financial position is as follows:</b>			
Opening liability		12,654,746	393,541
Expense for the year		8,683,989	8,711,844
Remeasurement (gain) / loss recognized in other comprehensive income during the year		(1,878,732)	3,942,902
Payments to the fund during the year		(12,654,746)	(393,541)
Closing liability		6,805,257	12,654,746

## Allocation of gratuity expense is as follows:

Cost of sales	24.1	5,079,137	5,035,190
Administrative expenses	26.1	3,604,852	3,676,654
		8,683,989	8,711,844

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 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 December 31, 2022 using projected unit credit method. Expected gratuity expense for the next financial year is Rs. 11,049,448. 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.

### (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

	2022	2021
Discount rate used for interest cost	11.75%	9.75%
Discount rate used for year end obligation	14.50%	11.75%
Future salary growth	13.50%	10.75%
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	6 years	4 years



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## Sensitivity analysis

Reasonably possible changes at the reporting date in one of the relevant actuarial assumptions, holding other assumptions constant, the revised balances of the defined benefit obligations are shown below;

	2022	
	Increase	Decrease
Discount rate (1% movement)	<u>118,372,861</u>	<u>134,228,429</u>
Future salary growth (1% movement)	<u>134,405,140</u>	<u>118,094,004</u>
	2021	
	Increase	Decrease
Discount rate (1% movement) - Rupees	<u>102,498,051</u>	<u>112,001,288</u>
Future salary growth (1% movement) - Rupees	<u>112,421,406</u>	<u>102,312,141</u>

9	SHORT TERM BORROWINGS	Note	2022	2021
			Rupees	
	<b>Short term borrowings from banking companies</b>			
	Working capital facilities - secured	9.1	<u>10,886,157,581</u>	4,457,132,285
	Short term musharakah facilities - secured	9.2	<u>4,640,388,507</u>	3,210,460,289
			<u>15,526,546,088</u>	<u>7,667,592,574</u>

**9.1** The Company has obtained working capital facilities amounting to Rs. 12.73 billion (2021: Rs. 8.33 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2023. Effective markup rates during the year on these facilities range between 8.00% to 17.33% (2021: 7.89% to 10.26%) per annum with no floor or cap and are 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.17.44 billion (2021: Rs.11.58 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company for an amount of Rs. 1.21 billion (2021: Rs.1.21 billion).

**9.2** The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 5.8 billion (2021: Rs. 5.3 billion). Effective variable markup rate during the year on these facilities ranges between 8.38% to 17.28% (2021: 7.89% to 10.22%) per annum and are secured by pari passu / ranking charge on fuel stock and energy purchase price receivables of the Company up to Rs.7.69 billion (2021: Rs.7.03 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company up to Rs. 0.42 billion (2021: Rs. 0.42 billion).

**9.3** The Company has obtained Ijarah (Direct) facility amounting to Rs. 50 million (2021: Rs.50 million) from an Islamic bank. The facility is secured by title of Ijarah asset in the name of bank.

## 9.4 Letter of guarantee / credit

Letter of guarantee / stand by letter of credit amounting to Rs. 3.92 billion (2021: Rs. 3.92 billion) are available to the Company out of which facility amounting to 1.92 billion (2021: Rs. 1.92 billion) remained unutilized at the year end. These facilities are secured against the ranking charge over all present and future fixed assets amounting to Rs. 6.18 billion (2021: Rs. 6.18 billion).

10	CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2022	2021
			Rupees	
	Current portion of sub-ordinated loan	6	<u>586,951,826</u>	460,326,476
	Current portion of lease liabilities	7	<u>18,244,148</u>	14,741,780
			<u>605,195,974</u>	<u>475,068,256</u>
<b>11</b>	<b>MARKUP ACCRUED</b>			
	Markup on short term financing		<u>355,052,756</u>	167,049,963
	Markup on sub-ordinated loan		<u>699,600,170</u>	532,952,857
			<u>1,054,652,926</u>	<u>700,002,820</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 12 UNCLAIMED AND UNPAID DIVIDEND

Non-resident shareholder of the Company was entitled to receive dividend amounting to Rs. 732 million (2021: Rs. 275 million) out of which Rs. 366 million (2021: Nil) is payable at the year end due to pending State Bank of Pakistan approval for remittance outside Pakistan.

## 13 DISCONTINUED OPERATIONS

As explained in note 2.3, the Company has classified its investment in the Subsidiary Company as held for sale. Consequently, assets and liabilities of the Subsidiary Company have been classified as assets and liabilities attributable to discontinued operations.

13.1 An analysis of the assets and liabilities attributable to discontinued operations as at the date of statement of financial position is as follows:

	2022	2021
	Rupees	
<b>13.1.1 Liabilities directly associated with the asset held for sale;</b>		
Gratuity payable	1,323,813	2,552,481
Lease liabilities	-	3,066,253
Loan from related party	55,826,961	15,830,572
Trade and other payables	34,560,522	24,967,718
	<u>91,711,296</u>	<u>46,417,024</u>
<b>13.1.2 Assets held for sale;</b>		
Property, plant and equipment	407,444,950	808,461,072
Project transaction costs	11,253,607	11,253,607
Advances to employees	-	41,700
Advance tax	22,665,029	9,723,033
Other receivable	871,033	326,423
Short term investment	10,526,316	10,526,316
Cash and bank balances	651,768,703	1,843,638
Goodwill	11,530,918	11,530,918
	<u>1,116,060,556</u>	<u>853,706,707</u>
<b>13.1.3 Profit / (loss) for the year - from discontinued operations</b>		
Other income	235,371,510	606,974
Administrative expenses	(2,341,915)	(3,208,997)
Finance cost	(6,526,992)	(717,693)
Tax expense	(9,443,026)	-
<b>Profit / (loss) for the year</b>	<u>217,059,577</u>	<u>(3,319,716)</u>
<b>13.1.4 Other comprehensive income / (loss) for the year - from discontinued operations</b>		
Profit / (loss) for the year	217,059,577	(3,319,716)
Remeasurement of defined benefit liability	-	-
<b>Total comprehensive income / (loss)</b>	<u>217,059,577</u>	<u>(3,319,716)</u>
<b>13.1.5 Cash flows from / (used in) - from discontinued operations</b>		
Net cash used in operating activities	(16,811,034)	(1,298,498)
Net cash from / (used in) investing activities	636,071,300	(18,263,683)
Net cash from financing activities	30,664,800	14,297,611
<b>Net cashflows for the year</b>	<u>649,925,066</u>	<u>(5,264,570)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 14.1 Contingencies:

- 14.1.1** 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 October 16, 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 Honorable 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.
- 14.1.2** 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. Against the order of Commissioner (Appeals) the Company filed an appeal before ATIR which decided the case in favour of the Company on January 24, 2020. However, the tax department has filed a reference application in the Honorable Islamabad High Court against order of ATIR on July 7, 2020 which is pending adjudication.
- 14.1.3** For Tax Year 2015, the assessing officer raised demand of Rs. 55.6 million in March 2017 for alleged non-withholding of tax on salaries, payment for goods and service, rent and dividend. The Company filed appeal before Commissioner (Appeals) who remanded the case to the assessing officer who in turn created a demand of Rs. 13.4 million in September 2018. The Company again filed appeal before Commissioner (Appeals) against the appeal effect order on October 16, 2018. Commissioner (Appeals) remanded the case back to assessing officer. Hearing for remand back related to tax charged on salaries was conducted during the year and proceedings were decided in favour of the Company reducing the demand by Rs. 0.25 million.
- 14.1.4** For Tax Year 2013, the assessing officer raised a demand of Rs. 29.09 million on account of non-payment to Workers' Welfare Fund. The Company filed appeal before Commissioner (Appeals) on July 26, 2019 who decided the matter in favour of the Company on January 15, 2020. The tax authorities have filed an appeal before ATIR against orders of Commissioner (Appeals) which is pending adjudication.
- 14.1.5** Sui Northern Gas Pipelines Limited (SNGPL) has claimed an amount of Rs. 114.48 million (2021: Rs. 104.76 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.

## 14.2 Commitments:

- 14.2.1** 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.
- 14.2.2** Performance guarantees amounting to Rs. 10.3 million (2021: Rs. 10.3 million) in favor of Directorate General Mines and Minerals has been issued by a banks on behalf of the Subsidiary.
- 14.2.3** The subsidiary company has entered into an Asset Purchase Agreement. For completion of transaction based on the Asset Purchase Agreement various Governmental approvals are required. All the amounts will be kept in Escrow account till the completion of the transaction. When all the approvals, NOCs are completed then the amount will be transferred to SCL account. In case the approvals are not given the transaction will be reversed as per agreement. The amount against sale of Land has been deposited into Escrow account (Rs. 650 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 15 PROPERTY, PLANT AND EQUIPMENT

	Owned assets										Stores held for capitalization	Total	
	Freehold land	Buildings on freehold land	Plant and machinery	Office equipment	Computer and accessories	Furniture and fixtures	Motorcycle and bicycle	Vehicles	Other assets				
Rupees													
<b>Cost</b>													
Balance at January 1, 2021	43,890,600	2,352,888,758	14,991,613,099	11,746,360	5,809,810	6,883,198	327,553	3,120,198	626,230	511,038,581	17,927,944,387		
Additions	-	-	-	219,771	514,882	-	-	-	-	-	734,653		
Transfers	-	-	-	-	-	-	-	13,916,842	-	-	13,916,842		
Disposal	-	-	-	(290,712)	(136,892)	-	-	(1,105,474)	-	-	(1,533,078)		
Effect of exchange loss (Refer note 6.1)	-	-	83,433,913	-	-	-	-	-	-	-	83,433,913		
<b>Balance at December 31, 2021</b>	<b>43,890,600</b>	<b>2,352,888,758</b>	<b>15,075,047,012</b>	<b>11,675,419</b>	<b>6,187,800</b>	<b>6,883,198</b>	<b>327,553</b>	<b>15,931,566</b>	<b>626,230</b>	<b>511,038,581</b>	<b>18,024,496,717</b>		
Balance at January 1, 2022	43,890,600	2,352,888,758	15,075,047,012	11,675,419	6,187,800	6,883,198	327,553	15,931,566	626,230	511,038,581	18,024,496,717		
Additions	-	-	-	1,456,779	1,026,230	-	-	-	-	-	2,483,009		
Transfers	-	-	-	-	-	-	-	-	-	-	-		
Disposal	-	-	-	(307,433)	(266,220)	-	-	-	-	-	(573,653)		
Effect of exchange loss (Refer note 6.1)	-	-	208,323,050	-	-	-	-	-	-	-	208,323,050		
<b>Balance at December 31, 2022</b>	<b>43,890,600</b>	<b>2,352,888,758</b>	<b>15,283,370,062</b>	<b>12,824,765</b>	<b>6,947,810</b>	<b>6,883,198</b>	<b>327,553</b>	<b>15,931,566</b>	<b>626,230</b>	<b>511,038,581</b>	<b>18,234,729,123</b>		
<b>DEPRECIATION</b>													
Balance at January 1, 2021	-	846,070,796	4,826,824,750	9,791,041	5,492,942	4,289,764	324,080	2,496,159	626,230	-	5,695,915,762		
Charge for the year	-	78,574,720	528,342,405	560,154	294,569	387,231	3,473	-	-	-	608,162,552		
Transfers	-	-	-	-	-	-	-	11,133,474	-	-	11,133,474		
On disposals	-	-	-	(213,165)	(136,892)	-	-	(884,379)	-	-	(1,234,436)		
<b>Balance at December 31, 2021</b>	<b>-</b>	<b>924,645,516</b>	<b>5,355,167,155</b>	<b>10,138,030</b>	<b>5,650,619</b>	<b>4,676,995</b>	<b>327,553</b>	<b>12,745,254</b>	<b>626,230</b>	<b>-</b>	<b>6,313,977,352</b>		
Balance at January 1, 2022	-	924,645,516	5,355,167,155	10,138,030	5,650,619	4,676,995	327,553	12,745,254	626,230	-	6,313,977,352		
Charge for the year	-	78,574,721	539,086,825	595,946	400,153	386,851	-	-	-	-	619,044,496		
Transfers	-	-	-	-	-	-	-	-	-	-	-		
On disposals	-	-	-	(176,054)	(266,220)	-	-	-	-	-	(442,274)		
<b>Balance at December 31, 2022</b>	<b>-</b>	<b>1,003,220,237</b>	<b>5,894,253,980</b>	<b>10,557,922</b>	<b>5,784,552</b>	<b>5,063,846</b>	<b>327,553</b>	<b>12,745,254</b>	<b>626,230</b>	<b>-</b>	<b>6,932,579,574</b>		
<b>Carrying amounts</b>													
At January 1, 2021	43,890,600	1,506,817,962	10,164,788,349	1,955,319	316,868	2,593,434	3,473	624,039	-	511,038,581	12,232,028,625		
At December 31, 2021	43,890,600	1,428,243,242	9,719,879,857	1,537,389	537,181	2,206,203	-	3,186,312	-	511,038,581	11,710,519,365		
<b>At December 31, 2022</b>	<b>43,890,600</b>	<b>1,349,668,521</b>	<b>9,389,116,082</b>	<b>2,266,843</b>	<b>1,163,258</b>	<b>1,819,352</b>	<b>-</b>	<b>3,186,312</b>	<b>-</b>	<b>511,038,581</b>	<b>11,302,149,549</b>		
<i>Rate of depreciation per annum (%)</i>	-	3.33%	3.33% to 5.80%	10 % to 33.33%	33.33%	10%	20%	20%	10%	-	10%		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

15.1	The depreciation charge for the year has been allocated as follows:	Note	2022	2021
			Rupees	
	Cost of sales	24	617,661,546	606,917,125
	Administrative expenses	26	1,382,950	1,245,427
			<u>619,044,496</u>	<u>608,162,552</u>

## 15.2 Particulars of the Group's immovable fixed assets

- (a) 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.
- (b) The subsidiary company's immovable fixed assets consist of land measuring 4,410 kanals and 4 marlas, located at Sadiwali village Tehsil Paharpur, District Dera Ismail Khan, Khyber Pakhtunkhwa.

16	RIGHT OF USE ASSETS	Note	2022	2021
			Rupees	
<u>COST</u>				
	Balance at January 1		77,930,167	84,427,105
	Additions		15,443,555	10,193,770
	Disposal / transferred		(4,718,574)	(16,690,708)
	Balance at December 31		<u>88,655,148</u>	<u>77,930,167</u>
<u>DEPRECIATION</u>				
	Balance at January 01		32,734,093	29,563,383
	Charge for the year	26	14,283,420	15,376,746
	Disposal / transferred		(2,932,760)	(12,206,036)
	Balance at December 31		<u>44,084,753</u>	<u>32,734,093</u>
			<u>44,570,395</u>	<u>45,196,074</u>
	Carrying amount			
	Rate of depreciation per annum (%)		10% to 20%	10% to 20%

17	TRADE DEBTS	Note	2022	2021
			Rupees	
	Central Power Purchasing Agency-Guarantee (CPPA-G)	17.1	11,647,458,624	12,656,194,470

- 17.1 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). During the year, CPPA-G has paid Rs. 9.5 billion in two instalments as per Master Agreement, the features of which have been explained in detail in earlier submissions. With reference to Report on the Power Sector issued by Government of Pakistan (GoP) on March 16, 2020 and, subsequent discussions with negotiating committee (as submitted earlier many times), an Arbitration is to be conducted through LCIA on any extra profits earned by the IPPs. The Company has already denied and claimed that that it has no extra profits in the books and the Company is confident about this statement. As referred in note 2.5.1, SECP has exempted the applicability of expected credit loss allowance on trade debts

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

due directly / ultimately from GoP. Trade debts include unbilled receivable amount of Rs. 1.336 billion (2021: Rs. 0.873 billion) at the year end.

- 17.2** The Company had won the original arbitration case against SNGPL on March 09, 2016 for an amount of Rs. 239.68 million as SNGPL could not supply gas to the Company from March 2011 to May 2011 and Power Purchaser deducted Company's capacity amount to that extent.

Subsequently, Company set-off that amount against payables to SNGPL.

SNGPL enforced another arbitration saying that Company could not adjust without a decree from the court. The arbitration tribunal has agreed with SNGPL in its decision dated April 22, 2022. The Company is now going ahead with the process of obtaining the decree. SNGPL has filed a petition in the Lahore High Court. The decree will be issued at a certain point of time and the Company is confident that ultimately the money will be retained by the Company.

- 17.3** Trade debts include Rs. 344.67 million (December 31, 2021: Rs. 164.98 million) which were unilaterally withheld by CPPA-G relating to fuel cost component of energy purchase price invoices on account of incorrect application of heat rate correction factor. The Company initiated the process of dispute resolution under Power Purchase Agreement by serving a notice to CPPA-G. Further, the Company has also obtained stay order against these deductions from Civil Court, Islamabad on October 06, 2022. Based on the advice of legal counsel, the management is confident regarding the favorable resolution of the matter and has accordingly recognized revenue in respect of unilateral withheld amounts.

- 17.4** CPPA-G has incorrectly applied period weighing factors (PWF) on capacity purchase price invoices during the year which resulted in capacity loss of Rs. 97.48 million to the Company. This application of PWF on capacity invoices resulted in shortfall of the Company's entitled capacity which is contrary to the relevant provisions of the PPA. Based on management assessment, the management is confident regarding the favorable resolution of the matter and has accordingly recognized such shortfall of Rs. 97.48 million as revenue. The Company has also initiated the process of dispute resolution under PPA by serving a notice to CPPA-G.

- 17.5** For aging of receivable from CPPA-G at the reporting date, refer to note 30.5.

18	OTHER RECEIVABLES	Note	2022	2021
			Rupees	
	Workers' Profit Participation Fund (WPPF) receivable		184,955,872	205,922,080
	Sales tax receivable - net		305,818,423	228,100,078
	Others		14,873,341	30,490,695
			<u>505,647,636</u>	<u>464,512,853</u>
<b>19</b>	<b>ADVANCES - considered good</b>			
	Advances to supplier		488,525	1,511,255
	Advances to employees		1,037,248	3,453,101
			<u>1,525,773</u>	<u>4,964,356</u>
<b>20</b>	<b>TRADE DEPOSITS AND PREPAYMENTS</b>			
	Prepayments	20.1	86,237,192	65,095,778
	Security deposit		1,833,000	1,833,000
	Current portion of long term deposits		-	441,350
			<u>88,070,192</u>	<u>67,370,128</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

- 20.1** This includes Rs. 83 million (2021: Rs. 63 million) and Rs. 3 million (2021: Rs. 2 million) on account of prepayment of insurance premium and NEPRA licensing fee respectively.

		2022	2021
		Rupees	
<b>22</b>	<b>SHORT TERM INVESTMENTS</b>		
	T-bill Investment	21.1	7,242,386,646
	Term deposit receipt		15,664,064
			-
		<u>7,242,386,646</u>	<u>1,015,664,064</u>

- 21.1** These carry interest rate of 15.85% to 16.12% (2021 : 10.30%) per annum having maturity up to January 03, 2023.

		2022	2021
		Rupees	
<b>22</b>	<b>BANK BALANCES</b>		
	Current accounts		
	- Local currency	1,248,293	412,640
	Deposit accounts		
	- Local currency	22.1	1,957,140
	- Foreign currency	22.2	448,822
		<u>2,405,962</u>	<u>625,114</u>
		<u>3,654,255</u>	<u>974,344</u>
			<u>1,386,984</u>

- 22.1** This represents an amount of USD 1,982 (2021: USD 1,968) in US Dollar deposit account.

- 22.2** These carry markup ranging from 13.96% to 14.50% (2021: 4% to 8.25%) per annum for Rupee denominated balances while 1% (2021: 0.06%) per annum for US Dollar denominated balances.

		2022	2021
		Rupees	
<b>23</b>	<b>TURNOVER - NET</b>		
	Gross energy purchase price	21,200,277,950	14,537,298,704
	Less: sales tax	(2,940,433,163)	(2,045,689,133)
		<u>18,259,844,787</u>	<u>12,491,609,571</u>
	Capacity Purchase Price	4,609,805,014	3,902,724,959
		<u>22,869,649,801</u>	<u>16,394,334,530</u>

## 24 COST OF SALES

	Raw material consumed	17,370,136,098	11,620,711,217
	Operation and maintenance	1,005,036,485	954,451,361
	Salaries and other benefits	24.1	81,859,900
	Electricity charges	62,240,282	73,256,552
	Insurance expense	229,223,002	51,754,604
	Depreciation	15.1	617,661,546
	Office expenses	2,485,964	191,332,421
	Travelling, conveyance and entertainment	2,306,034	606,917,125
	Repair and maintenance	93,659	1,814,781
	Communication	94,052	1,843,298
		<u>19,371,137,022</u>	<u>13,503,076,802</u>

- 24.1** These include Rs. 5,079,137 (2021: Rs. 5,035,190) charged in respect of staff retirement benefits - gratuity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

25 OTHER INCOME	Note	2022	2021
		Rupees	
<i>Income from financial assets</i>			
Profit on deposit accounts		1,480,146	803,089
Return on investments		10,406,933	426,013
		<b>11,887,079</b>	1,229,102
<i>Income from non financial assets</i>			
Insurance claim		-	1,404,391
Gain on disposal of property, plant and equipment		407,145	141,147
Scrap sales		295,070	294,760
		<b>702,215</b>	1,840,298
		<b>12,589,294</b>	3,069,400
<b>26 ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	26.1	92,097,735	88,731,647
Traveling and conveyance		1,666,870	939,965
Rent, rates and taxes		1,543,392	696,874
Security services		16,163,698	14,401,126
Office expenses		5,514,466	4,683,386
Fees and subscriptions		12,373,041	10,065,407
Legal and professional		31,601,677	382,513
Repair and maintenance		9,540,999	7,708,091
Utilities		4,833,022	3,426,321
Insurance		3,320,713	4,025,539
Depreciation - property, plant and equipment	15.1	1,382,950	1,245,428
Depreciation - right of use assets	16	14,283,420	15,376,746
Auditors' remuneration	26.2	3,050,400	3,229,120
Donations	26.3	9,920,000	9,470,000
Advertisements		153,942	346,400
		<b>207,446,325</b>	164,728,563

**26.1** These include Rs. 3,604,852 (2021: Rs. 3,676,654) charged in respect of staff retirement benefits - gratuity.

26.2 Auditors' remuneration	2022	2021
	Rupees	
Annual audit fee	1,227,050	1,237,720
Half yearly review fee	678,500	684,400
Consolidation	397,900	401,360
Certifications	619,850	451,241
Out of pocket expenses	127,100	175,999
Tax services	-	278,400
	<b>3,050,400</b>	3,229,120



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

**26.3** This represents donation made to following institutions in which directors of the Company are common directors:

	Name of Institute	Address	Name of Director	Nature of interest in donee	2022 Rupees	2021
a)	Akbar Kare Institute	House 6-B, Sec-3, Near Sui Gas Office, Phase 5, Hayatabad, Peshawar	Mrs. Hoor Yousafzai Mr. Rana Muhammad Shafi	Director Director	7,200,000	6,000,000
b)	Wadaan Foundation	Kulsum Plaza, 42 West, Blue Area, Islamabad	Mr. Rana Muhammad Shafi	Chief Executive Officer	2,220,000	2,220,000
c)	Teach for Pakistan	House No 163, Street 70, E11, Islamabad	Mr. Osman Saifullah Khan	Director	500,000	500,000

	2022 Rupees	2021
<b>27 FINANCE COST</b>		
Markup on short term borrowings	927,197,807	605,592,870
Markup on sub-ordinated loan	42,120,092	27,670,448
Guarantee commission	12,999,996	12,999,996
Markup on lease liabilities	5,559,917	4,855,432
Bank charges	1,455,425	598,918
Loss on disposal of Pakistan Investment Bonds and Government Ijara Sukuks	45,347,194	-
Exchange loss - net	318,316,360	119,359,911
	<u>1,352,996,791</u>	<u>771,077,575</u>

## 28 EARNINGS PER SHARE -BASIC AND DILUTED

Basic Earnings per share has been calculated by dividing the profit attributable to equity holders of the Group by weighted average number of ordinary shares in issue during the year .

As at December 31, 2022 , there is no dilutive effect on the basic earnings per share of the Group.

Profit for the year, attributable to :

-continuing operations	1,950,658,957	1,958,520,990
-discontinuing operations	209,214,050	(3,199,875)
	<u>2,159,873,007</u>	<u>1,955,321,115</u>

Weighted average number of shares (Numbers) for determination of basic and diluted EPS

386,471,779	386,471,779
-------------	-------------

Earnings per share in rupees - Basic and Diluted

-continuing operations	5.05	5.07
-discontinuing operations	0.54	(0.01)
	<u>5.59</u>	<u>5.06</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 29 OPERATING SEGMENT

As mentioned in note 3.15 and 13, there are two operating segments of the Group. However, for management purposes, the activities of the Group are organized into a single reporting segment due to following factors:

- Cement segment did not report any revenue during the year.
- The absolute amount of its reported profit or loss is not 10 percent or more of the greater, in absolute amount, of the combined reported profit of all operating segments.
- Its assets are not 10 per cents or more of the combined assets of all operating segments.

Company's only customer is Central Power Purchasing Agency Guarantee Limited, a Government owned entity to which it sells electricity. The Company's overall net revenue is Rs 22,869,649,801 (December 2021: Rs. 16,394,334,530).

## 30 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## a. Accounting classifications and fair values

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

	Note	Carrying Amount		
		Amortised cost	Fair value	Total
<b>December 31, 2022</b>				
<b>Financial assets measured at fair value</b>				
		-	-	-
<b>Financial assets not measured at fair value</b>				
Long term deposits	30.2	-	-	-
Trade debts		11,647,458,624	-	11,647,458,624
Other receivables	30.3	199,829,213	-	199,829,213
Advances to employees		1,037,248	-	1,037,248
Security deposits		1,833,000	-	1,833,000
Bank balances		3,654,255	-	3,654,255
Short term investments		7,242,386,646	-	7,242,386,646
<b>Total</b>		<b>19,096,198,985</b>	-	<b>19,096,198,985</b>
<b>Financial liabilities not measured at fair value</b>				
Sub-ordinated loan	30.2	847,818,615	-	847,818,615
Lease liabilities		39,337,369	-	39,337,369
Trade and other payables	30.4	207,726,318	-	207,726,318
Short term borrowings		15,526,546,088	-	15,526,546,088
Markup accrued		1,054,652,926	-	1,054,652,926
Unclaimed and unpaid dividend		388,752,232	-	388,752,232
<b>Total</b>		<b>18,064,833,548</b>	-	<b>18,064,833,548</b>
<b>December 31, 2021</b>				
<b>Financial assets measured at fair value</b>				
		-	-	-
<b>Financial assets not measured at fair value</b>				
Long term deposits	30.2	3,544,500	-	3,544,500
Trade debts		12,656,194,470	-	12,656,194,470
Other receivables		236,412,775	-	236,412,775
Advances to employees		3,453,101	-	3,453,101
Security deposits		1,833,000	-	1,833,000
Bank balances		1,386,984	-	1,386,984
Short term investments		1,015,664,064	-	1,015,664,064
<b>Total</b>		<b>13,918,488,894</b>	-	<b>13,918,488,894</b>
<b>Financial liabilities not measured at fair value</b>				
Sub-ordinated loan	30.2	869,505,348	-	869,505,348
Lease liabilities		47,234,759	-	47,234,759
Trade and other payables	30.4	948,582,600	-	948,582,600
Short term borrowings		7,667,592,574	-	7,667,592,574
Markup accrued		700,002,820	-	700,002,820
Unclaimed and unpaid dividend		15,916,869	-	15,916,869
<b>Total</b>		<b>10,248,834,970</b>	-	<b>10,248,834,970</b>

30.2 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 as the financial asset.

30.3 This excludes sales tax receivable.

30.4 This excludes withholding tax payable and WPPF payable.

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

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 Group. 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.

## 30.5 Credit risk

Credit risk is the risk of financial loss to the Group 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 Group is power generation and sale of total output to CPPA-G. The Group 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	2022	2021
		Rupees	
Long term deposits		-	3,544,500
Trade debts	17	11,647,458,624	12,656,194,470
Other receivables	18	199,829,213	236,412,775
Advances to employees	19	1,037,248	3,453,101
Security deposits	20	1,833,000	1,833,000
Short term investments	21	7,242,386,646	1,015,664,064
Bank balances	22	3,654,255	1,386,984
		<u>19,096,198,985</u>	<u>13,918,488,894</u>

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 receivable from CPPA-G and are secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). As explained in note 2.5.1 and 3.9 of the financial statements the Group believes that no impairment allowance is necessary on trade debts and other receivables past due from CPPA-G. The Group is actively pursuing for recovery of trade debts and other receivables and the Group does not expect debtors to fail to meet its obligations.

### Credit quality of financial assets

The credit quality of 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 Group 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

	2022	2021
	Rupees	
<b>Trade debts</b>		
Counterparties without external credit ratings	<u>11,647,458,624</u>	<u>12,656,194,470</u>

## Impairment losses

The aging of trade debts at the reporting date was:

	2022		2021	
	Gross	Impairment	Gross	Impairment
	Rupees			
Not past due	1,542,868,354	-	872,525,459	-
Past due 0 - 60 days	1,052,310,144	-	2,948,266,669	-
Past due 61 - 120 days	5,479,238,976	-	4,886,791,296	-
Past due 121 - 180 days	3,573,041,150	-	3,871,577,687	-
181 days and above	-	-	77,033,359	-
	<u>11,647,458,624</u>	<u>-</u>	<u>12,656,194,470</u>	<u>-</u>

ECL on 'trade debts' and 'WPPF receivable' from CPPA-G has not been determined as these are covered under exemption from SECP as explained in note 2.6.1. Impact of ECL on financial assets not covered under exemption including long term deposits, other receivables, advances to employees, security deposits, bank balances and short term investments, was not material and accordingly has not been included in these financial statements.

	2022	2021
	Rupees	
<b>Security deposits</b>		
Counterparties without external credit ratings	<u>1,833,000</u>	<u>1,833,000</u>

## Other receivables

Counterparties without external credit ratings	<u>199,829,213</u>	<u>236,412,775</u>
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## Long term deposits

Counterparties with external credit ratings - AA+ (2021: AA+)	<u>-</u>	<u>3,103,150</u>
Counterparties with external credit ratings - AA+ (2021: BBB-)	<u>-</u>	<u>441,350</u>

## Advances to employees

Counterparties without external credit ratings	<u>1,037,248</u>	<u>3,453,101</u>
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## Bank balances and short term investment

The Group held cash at bank and short term investments amounting to Rs. 7,908,335,920 as at December 31, 2022 (2021: Rs. 1,029,421,002). Cash at bank and short term investment is held with banks and financial institution counter parties, which are rated AA+ (2021: A1+) based on JCR-VIS rating.

## 30.6 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					
<b>2022</b>					
Sub-ordinated loan	847,818,615	869,317,345	603,206,412	266,110,933	-
Lease liabilities	39,337,369	50,380,994	23,176,485	25,974,101	1,230,408
Trade and other payables	207,726,318	207,726,318	207,726,318	-	-
Short term borrowing	15,526,546,088	15,526,546,088	15,526,546,088	-	-
Markup accrued	1,054,652,926	1,054,652,926	1,054,652,926	-	-
Unclaimed and unpaid dividend	388,752,232	388,752,232	388,752,232	-	-
	<b>18,064,833,548</b>	<b>18,097,375,903</b>	<b>17,804,060,461</b>	<b>292,085,034</b>	<b>1,230,408</b>
Rupees					
<b>2021</b>					
Sub-ordinated loan	869,505,348	903,564,289	479,612,696	423,951,593	-
Lease liabilities	47,234,759	54,556,740	18,745,799	33,965,329	1,845,612
Trade and other payables	948,582,600	948,582,600	948,582,600	-	-
Short term borrowing	7,667,592,574	7,667,592,574	7,667,592,574	-	-
Markup accrued	700,002,820	700,002,820	700,002,820	-	-
Unclaimed and unpaid dividend	15,916,869	15,916,869	15,916,869	-	-
	<b>10,248,834,970</b>	<b>10,290,215,892</b>	<b>9,830,453,358</b>	<b>457,916,922</b>	<b>1,845,612</b>

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 lease liabilities have been determined on the basis of expected markup rates. The markup rates have been disclosed in relevant notes to these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 30.7 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.

## 30.8 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:

	2022	2021	2022	2021
	<u>Rupees</u>		<u>USD</u>	
Sub-ordinated loan	847,818,615	869,505,348	3,736,530	4,886,234
Accrued markup on sub-ordinated loan	699,600,170	532,952,857	3,083,297	2,994,958
Trade and other payables	104,407,808	1,391,267,197	460,149	4,357,039
Bank balances	(448,822)	(349,230)	(1,982)	(1,968)
	<u>1,651,377,771</u>	<u>2,793,376,172</u>	<u>7,277,994</u>	<u>12,236,263</u>

The following significant exchange rates have been applied:

	Average Rate		Reporting Date Rate	
	2022	2021	2022	2021
<b>US Dollars</b>	<u>207.90</u>	<u>164.00</u>	<u>226.90</u>	<u>177.95</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## Foreign currency sensitivity analysis

A 5% strengthening of the functional currency against USD at December 31, 2022 would have increased profit by Rs. 40.18 million (2021: Rs. 39.96 million). A 5% weakening of the functional currency against USD at December 31, 2022 would have had the equal but opposite effect on 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). 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:

	<u>2022</u>	<u>2021</u>
	<u>Rupees</u>	
<b>Fixed rate instruments</b>		
Financial assets	<u>7,244,792,608</u>	<u>1,016,638,408</u>
<b>Variable rate instruments</b>		
Financial assets	<u>10,104,590,270</u>	<u>11,783,669,011</u>
Financial liabilities	<u>(16,413,702,072)</u>	<u>(8,584,332,681)</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. 63.15 million) (2021: Rs. 31.99 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 2021.

## 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 December 31, 2022

## 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.

## 30.9 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.

## 31 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:

	2022	2021
	Rupees	
	<b>Chief executive officer</b>	
Managerial remuneration - Gross	<b>32,963,520</b>	29,496,000
Staff retirement benefit	<b>3,170,825</b>	3,205,091
Bonus	<b>5,493,920</b>	4,916,000
Other reimburseable expenses	<b>312,449</b>	219,445
	<b>41,940,714</b>	37,836,536
Number of persons	<b>1</b>	1
	<b>Executives</b>	
Managerial remuneration - Gross	<b>82,621,944</b>	77,813,824
Staff retirement benefit	<b>4,056,643</b>	3,988,012
Bonus	<b>9,770,324</b>	9,375,104
Other reimburseable expenses	<b>3,560,521</b>	2,367,240
	<b>100,009,432</b>	93,544,180
Number of persons including those who worked part of the year	<b>9</b>	9

**31.1** Executive means any employee whose basic salary exceeds Rs. 1,200,000 (2021: Rs. 1,200,000) per year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

- 31.2** In addition to the above, chief executive officer and executives (including KMPs other than directors) are provided with the Company's maintained vehicles, medical facility and health insurance coverage as per the Company's policy.
- 31.3** No remuneration has been paid to the directors of the Company, except for meeting fee amounting to Rs. 1,175,000 which was paid to 7 directors (2021: Rs. 1,000,000 paid to 7 directors).

## 32 RELATED PARTY TRANSACTIONS

Related parties comprise of Saif Holding Limited, Saif Cement Limited, 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 4.3, 6, 11 and 12 to the financial statements. Transactions with related parties other than those disclosed in note 26.3 to these financial statements are as follows:

	Note	2022	2021
		Rupees	
<b>Saif Holdings Limited</b>			
<i>(23.01% shareholding - common directorship)</i>			
Dividend		1,343,584,675	607,596,929
Draw down of loan during the year		38,080,000	15,520,000
Interest accrued on loan		6,265,336	170,685
<b>Saif Textile Limited</b>			
<i>(Associated Company - common directorship)</i>			
Dividend		1,200	450
<b>Saif Cement Limited - Subsidiary Company</b>			
Investment during the year		-	4,404,410
<b>Key Management Personnel</b>			
Dividend paid to directors		419,037,746	114,594,077
Remuneration including benefits to key management personnel	32.1	80,038,182	72,088,560
<b>Other</b>			
Remuneration / advisory charges		24,000,000	24,000,000
Dividend paid to other related parties		615,188,888	165,636,267
Contribution to Saif Power Limited - Staff Gratuity Fund	8.2.2	12,654,746	393,541

- 32.1** Key management personnel comprise of Directors, Chief Executive Officer, Chief Financial Officer and General Manager Plant. The key management personnel are also provided with the Company maintained vehicles, medical facility and health insurance coverage as per the Company's policy.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 33 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities		Equity			Total	
	Sub-ordinated loan	Short term borrowings	Share Capital	Dividend payable	Non-controlling interest		
<b>Balance at January 01, 2022</b>	869,505,348	7,667,592,574	47,234,759	3,864,717,790	15,916,869	28,878,730	12,493,846,070
<b>Changes from financing cash flows</b>							
Proceeds from short-term borrowings - net	-	7,858,953,514	-	-	-	-	7,858,953,514
Repayments of long term financing	(230,009,783)	-	-	-	-	-	(230,009,783)
Lease liabilities paid	-	-	(21,319,863)	-	-	-	(21,319,863)
Consideration paid by NCI for acquisition of shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	4,637,661,349	-	-	4,637,661,349
Dividend paid	-	-	-	(4,264,825,986)	-	-	(4,264,825,986)
<b>Total changes from financing cash flows</b>	<b>(230,009,783)</b>	<b>7,858,953,514</b>	<b>(21,319,863)</b>	<b>372,835,363</b>	<b>-</b>	<b>-</b>	<b>7,980,459,231</b>
Disposal of shares to NCI without change in control	-	-	-	-	-	-	-
Effect of changes in foreign exchange rates	208,323,050	-	-	-	-	-	208,323,050
<b>Other changes</b>	<b>208,323,050</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>208,323,050</b>
<b>- Liability related</b>	<b>-</b>	<b>-</b>	<b>14,064,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,064,573</b>
Disposal of leased vehicles	-	-	(642,100)	-	-	-	(642,100)
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>13,422,473</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,422,473</b>
<b>Balance at December 31, 2022</b>	<b>847,818,615</b>	<b>15,526,546,088</b>	<b>39,337,369</b>	<b>3,864,717,790</b>	<b>388,752,232</b>	<b>28,878,730</b>	<b>20,696,050,824</b>
<b>Balance at January 01, 2021</b>	970,578,622	6,973,705,255	56,869,829	3,864,717,790	12,942,851	28,869,270	11,907,683,617
<b>Changes from financing cash flows</b>							
Proceeds from short-term borrowings - net	-	693,887,319	-	-	-	-	693,887,319
Repayments of long term financing	(184,507,187)	-	-	-	-	-	(184,507,187)
Lease liabilities paid	-	-	(14,759,875)	-	-	-	(14,759,875)
Consideration paid by NCI for acquisition of shares	-	-	-	-	9,460	-	9,460
Dividend declared	-	-	-	1,739,123,006	-	-	1,739,123,006
Dividend paid	-	-	-	(1,736,148,988)	-	-	(1,736,148,988)
<b>Total changes from financing cash flows</b>	<b>(184,507,187)</b>	<b>693,887,319</b>	<b>(14,759,875)</b>	<b>2,974,018</b>	<b>9,460</b>	<b>-</b>	<b>497,603,735</b>
Effect of changes in foreign exchange rates	83,433,913	-	-	-	-	-	83,433,913
<b>Other changes</b>	<b>83,433,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,433,913</b>
<b>- Liability related</b>	<b>-</b>	<b>-</b>	<b>9,584,915</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,584,915</b>
Disposal of leased vehicles	-	-	(4,460,110)	-	-	-	(4,460,110)
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>5,124,805</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,124,805</b>
<b>Balance at December 31, 2021</b>	<b>869,505,348</b>	<b>7,667,592,574</b>	<b>47,234,759</b>	<b>3,864,717,790</b>	<b>15,916,869</b>	<b>28,878,730</b>	<b>12,493,846,070</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

34 CASH AND CASH EQUIVALENTS	Note	2022	2021
		Rupees	
Cash and bank balances	22 & 13	655,422,958	3,230,622
Short term investments	21 & 13	7,252,912,962	1,026,190,380
		<u>7,908,335,920</u>	<u>1,029,421,002</u>

## 35 NUMBER OF EMPLOYEES

### Saif Power Limited

At year end - number	42	43
Average during the year - number	42	43

### Saif Cement Limited

At year end - number	-	22
Average during the year - number	-	23

## 36 CAPACITY AND PRODUCTION

Installed capacity based on hours 8,760 (2021: 8,760) –

Megawatt hours	1,786,223	1,785,030
Actual energy delivered – Megawatt hours	616,697	747,924

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

## 37 OTHER

In July 2012, the Company along with other Independent Power Producers (IPPs) received a notice for inspection of its books of accounts under section 231 of the Companies Ordinance, 1984. The Company along with other IPPs filed Constitutional Petitions in High Courts and stay order was granted to the IPPs for same. Subsequently, hearing was also conducted in High Courts. The Honourable Lahore High Court accepted the Writ Petitions and decided the case in favour of IPPs along with other connected petitions vide judgment dated January 18, 2016.

During the year, in case of the Company, the Honourable Islamabad High Court ('IHC') dismissed the Company's petition. However, the Honourable Supreme Court of Pakistan ('SCP'), set aside judgement passed by IHC and decided that case in favor of the Company.

## 38 NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of directors of the Company, in its Board meeting held on March 29, 2023 has approved final cash dividend of Rs. 2.50 per share.

## 39 DATE OF APPROVAL OF FINANCIAL STATEMENTS

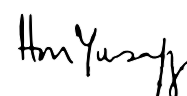
These financial statements were approved by the Board of Directors in their meeting held on March 29, 2023.



Chief Financial Officer



Chief Executive Officer



Director

# Pattern of Shareholding

Saif Power Limited

As at December 31, 2022

NO. OF SHAREHOLDERS	HOLDING SHARES		SHARES HELD	PERCENTAGE
	From	To		
205	1	100	5,928	0.0015
2528	101	500	1,239,354	0.3207
1101	501	1000	1,082,165	0.2800
1367	1001	5000	3,864,575	1.0000
456	5001	10000	3,653,924	0.9455
194	10001	15000	2,476,483	0.6408
125	15001	20000	2,267,770	0.5868
86	20001	25000	1,994,843	0.5162
55	25001	30000	1,595,836	0.4129
36	30001	35000	1,179,300	0.3051
37	35001	40000	1,432,126	0.3706
18	40001	45000	771,340	0.1996
44	45001	50000	2,170,200	0.5615
14	50001	55000	743,520	0.1924
13	55001	60000	767,000	0.1985
7	60001	65000	444,500	0.1150
9	65001	70000	613,956	0.1589
4	70001	75000	300,000	0.0776
9	75001	80000	708,000	0.1832
6	80001	85000	495,000	0.1281
10	85001	90000	878,500	0.2273
2	90001	95000	187,000	0.0484
19	95001	100000	1,900,000	0.4916
4	100001	105000	413,500	0.1070
2	105001	110000	213,000	0.0551
1	110001	115000	112,000	0.0290
3	115001	120000	358,500	0.0928
3	120001	125000	372,500	0.0964
3	125001	130000	383,500	0.0992
1	130001	135000	130,500	0.0338
2	135001	140000	278,500	0.0721
5	140001	145000	722,500	0.1869
5	145001	150000	750,000	0.1941
1	150001	155000	150,500	0.0389
3	155001	160000	473,500	0.1225
1	165001	170000	166,000	0.0430
2	170001	175000	348,000	0.0900
1	175001	180000	176,500	0.0457
1	180001	185000	181,000	0.0468
2	190001	195000	384,000	0.0994
1	195001	200000	200,000	0.0518
2	205001	210000	417,000	0.1079
1	220001	225000	224,500	0.0581
1	225001	230000	229,500	0.0594
3	245001	250000	750,000	0.1941
2	250001	255000	505,500	0.1308
1	255001	260000	257,500	0.0666
2	280001	285000	566,000	0.1465
3	295001	300000	900,000	0.2329
1	300001	305000	305,000	0.0789
1	305001	310000	309,100	0.0800
1	320001	325000	323,500	0.0837
2	340001	345000	686,000	0.1775
2	345001	350000	700,000	0.1811
1	355001	360000	359,500	0.0930
1	380001	385000	381,000	0.0986
1	385001	390000	390,000	0.1009

# Pattern of Shareholding

Saif Power Limited

As at December 31, 2022

NO. OF SHAREHOLDERS	HOLDING SHARES		SHARES HELD	PERCENTAGE
	From	To		
1	390001	395000	393,601	0.1018
2	395001	400000	800,000	0.2070
1	440001	445000	441,500	0.1142
2	445001	450000	895,500	0.2317
1	495001	500000	500,000	0.1294
1	500001	505000	503,500	0.1303
1	510001	515000	512,000	0.1325
1	585001	590000	587,500	0.1520
1	600001	605000	604,000	0.1563
1	620001	625000	625,000	0.1617
1	685001	690000	687,500	0.1779
1	695001	700000	696,500	0.1802
1	710001	715000	714,000	0.1847
1	745001	750000	750,000	0.1941
1	795001	800000	798,000	0.2065
1	980001	985000	982,000	0.2541
1	1015001	1020000	1,019,500	0.2638
1	1295001	1300000	1,300,000	0.3364
1	1555001	1560000	1,558,500	0.4033
1	1995001	2000000	2,000,000	0.5175
1	2105001	2110000	2,110,000	0.5460
1	2455001	2460000	2,457,500	0.6359
1	2595001	2600000	2,596,000	0.6717
1	3245001	3250000	3,248,000	0.8404
1	3660001	3665000	3,660,354	0.9471
1	4445001	4450000	4,449,500	1.1513
1	4935001	4940000	4,935,882	1.2772
1	10235001	10240000	10,237,000	2.6488
1	10335001	10340000	10,340,000	2.6755
1	10370001	10375000	10,370,122	2.6833
1	11295001	11300000	11,299,226	2.9237
1	11330001	11335000	11,332,520	2.9323
1	13885001	13890000	13,889,000	3.5938
1	15345001	15350000	15,350,000	3.9718
1	21660001	21665000	21,662,216	5.6051
2	21670001	21675000	43,344,417	11.2154
1	66020001	66025000	66,022,504	17.0834
1	88905001	88910000	88,909,517	23.0054
<b>6452</b>	<b>---Company's Total---</b>		<b>386,471,779</b>	<b>100</b>

CATEGORY OF SHAREHOLDER	NO OF FOLIO	SHARES	PERCENTAGE
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN	13	44,390,274	11.4860
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	17	154,598,997	40.0026
BANKS, DFI AND NBF	8	46,629,354	12.0653
INSURANCE COMPANIES	3	5,464,382	1.4140
GENERAL PUBLIC (LOCAL)	5,914	52,872,750	13.6809
GENERAL PUBLIC (FOREIGN)	454	5,361,416	1.3873
OTHERS	43	77,154,606	19.9639
<b>Total</b>	<b>6,452</b>	<b>386,471,779</b>	<b>100</b>

# Pattern of Shareholding

Saif Power Limited

As at December 31, 2022

<b>DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN</b>	<b>SHARES</b>	<b>PERCENTAGE</b>
Mrs. HOOR YOUSAFZAI	314	0.0001
Mr. JAVED SAIFULLAH KHAN	21,677,207	5.6090
Mr. OSMAN SAIFULLAH KHAN	11,368,182	2.9415
Mr. ASSAD SAIFULLAH KHAN	11,333,520	2.9326
Mr. RANA MUHAMMAD SHAFI	5,500	0.0014
Mr. RASHID IBRAHIM	1	-
Miss. SAIMA AKBAR KHATTAK	50	-
Mrs. NASREEN BEGUM	5,500	0.0014
<b>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>		
SAIF HOLDINGS LIMITED	88,909,517	23.0054
SAIF TEXTILE MILLS LIMITED	100	-
JSK HOLDINGS (PRIVATE) LIMITED	1,019,500	0.2638
JSK SECURITIES LIMITED	604,000	0.1563
Mr. HUMAYUN SAIFULLAH KAHN	21,672,210	5.6077
Mr. ANWAR SAIFULLAH KHAN	10,373,837	2.6842
Mr. SALIM SAIFULLAH KHAN	10,340,000	2.6754
Mr. IQBAL SAIFULLAH KHAN	21,672,207	5.6077
Mr. JEHANGIR SAIFULLAH KHAN	4,313	0.0011
Mr. OMAR SAIFULLAH KHAN	1,000	0.0003
Mr. ASIF SAIFULLAH KHAN	313	-
Mrs. SALMA SHOAB	1,000	0.0003
Mrs. JEHANNAZ SAIFULLAH KHAN	1,000	0.0003
<b>BANKS, DFI AND NBF</b>		
ALLIED BANK LIMITED	13,889,000	3.5938
HABIB BANK LIMITED-TREASURY DIVISION	3,660,354	0.9471
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	224,500	0.0581
AHSAM SECURITIES (PRIVATE) LIMITED	17,500	0.0045
Z.A GHAFAR SECURITIES (PRIVATE) LIMITED	3,000	0.0008
<b>INSURANCE COMPANIES</b>		
UBL INSURERS LIMITED	503,500	0.1303
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	25,000	0.0065
ADAMJEE INSURANCE COMPANY LIMITED	4,935,882	1.2772
<b>GENERAL PUBLIC (LOCAL)</b>		
GENERAL PUBLIC (FOREIGN)	52,872,750	13.6809
	5,361,416	1.3873
<b>OTHERS</b> (Joint Stock Companies, Charitable Trust, foreign companies, various funds etc.)		
	77,154,606	19.9638
<b>HOLDING MORE THAN TEN PERCENTAGE</b>		
SAIF HOLDINGS LIMITED	88,909,517	23.0054
ORASTAR LIMITED	66,022,504	17.0834

# Pattern of Shareholding

Saif Cement Limited

As at December 31, 2022

## PATTERN OF SHAREHOLDING OF SUBSIDIARY COMPANY

NO. OF SHARE-HOLDERS	From	To	SHARES HELD	PERCENTAGE
11	101	500	1,364	0.0017
1	1,000	1500	1,110	0.0014
1	170,000	175,000	172,249	0.2104
1	2,700,000	2,800,000	2,784,697	3.4010
1	78,000,000	81,877,500	78,917,864	96.3855
<b>15</b>	<b>---Company's Total---</b>		<b>81,877,284</b>	<b>100.0000</b>

## CATEGORY OF SHAREHOLDERS OF SUBSIDIARY COMPANY

Category of shareholders	Shareholders	Share Held	PERCENTAGE
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN	8	992	0.0012
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES:			
Saif Power Limited	1	78,917,864	96.3855
Saif Holdings Limited	1	2,784,697	3.4011
Other related parties	5	173,731	0.2122
<b>Total</b>	<b>15</b>	<b>81,877,284</b>	<b>100.0000</b>



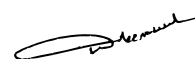
# Notice of 19<sup>th</sup> Annual General Meeting

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting (AGM) of Shareholders of Saif Power Limited (“the Company”) will be held on Friday, April 28, 2023, at 11:30 am at the Company’s registered office, Kashmir Commercial Complex building, Fazal-Ul-Haq Road, Block E, Blue Area, Islamabad.

## ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting held on April 28, 2022.
2. To receive, consider and adopt the Audited Financial Statements of the Company (standalone and consolidated) for the year ended December 31, 2022 together with Directors’ and Auditors’ reports thereon.
3. To consider and approve the final dividend of Rs.2.50 per share i.e. 25% for the year ended December 31, 2022 as recommended by the Board of Directors. This is in addition to interim dividend of Rs. 6.00 per share i.e. 60 % already paid.
4. To appoint auditors of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration. The retiring auditors Grant Thornton Anjum Rahman (GTAR) Chartered Accountants, Islamabad, have offered themselves for re-appointment. The Board of Directors has recommended the re-appointment of retiring auditors for the next term.
5. To transact any other business with permission of the Chair.

By Order Of The Board



**Waseemullah**

Company Secretary

Islamabad

April 07, 2023

## Notes:

- i. Share Transfer Books of the Company shall remain closed from April 22, 2023 to April 28, 2023 (both days inclusive). Transfers received at M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan, the Registrar and Share Transfer Agent of the Bank, by the close of the business on April 21, 2023 will be treated in time for the purpose of the above entitlement.
- ii. A shareholder entitled to attend and vote at this AGM is entitled to appoint a person as a proxy to attend and vote for and on his/her behalf. The instrument appointing a proxy and the power of attorney/Board Resolution or other authority (if any) under which it is signed or a notarized certified copy of the power or authority shall be deposited at the office 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 CNIC / Original Passport along with participant’s ID number and their Account number in order to facilitate identification. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen signature of nominees shall be required to be produced (unless provided earlier) at the time of meeting.
- iv. Shareholders are requested to immediately notify their change in address, if any to share registrar.

# Notice of 19<sup>th</sup> Annual General Meeting

## SPECIAL NOTES TO SHAREHOLDERS:

### 1. Transmission of Annual Financial Statements through e-mail (optional):

Shareholders who wish to receive the Annual Report through e-mail are requested to provide a duly completed consent form to Company's registered office address: 1st Floor, Kashmir Commercial Complex, Fazal-ul-Haq Road, Block E, Blue Area, Islamabad or through email at [info.spl@saifgroup.com](mailto:info.spl@saifgroup.com). Form is available at Company's website [www.saifpower.com](http://www.saifpower.com).

### 2. Consent for video conference facility:

Shareholders can also avail video conference facility under the provision of Section 134 of the Companies Act, 2017 to participate in AGM. Shareholders 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 facility.

### 3. 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 electronic mode directly into the bank accounts of shareholders. Shareholders are requested to submit their information, to their investor account services or their brokers where shares are placed electronically. Physical holding, shareholders are requested to submit their information on Dividend Mandate form to the Company's Shares Registrar: M/s THK ASSOCIATES (PVT) LIMITED, Plot No. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi, Email: [sfc@thk.com.pk](mailto:sfc@thk.com.pk) Dividend Mandate form is available on the Company's website: [www.saifpower.com](http://www.saifpower.com)

### 4. Unclaimed/unpaid Dividend

Shareholders, who for any reason, could not claim their dividend, are advised to contact our Share Registrar : M/s THK ASSOCIATES (PVT) LIMITED, Plot No. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi, Email: [sfc@thk.com.pk](mailto:sfc@thk.com.pk) and collect/ enquire about their unclaimed dividend.

### 5. Withholding tax on dividend

Tax on dividend income will be deducted as per applicable tax rates for filers and non-filers. To enable the Company to make tax deduction on the amount of cash dividend @7.5% instead 15%, Shareholders are advised to make sure their names are entered into ATL before the date for payment of any future cash dividend otherwise tax on their cash dividend will be deducted @ 15% instead of 7.5%.

Members seeking exemption from deduction of income tax or eligible for deduction at a reduced rate are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be before the start of book closure.

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to Company's Share Registrar: THK ASSOCIATES (PVT) LIMITED, Plot No. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi, Email: [sfc@thk.com.pk](mailto:sfc@thk.com.pk), latest by April 21, 2023, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholders		Joint Shareholders	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. Of Shares)

## 6. Zakat Declaration

Members desiring non-deduction of zakat are requested to submit a valid declaration for non-deduction of zakat.

## 7. Deposit of Physical Shares into CDC Account:

The Shareholder having physical shareholding may open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into book-entry form, this will facilitate them in many ways including safe custody and sale of shares, any time they want. Further, Section 72 of the Companies Act, 2017 (“The Act”) states that after the commencement of the Act from a date notified by SECP, a company having shares capital, shall have shares in book-entry form only.

## 8. Participation of Shareholders through Online Facility:

To facilitate and ensure the safety and health of the shareholders, the Company will also be providing the online platform / facility to participate in the AGM in the shape of webinar/webex/zoom after completing all the formalities required for the verification and identification of the shareholders. The login facility will be opened at 11:00 a.m. on April 28, 2023 enabling the participants to join the proceedings which will start at 11:30 a.m. sharp. For this purpose, shareholders are requested to register themselves by providing the following information through email at [info.spl@saifgroup.com](mailto:info.spl@saifgroup.com) at least 48 hours before the time of AGM: Name of member/proxy holders, CNIC, Folio Number/CDC account no, Cell no/WhatsApp no, and Email address.

### Contact information

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

Waseemullah  
Company Secretary  
051-2271378-83

Share Registrar, THK Associates (Pvt) Ltd  
Plot No. 32-C, Jami Commercial Street 2,, Plot No. 32-C  
Jami Commercial Street 2, D.H.A Phase VII, Karachi  
Tel: 021 111 000 322 Email: [sfc@thk.com.pk](mailto:sfc@thk.com.pk)

# 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 on April 28, 2023 Friday at 11:30 am or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

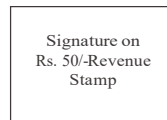
## Witnesses

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 a 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, 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 (Pvt) Ltd

Plot No. 32-C, Jami Commercial Street 2,, Plot No. 32-C

Jami Commercial Street 2, D.H.A Phase VII, Karachi

Tel: 021 111 000 322 Email: sfc@thk.com.pk

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](http://www.saifpower.com)