

## **ADVICE FOR INVESTORS**

INVESTORS ARE STRONGLY ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THIS OFFER FOR SALE DOCUMENT, ESPECIALLY THE **RISK FACTORS GIVEN AT PARA 4.9** BEFORE MAKING ANY INVESTMENT DECISION

**SUBMISSION OF FICTITIOUS AND MULTIPLE APPLICATIONS (MORE THAN ONE APPLICATIONS BY SAME PERSON) IS PROHIBITED AND SUCH APPLICATIONS' MONEY IS LIABLE TO CONFISCATION UNDER SECTION 18A OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969**

# **Pakgen Power Limited**

(Formerly AES Pak Gen Company Limited)



## **Offer for Sale of Shares**

THE PRESENT OFFER CONSISTS OF 37,208,000 ORDINARY SHARES (10% OF THE TOTAL PAID UP SHARE CAPITAL OF PAKGEN POWER LIMITED) AT AN OFFER PRICE OF PKR 19 PER SHARE (INCLUSIVE OF A PREMIUM OF PKR 9 PER SHARE).

THIS IS NOT A PROSPECTUS BY PAKGEN POWER LIMITED, BUT AN OFFER FOR SALE BY THE SPONSORS OF PAKGEN POWER LIMITED, OUT OF THEIR EXISTING SHAREHOLDINGS IN PAKGEN POWER LIMITED

Subscription list will open Insha-Allah at the commencement of banking hours on June 14<sup>th</sup>, 2011 and will close on June 15<sup>th</sup>, 2011 at the close of banking hours

### **CORPORATE CONSULTANT:**



### **FINANCIAL ADVISOR & ARRANGER:**



### **UNDERWRITTEN BY:**

**Arif Habib Corporation Limited  
Aba Ali Habib Securities (Pvt.) Limited  
KASB Bank Limited  
Bank of Punjab**

**Allied Bank Limited  
KASB Securities Limited  
Soneri Bank Limited**

**The date of publication for this Offer for Sale Document is  
June 1<sup>st</sup>, 2011**



## GLOSSARY OF TECHNICAL TERMS & ABBREVIATIONS

AHL	Arif Habib Limited
APITT	Asia Pacific Institute of Information and Technology
Company/Pakgen	Pakgen Power Limited [Formerly AES Pak Gen Company Limited]
BOO	Build Own and Operate
CDA	Central Depository Act, 1997
CDC/CDCPL	The Central Depository Company of Pakistan Limited
CDS	Central Depository System
CNIC	Computerized National Identity Card
Commission / SECP	Securities and Exchange Commission of Pakistan
COD	Commercial Operations Date
FED	Federal Excise Duty
FDI	Foreign Direct Investment
FSA	Fuel Supply Agreement
GwH	Gigawatt Hour
GoP	Government of Pakistan
HSFO	High Speed Furnace Oil
IA	Implementation Agreement
OFS/OFSO	Offer for Sale/Offer for Sale Document
IPP	Independent Power Producer
IRR	Internal Rate of Return
ITO	Income Tax Ordinance, 2001
KESC	Karachi Electric Supply Company Limited
KSE	Karachi Stock Exchange (Guarantee) Limited
LSE	Lahore Stock Exchange (Guarantee) Limited
K-12	“k through twelve”, or “k to twelve” is a designation for primary and secondary education
MW	Megawatt
NEPRA	The National Electric Power Regulatory Authority
NTDCL	National Transmission and Dispatch Company Limited
O&M	Operation and Maintenance
Ordinance	The Companies Ordinance, 1984
PACRA	The Pakistan Credit Rating Agency Limited
PKR	Pakistani Rupee
KIBOR	Karachi Inter Bank Offered Rate
LIBOR	London Inter Bank Offered Rate
PKR WPI	Pakistan Wholesale Price Index
US CPI	United States Consumer Price Index
Power Purchaser	Water and Power Development Authority (WAPDA)
PPA	Power Purchase Agreement
PPIB	Private Power and Infrastructure Board
RFO	Residual Fuel Oil
WHT	Withholding Tax
WWF	Worker’s Welfare Fund
WPPF	Worker’s Profit Participation Fund



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## PART 1

### 1. APPROVALS AND LISTING ON THE STOCK EXCHANGES

#### 1.1 APPROVAL OF THE SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Approval of the Securities & Exchange Commission of Pakistan (the “Commission” or “SECP”) as required under Section 62 read with section 57 of the Companies Ordinance, 1984 (the “Ordinance”) has been obtained for the issuance, circulation and publication of this Offer for Sale Document (“OFSD”).

**It must be distinctly understood that in giving this approval, SECP does not take any responsibility for the financial soundness of the Company and any of its schemes stated herein or for the correctness of any of the statements made or opinions expressed with regard to them.**

SECP has not evaluated the quality of the Offer and its approval for issue, circulation and publication of OFSD should not be construed as any commitment of the same. The public/investors should conduct their own independent investigation and analysis regarding the quality of the Offer before subscribing.

#### 1.2 CLEARANCE OF THE OFSD BY THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED & LAHORE STOCK EXCHANGE (GUARANTEE) LIMITED

The OFSD has been cleared by the Karachi Stock Exchange (Guarantee) Limited (“KSE”) and the Lahore Stock Exchange (Guarantee) Limited (“LSE”), (collectively referred to as the “Stock Exchanges”), in accordance with the requirements of their respective Listing Regulations. **While clearing this OFSD, the Stock Exchanges neither guarantee the correctness of the contents of the OFSD nor the viability of the Company.**

**The Stock Exchanges have not evaluated the quality of the Offer including the justification of premium, and their clearance of the OFSD should not be construed as any commitment in respect of the same. The public/investors should conduct their own independent investigation and analysis regarding the quality of the Offer before subscribing.**

#### 1.3 FILING OF THE OFSD AND OTHER DOCUMENTS WITH THE REGISTRAR OF COMPANIES

The Company has filed with the Registrar, Companies Registration Office Lahore, as required under Section 57(3) and (4) of the Companies Ordinance 1984, a copy of this OFSD signed on behalf of the Offerers, along with the following documents attached thereto:

- a) Letter dated 07 January 2011, from the Auditors of the Company, Riaz Ahmed & Company, Chartered Accountants, consenting to the publication of their names in the OFSD, which contains in Part 5 certain statements and reports issued by them as experts (for which consent has not been withdrawn), as required under Section 57(5) of the Ordinance.
- b) Copies of Material Contracts and Agreements mentioned in Part 7 of this OFSD as required under Section 57(4) of the Ordinance.
- c) Written confirmations of the Legal Advisor to this Offer and Bankers to this Offer, mentioned in this OFSD consenting to act in their respective capacities, as required under Section 57(5) of the Ordinance.
- d) Consents of Directors, Chief Executive and the Secretary of the Company who have



consented to their respective appointments made and their having been named or described as such Directors, Chief Executive and Secretary in this OFSD, as required under Section 57(3) of the Ordinance, read with sub-clause (1) of clause (4) of Section 1 of Part 1 of the Second Schedule to the Ordinance.

#### **1.4 LISTING AT KSE & LSE**

Application has been made to KSE and LSE for permission to deal in and for quotation of the shares of the Company.

If for any reason, the application(s) for formal listing is/are not accepted by the Stock Exchanges, the Offerer undertakes to publish immediately in the press a notice to that effect and thereafter to refund the application money to the applicants in pursuance of this Offer, as required under Section 72 of the Ordinance.



## PART 2

### 2. SHARE CAPITAL AND RELATED MATTERS

#### 2.1 Share Capital

No. of shares		Face value(Rs.)	Premium(Rs.)	Total(Rs.)
<b>AUTHORIZED CAPITAL</b>				
400,000,000	Ordinary shares of Rs. 10/- each	4,000,000,000	-	4,000,000,000
<b>ISSUED, SUBSCRIBED, &amp; PAID UP CAPITAL</b>				
<b>Issued for cash</b>				
370,586,125	Issued for Cash: Ordinary shares of Rs. 10/- each	3,705,861,250	-	3,705,861,250
1,495,466	Issued for Other than Cash: Ordinary Shares of Rs. 10/- each	14,954,660	-	14,954,660
<b>372,081,591</b>	<b>Total</b>	<b>3,720,815,910</b>	<b>-</b>	<b>3,720,815,910</b>

No. of shares		Face value(Rs.)	Premium(Rs.)	Total(Rs.)
<b>THE EXISTING ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL OF THE COMPANY IS HELD AS FOLLOWS:</b>				
<b>Directors of the Company</b>				
29,766,527	Mian Hassan Mansha	297,665,270	-	297,665,270
500	Mr. Aurangzeb Firoz (Part of Engen Holding)	5,000	-	5,000
500	Mr. Khalid Qadeer Qureshi (Part of NML Holding)	5,000	-	5,000
500	Mr. Mahmood Akhtar (Part of SGI Holding)	5,000	-	5,000
<b>29,768,027</b>	<b>Sub-total</b>	<b>297,680,270</b>	<b>-</b>	<b>297,680,270</b>
<b>Shares held by Sponsors</b>				
119,065,610	Nishat Mills Limited	1,190,656,100	-	1,190,656,100
29,766,527	Adamjee Insurance Company Limited	297,665,270	-	297,665,270
7,441,132	Security General Insurance Limited	74,411,320	-	74,411,320
111,624,477	Stanhope Investments (Cayman Islands)	1,116,244,770	-	1,116,244,770
74,415,818	Engen (Private) Limited	744,158,180	-	744,158,180
<b>342,313,564</b>	<b>Sub-total</b>	<b>3,423,135,640</b>	<b>-</b>	<b>3,423,135,640</b>
<b>372,081,591</b>	<b>Total</b>	<b>3,720,815,910</b>	<b>-</b>	<b>3,720,815,910</b>

#### 2.2 Offerers

The following shareholders are divesting 13.89% of their shareholding in Pakgen, the details of which are given below:

No. of shares	Offers	Face value(Rs.)	Premium(Rs.)	Total(Rs.)
4,135,187	Mian Hassan Mansha	41,351,870	37,216,683	78,568,553
16,541,382	Nishat Mills Limited	165,413,820	148,872,438	314,286,258
4,135,346	Adamjee Insurance Company Limited	41,353,460	37,218,114	78,571,574
1,033,836	Security General Insurance Limited	10,338,360	9,304,524	19,642,884
15,507,545	Stanhope Investments	155,075,450	139,567,905	294,643,355
10,338,364	Engen (Private) Limited	103,383,640	93,045,276	196,428,916
<b>51,691,660</b>	<b>Total</b>	<b>516,916,600</b>	<b>465,224,940</b>	<b>982,141,540</b>



### 2.3 Private Placement Subscription

14,483,660 ordinary shares of the face value of Rs. 10/- each have been agreed to be sold and transferred to the following investors at Rs. 19/- per share (including a premium of Rs. 9/- per share) as per the agreements mentioned in part 7. In terms of the agreements with the Private Placement Investors (Please see para 7.15), the shares will be transferred to the subscribers in private placement after the transfer of shares to successful applicants in public offer.

No. of shares	Subscriber	Face value(Rs.)	Premium(Rs.)	Total(Rs.)
1,315,790	Monno Investments & Global Trading SMC (Pvt) Ltd.	13,157,900	11,842,110	25,000,010
1,315,790	Mr. Abdur Rehman Naseem	13,157,900	11,842,110	25,000,010
1,315,789	Bank of Punjab	13,157,890	11,842,101	24,999,991
5,270,845	MCB Provident Fund Pak Staff	52,708,450	47,437,605	100,146,055
526,315	City Schools (Pvt) Limited	5,263,150	4,736,835	9,999,985
1,052,631	City Schools Provident Fund Trust	10,526,310	9,473,679	19,999,989
2,631,500	Mr. Khawaja Mohammed Asif	26,315,000	23,683,500	49,998,500
1,055,000	Mehran Sugar Mills Limited	10,550,000	9,495,000	20,045,000
<b>14,483,660</b>	<b>Total: Pre OFS Investors</b>	<b>144,836,600</b>	<b>130,352,940</b>	<b>275,189,540</b>

### 2.4 Offer for Sale to General Public

No. of shares	Face value(Rs.)	Premium(Rs.)	Total(Rs.)
The present Offer of 37,208,000 ordinary shares (10 % of paid-up capital) having par value of Rs. 10/- each (at an offer price of Rs. 19/- per share inclusive of a premium of Rs. 9/- per share) is being made as under:			
<b>37,208,000</b>	<b>General Public</b>	<b>372,080,000</b>	<b>334,872,000</b>
			<b>706,952,000</b>

#### Notes:

- (i) As per rule 3 (I) (iv) of the Companies (Issue of Capital) Rules, 1996, the Sponsors shall, at all times, retain at least twenty five percent (25%) of the capital of the company.
- (ii) As per Regulation No. 6(A)(7)(i) of KSE and LSE, sponsors' shareholding in excess of 25% shall not be saleable for a period of six months from the date of public subscription.
- (iii) The shares allotted to investors who have subscribed in the Private Placement shall not be saleable for a period of 6 months from the date of public subscription as per Listing Regulation 6(A)-7(ii) of KSE and LSE.
- (iv) Shares issued for other than cash worth PKR 14,954,660 were issued during preceding years against Project Development Expenses.
- (v) The Company has never issued shares against good-will and intangible assets except services.

### 2.5 OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The subscription list will Insha'Allah open at the commencement of banking hours on June 14<sup>th</sup>, 2011 and will close on June 15<sup>th</sup>, 2011 at the close of banking hours.



## 2.6 INVESTOR ELIGIBILITY

Eligible investors include:

- a) Pakistani citizens resident in or Outside Pakistan or persons holding two nationalities including Pakistani nationality;
- b) Foreign nationals whether living in or outside Pakistan;
- c) Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be);
- d) Mutual funds, provident/pension/gratuity funds/trusts (subject to the terms of their Trust Deed and existing regulations); and
- e) Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.

## 2.7 FACILITIES AVAILABLE TO NON-RESIDENT PAKISTANI AND FOREIGN INVESTORS

Non-resident Pakistani investors and foreign investors may subscribe for the shares being offered through this OFSD by using their Special Convertible Rupee Account (“SCRA”) as set out in Chapter 20 of the Foreign Exchange Manual of the State Bank of Pakistan.

## 2.8 OFFER PRICE, MINIMUM AMOUNT OF APPLICATION AND BASIS FOR ALLOTMENT OF SHARES

The basis and conditions for allotment of shares to the general public shall be as follows:

- (a) This Offer is being made at a price of PKR 19/- per ordinary share but excluding the share transfer fee, which is to be paid by the applicants at the rate of five (05) paisa per share in the case of physical transfer.
- (b) Application for shares must be made for 500 shares or in multiple of 500 shares only. Applications which are neither for 500 shares nor for multiples of 500 shares shall be rejected.
- (c) The minimum amount of application for subscription of 500 shares in the case of physical transfer is PKR 9,525/- and in case of transfer under the book entry system is PKR 9,500/-.
- (d) Application for shares below the total value of PKR 9,525/- in case of physical transfer and PKR 9,500/- in case of transfer under the book entry system shall not be entertained.
- (e) **SUBMISSION OF FICTITIOUS AND MULTIPLE APPLICATIONS (MORE THAN ONE APPLICATIONS BY SAME PERSON) IS PROHIBITED AND SUCH APPLICATIONS’ MONEY SHALL BE LIABLE TO CONFISCATION UNDER SECTION 18-A OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969.**
- (f) If the shares offered to the general public are sufficient to accommodate all applications, all applications shall be accommodated.





- (g) If the shares applied for by the general public are in excess of the shares offered to them, the distribution shall be made by computer balloting, in presence of the representatives of the Stock Exchanges in the following manner:
1. If all applications for 500 shares can be accommodated, then all such applications shall be accommodated first. If all applications for 500 shares cannot be accommodated then balloting will be conducted among applications for 500 shares only.
  2. If all applications for 500 shares have been accommodated and shares are still available for allotment, then all applications for 1,000 shares shall be accommodated. If all applications for 1,000 shares cannot be accommodated then balloting will be conducted among applications for 1,000 shares only.
  3. If all applications for 500 shares and 1,000 shares have been accommodated and shares are still available for allotment, then all applications for 1,500 shares shall be accommodated. If all applications for 1,500 shares cannot be accommodated then balloting will be conducted among applications for 1,500 shares only.
  4. If all applications for 500 shares, 1,000 shares and 1,500 shares have been accommodated and shares are still available for allotment, then all applications for 2,000 shares shall be accommodated. If all applications for 2,000 shares cannot be accommodated then balloting will be conducted among applications for 2,000 shares only.
- (h) After the allotment in the above mentioned manner, the balance shares, if any, shall be allotted in the following manner:
1. If the remaining shares are sufficient to accommodate each application for over 2,000 shares, then 2,000 shares shall be allotted to each applicant and the remaining shares shall be allotted on pro rata basis.
  2. If the remaining shares are not sufficient to accommodate all the remaining applications for at least 2,000 shares, then balloting shall be conducted for allocation of 2,000 shares to each of the successful applicants.
- (i) If the Offer is oversubscribed in terms of amount only then the allotment of shares shall be made on the following basis:
- First preference will be given to the applicants who applied for 500 shares;  
Next preference will be given to the applicants who applied for 1,000 shares;  
Next preference will be given to the applicants who applied for 1,500 shares; and then;  
Next preference will be given to the applicants who applied for 2,000 shares;
- (j) After allotment of the shares in the above mentioned manner, the balance shares, if any, shall be allotted on a pro rata basis to the applicants who applied for more than 2,000 shares.
- (k) Allotment of shares will be subject to scrutiny of the applications for subscription.
- (l) Applications which do not meet with the above requirements or which are incomplete will be rejected.



## 2.9 REFUND OF SUBSCRIPTION MONEY TO UNSUCCESSFUL APPLICANTS

On behalf of the Offerers, the Company shall take a decision within ten (10) days of the closure of subscription list as to which applications have been accepted or are successful and refund the money in cases of unaccepted or unsuccessful applications within ten (10) days of the date of such decision, as required under Section 71 of the Ordinance.

As per sub-section (2) of Section 71 of the Ordinance, if refund as required under sub-section (1) of Section 71 of the Ordinance is not made within the time specified therein, the Offerers shall be jointly and severally liable to repay that money with surcharge at the rate of one and a half percent (1.5%) for every month or part thereof from the expiration of the 15th day and, in addition, to a fine not exceeding five thousand rupees and in case of continuing offense to a further fine not exceeding one hundred rupees for every day after the said 15th day on which the default continues. Provided that a Director shall not be liable if he/she proves that the default in making the refund was not due to any misconduct or negligence on his/her part.

## 2.10 CREDIT AND DISPATCH OF SHARE CERTIFICATES

On behalf of the Offerers, the Company will dispatch share certificates to successful applicants through their Bankers to the Offer or by crediting the respective Central Depository System (“CDS”) accounts of the successful applicants within thirty (30) days of the close of public subscription, as per Listing Regulations of the Stock Exchanges.

Shares will be transferred either in scrip-less form in the CDS or in the shape of physical scrip on the basis of option exercised by the successful applicants. Shares in the physical form shall be dispatched to the successful applicants through their Bankers to the Offer within 30 days from the date of close of subscription list whereas scrip less shares shall be directly credited through book entries in the respective accounts maintained with the Central Depository Company of Pakistan Limited (“CDCPL”).

The applicants who opt for receipt of shares in scrip-less form in CDS should fill in the relevant columns of the Application Form. In order to exercise the scrip-less option, the applicant(s) should have CDS account at the time of subscription.

If the Company makes a default in complying with the above requirements, it shall pay to the Stock Exchanges a penalty of Rupees 5,000 per day for every day during which the default continues.

The name of the Company shall be notified to the members of the Stock Exchanges and placed on the web sites of the Stock Exchanges.

## 2.11 TRANSFER OF SHARES

### (a) Physical Scrips

Under the provisions of Section 77 of the Companies Ordinance, 1984, the Directors of the Company shall not refuse to transfer any fully paid share unless the transfer deed is, for any reason, defective or invalid. Provided that the Company shall within 30 days from the date on which the instrument of transfer was lodged with it, notify the defect or invalidity to the transferee who shall, after the removal of such defect or invalidity, be entitled to re-lodge the transfer deed with the Company.



(b) **Transfer under book entry system**

The shares maintained with the CDS in the book entry form shall be transferred in accordance with the provisions of the Central Depositories Act, 1997 and the Central Depository Company of Pakistan Regulations.

## 2.12 SHARES ISSUED IN PRECEDING YEARS

An aggregate of **372,081,591** fully paid ordinary shares of the face value of PKR10/- each have been issued during preceding years. The details are as follows:

No of shares	Par value (PKR)	Amount (PKR)	Consideration	Date of issue
1,000	10	10,000	Cash	22-06-1995
95,051,124	10	950,511,240	Cash	04-03-1996
195,097,018	10	1,950,970,180	Cash	29-06-1998
1,495,466	10	14,954,660	Other than cash*	29-06-1998
38,472,632	10	384,726,320	Cash	27-07-1999
41,964,351	10	419,643,510	Cash	11-08-2000
<b>372,081,591</b>		<b>3,720,815,910</b>		

\* These shares were issued to sponsors of Pakgen, M/s AES Pak Gen Holding Inc and M/s AES Pakistan Holding, during preceding years against Project Development Expenses of Rs. 14,954,660 incurred on behalf of the Company.

There has been no other issue of shares during the preceding years other than those mentioned above.

## 2.13 PRINCIPAL PURPOSE FOR THE OFFER FOR SALE OF SHARES

The principal purpose of the Offer for Sale is to list the company on the stock exchanges and to broaden its share ownership base.

## 2.14 INTEREST OF SHAREHOLDERS

None of the holders of the issued shares of the Company have any special or other interest in the property or profits of the Company other than as holders of the ordinary shares in the capital of the Company. Adamjee Insurance Company Limited and Security General Insurance Company Limited participate in the insurance of the Company's assets and they are interested to the extent of the premium income received from the Company. Bank of Punjab ("BOP"), one of the subscribers in Private Placement, is also the Underwriter and Banker to the Offer. Hence, BOP will be interested to the extent of Underwriting Commission received for the amount underwritten and Commission received against the collection of applications and subscription money as Banker to the Offer.

## 2.15 DIVIDEND POLICY

The rights in respect of capital and dividends attached to each share are and will be the same. The Company in its general meeting may declare dividends but no dividends shall exceed the amount recommended by the Directors. Dividend, if declared in the general meeting, shall be paid according to the terms of the provisions of the Ordinance.



The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company. No dividends shall be paid otherwise than out of the profits of the Company for the year or any other undistributed profits.

No unpaid dividends shall bear interest or mark-up against the Company. The dividends shall be paid within the period laid down in the Ordinance.

## 2.16 ELIGIBILITY FOR DIVIDEND

The Company in this matter will follow the provisions of Section 92 (2) of the Companies Ordinance, 1984 and the dis-invested shares shall rank pari-passu with the existing (un-divested) shares in all matters, including the right to such bonus or right issue and dividends as may be declared by the Company subsequent to the date of this OFSD.

The Company has announced on March 08, 2011 an interim dividend of 10% for the financial year ending December 31, 2011. The existing shareholders as well as the shareholders from general public and private placement investors will also be entitled for the said interim dividend. The book closure for the entitlement will be announced after the public offer.

## 2.17 DEDUCTION OF ZAKAT

Income distribution will be subject to deduction of Zakat at source, pursuant to the provisions of Zakat and Ushr Ordinance, 1980. (XVIII of 1980) as may be applicable from time to time.

## 2.18 CAPITAL GAINS TAX

Capital gains derived from the sale of listed securities are taxable in the following manner under section 37A of the Income Tax Ordinance, 2001 amended up to June 30, 2010.

S. No.	Tax Year	Tax Rate		
		Holding period of securities		
		Less than six months	more than six months and less than one year	More than one year
1	2011	10.0%*	7.5%*	0%
2	2012	10.0%	8.0%	0%
3	2013	12.5%	8.5%	0%
4	2014	15.0%	9.0%	0%
5	2015	17.5%	9.5%	0%

\* In terms of the amendments made in the Income Tax Ordinance 2011 through the Income Tax (Amendment) Ordinance 2011 surcharge at the rate 15% will be charged on tax liability for the period commencing March 15, 2011 to June 30, 2011.

## 2.19 WITHHOLDING TAX ON DIVIDENDS

Dividend distribution to shareholders will be subject to withholding tax at a reduced rate of 7.5% specified in Clause 20 of Part 2 of the Second Schedule to the Income Tax Ordinance, 2001.

## 2.20 EXEMPTION FROM INCOME TAX

Income of the company derived from the electric power generation project is exempted from income tax under clause 132 of Part-I of the Second Schedule to the Income Tax Ordinance, 2001.

## 2.21 DEFERRED TAXATION

The profits and gains of the company derived from electric power generation are exempt from tax under terms of clause 132 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 therefore no provision for deferred taxation is required to be made by the Company.



## 2.22 FEDERAL EXCISE DUTY & WITHHOLDING TAX ON SALE/PURCHASE OF SHARES

- a) Federal Excise Duty (FED) of 16 percent is charged on brokerage commission on purchase / sale of shares on a Stock Exchange.
- b) In terms of the amendments made in the Income Tax Ordinance, 2011 through the Income Tax (Amendment) Ordinance, 2011, withholding Tax of 0.0115% on purchase / sale value is charged on the purchase / sale of all shares / Modaraba certificates / instruments of redeemable capital for the period commencing March 15, 2011 to June 30, 2011.

## 2.23 JUSTIFICATION FOR THE PREMIUM

Pakgen is in operations since 1998 and have been consistent in paying out dividends. This trend is expected to remain intact in future also because of the guaranteed electricity purchase by power purchaser as per the tariff in accordance with the Power Purchase Agreement

The power purchaser has signed a 30 year power purchase agreement with Pakgen, which was worked out on a 'cost-plus' basis. Actual variable costs incurred for the generation of electricity are passed onto the power purchaser whereas the equity investors and lenders enjoy an assured rate of return. The IPPs, thus, are not subjected to market risk for their output

The group of sponsors is also very strong with 32% held by Nishat Mills Limited, 8% each by Adamjee Insurance Company Limited and Mian Hassan Mansha 2% by Security General Insurance Company Limited, 30% by Stanhope Investments of Abu Dhabi Investment Council and the remaining 20% is owned by Engen (Private) Limited, a City School Group company. Nishat Mills Limited owns and operates 2 more power projects, one of them is adjacent to Pakgen and the other is recently commissioned project near Lahore.

The offer price of PKR 19 per share is at an attractive discount of 22.44% from its Dividend Discount Model based fair value of PKR 24.50 per share and provides a Dividend Yield of 22.10% (based on 2011 projected dividend of Rs. 4.2 per share) compared to lower yields of other IPPs listed on the stock exchange.

Pakgen comparison with peer group companies (based on annual audited accounts of 2010)

Year End		HUBCO	KAPCO	Pakgen
		30-Jun-10	30-Jun-10	31-Dec-10
Earnings per Share (Rs.)	A	4.8	5.78	4.13
Book Value per Share (Rs.)	B	25.82	25.55	36.96
Dividend per Share (Rs.)	C	5	5	3.7
Market Price per Share (Rs.) (May 26, 2011)	D	38.00	44.03	19.00*
Price Earnings Ratio (x)	D/A	7.92	7.62	4.60
Price to Book Value (x)	D/B	1.47	1.72	0.51
Dividend Yield %	C/D	13.16%	11.36%	19.47%

\*Offer Price

The offer price is also at an attractive discount of 48% to the Book Value per Share of Rs. 36.96 as of 31st December 2010.

The board of directors of Pakgen Power Limited in their meeting held on March 08, 2011 has declared an interim dividend of 10% to the existing shareholders as well to those who will be the shareholders of Pakgen in result of OFS.



## PART 3

### 3. UNDERWRITING, COMMISSIONS, BROKERAGE AND OTHER EXPENSES

#### 3.1 UNDERWRITING

The Offer of 37,208,000 ordinary shares at an offer price of Rs. 19/- per share has been fully underwritten as under:

Name of Underwriters	No. of Shares	Value
Arif Habib Corporation	23,181,683	440,451,977
Bank of Punjab	2,631,580	50,000,020
Soneri Bank Limited	2,631,580	50,000,020
Aba Ali Habib Securities (Pvt.) Limited	2,631,579	50,000,001
Allied Bank Limited	2,631,578	49,999,982
KASB Securities Limited	2,000,000	38,000,000
KASB Bank Limited	1,500,000	28,500,000
<b>Total Public Offer</b>	<b>37,208,000</b>	<b>706,952,000</b>

If, and to the extent, the Shares Underwritten are not subscribed and paid for in full by the Closing date for the public subscription, the Underwriters in terms of the underwriting agreements will, within 15 (fifteen) days of being called upon to do so by the Offerers, (i) subscribe and take up against full payment in cash or (ii) procure subscribers to subscribe and take up against full payment in cash, the shares remained unsubscribed subject to the maximum of the Shares Underwritten.

In opinion of the Offerers, the resources of the Underwriters are sufficient to discharge their underwriting commitments.

#### 3.2 BUY BACK/REPURCHASE AGREEMENT

**THE UNDERWRITERS HAVE NOT ENTERED INTO ANY BUY BACK/RE-PURCHASE AGREEMENT WITH THE OFFEROR OR ANY OTHER PERSON IN RESPECT OF THIS OFFER.**

**ALSO, NEITHER THE OFFEROR NOR ANY OF ITS ASSOCIATES HAVE ENTERED INTO ANY BUY BACK/REPURCHASE AGREEMENT WITH THE UNDERWRITERS OR THEIR ASSOCIATES. THE OFFEROR AND ITS ASSOCIATES SHALL NOT BUY-BACK/REPURCHASE SHARES FROM THE UNDERWRITERS AND THEIR ASSOCIATES.**

#### 3.3 UNDERWRITING COMMISSION

The underwriters have been paid an underwriting commission at the rate of 1.50% of the amount of Offer underwritten by them. In addition, a take up commission at the rate of 1.50% shall be paid to the underwriters on the value of shares required to be subscribed by them by virtue of their respective underwriting commitments.

#### 3.4 COMMISSION TO THE BANKERS TO THE OFFER

Commission at the rate of 0.50% of the amount collected on allotment in respect of successful applicants will be paid by the Company to the Bankers to this Offer for services to be rendered by them in connection with this Public Offer, plus out-of-pocket expenses, if any.



### 3.5 BROKERAGE

Brokerage shall be paid to the members of KSE, LSE and ISE at the rate of 1.0% of the value of shares actually sold through them.

### 3.6 EXPENSES OF THE OFFER

The expenses of this Offer for Sale are estimated not to exceed PKR 57.422 million out of which the listing fees of KSE & LSE and processing fee of SECP shall be borne by the Company while the balance of expenses shall be borne by the Offerers.

Expense	Rate	Amount (Rupees)
Underwriting Commission	1.50%	10,604,325
Take up commission	1.50%	10,604,325
Bankers to the Offer commission	0.50%	3,534,775
Bankers to the Offer (out of pocket expenses)		330,000
Financial Advisor & Arranger fees	1.25%	12,276,807
Brokerage to the members of KSE, LSE & ISE*	1.00%	7,069,550
Printing, publication etc.		2,000,000
<b>KSE listing fee and charges:</b>		
Initial Listing Fee*		2,500,000
Annual Listing Fee		212,500
Service Charges		50,000
<b>LSE listing fee and charges:</b>		
Initial Listing Fee*		2,500,000
Annual Listing Fee*		90,000
Service Charges		50,000
CDC fees and deposits		500,000
SECP Application and processing Fees		100,000
Balloters, Transfers Agents and Share registrars fees		1,000,000
Miscellaneous costs*		4,000,000
<b>Total</b>		<b>57,422,283</b>

\* These amounts represent the maximum possible costs under these heads.



## PART 4

### 4. HISTORY AND PROSPECTS

#### 4.1 THE COMPANY

##### **Brief History**

Pakgen Power Limited [formerly known as AES Pak Gen Company Limited], was incorporated as an unlimited company in Pakistan, with the name of AES Pak Gen (Private) Company – a subsidiary of AES Corporation of USA, on 22 June 1995 under the Companies Ordinance 1984. The principal activities of the Company are to own, operate and maintain an oil fired power station with an installed capacity of 365 MW in Mehmood Kot - Muzaffargarh, Punjab, Pakistan.

In June 2010, the Company was acquired by a consortium of Pakistani businessmen comprising of Nishat Mills Limited, Adamjee Insurance Company Limited, Security General Insurance Company Limited, Mian Hassan Mansha, City School Group and Abu Dhabi Investment Council. After the acquisition, the management of the company was also changed (please refer to section 6.4 & 6.5 for details). The Company under the new management was also converted from a Private unlimited liability company to a Public Company limited by shares in July 2010. The name of the company was also changed from AES Pak Gen (Private) Company to Pakgen Power Limited in November 2010.

The Company commenced commercial operations on February 01, 1998. The electricity generated is purchased by WAPDA under the Power Purchase Agreement (PPA) executed with the company on September 05, 1995 which is valid for a period of 30 years.

##### **Objective of the Company**

The company's objective is to build and operate a power generation plant for generation, distribution, sale and supply of electricity to WAPDA and perform all acts directly or indirectly related or incidental to run the affairs of the Company.

#### 4.2 THE SPONSORS

##### **Nishat Mills Limited:**

Nishat Mills, the major shareholder in Pakgen, have an asset base of over Rs. 46.18 Billion and shareholders' equity of more than Rs. 31.3 Billion. As per the latest audited accounts for the year ended June 30, 2010, its turnover and net profitability exceeds Rs. 31.5 Billion and Rs. 2.91 Billion respectively. It has a consistent record of rewarding shareholders through cash dividends and bonus shares. The shares of Nishat Mills are traded as blue-chip scrip liked by local and international investors for its liquidity and potential capital gains. Nishat Power Limited, a subsidiary of Nishat Mills, was listed on stock exchanges in 2009. The principal activity of Nishat Power Limited is to build, own, operate and maintain a fuel fired power station based on Reciprocating Engine Technology having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The shares of Nishat Power which were offered for Sale to the Public in August 2009 at Par value of Rs. 10 each are now traded at around Rs.17 per share (average price for January & February 2011) over 70% gain in less than one and a half year. Its closing price as on 11th March 2011 was Rs. 15.6 per share.





**Mian Hassan Mansha:**

Mr. Hassan Mansha is the Chief Executive of Nishat Power Limited. He has over 10 year’s professional managerial experience. He has completed his education from USA and is presently serving on the boards of following companies:

- Nishat Mills Limited
- Adamjee Insurance Company Limited
- Nishat Hotels & Properties Limited
- Security General Insurance Co. Ltd.
- Pakistan Aviators & Aviation (Pvt) Ltd.
- Lalpir Power Limited [formerly AES Lalpir (Pvt) Ltd.]

**Adamjee Insurance Company Limited:**

Adamjee Insurance Company Limited (AICL) was incorporated as a Public Limited Company on September 28, 1960 and is listed on all three stock exchanges of Pakistan. The Company commenced operations with a Paid-up Capital of Rs. 2.5 million, which has grown phenomenally in the past 5 decades. As of 30th September 2010 the Paid-up Capital of the Company is Rs. 1.24 billion.

AICL enjoys a competitive edge in the insurance industry due to its strong asset base, paid-up capital, substantial reserves and balanced portfolio mix. AICL broadly is involved in underwriting the following classes of businesses:

- Fire and Property
- Engineering
- Health
- Marine
- Motor

In addition AICL insures sensitive Petrochemical and complex Industrial Risk projects of great value. AICL specializes in insuring Engineering and Telecom concerns, whereby it has secured the greatest share of clients in those sectors. On the other end of the spectrum, AICL services the primary industries of Pakistan by covering several Cement Factories, as well as numerous Textile and Sugar Mills. Assuming the role of a leader in Pakistan’s Insurance Industry, AICL pioneered the coverage of Energy Risks.

The shares of AICL are heavily traded and are liked by the local and international investors for its consistent growth, profitability and professional management.

**Security General Insurance Company Limited:**

Security General Insurance Company Limited was incorporated in 1996 with paid up capital of Rs.25 million. Today, it’s paid up capital stands at Rs. 680 million. It is engaged in the business of non-life insurance coverage and operates through 8 branches in the country.

It is an unlisted company which has consistent record of growth, profitability and dividend payouts. The Company is an ISO 9001:2000 certified company from Moody International Certification Limited in underwriting risk and selling insurance.

**Stanhope Investments:**

Stanhope is a company formed under and by virtue of the laws of the Cayman Islands. Stanhope Investments is a wholly owned subsidiary of Abu Dhabi Investment Council (“ADIC”) and has no shareholders or beneficial owners other than ADIC. ADIC is a public institution created, wholly owned, and controlled by the Government of the Emirate of Abu Dhabi.



ADIC is an investment arm of the Government of Abu Dhabi. The Council started its operations in April 2007 and is responsible for investing part of the government’s surplus financial resources through a globally diversified investment strategy, targeting positive capital returns through an expansive portfolio of highly diversified asset classes and active investment management strategies.

#### **Engen (Private) Limited:**

Engen belongs to the City Schools (Private) Limited (“City Schools”) group of companies. Engen has been primarily established to carry on business of power generation and distribution as independent power producer. City Schools is a private limited company incorporated in Pakistan on September 20, 1980 under the Companies Act, 1913 (now the Companies Ordinance, 1984) in the name of BPS (Karachi) Limited. The name was subsequently changed to City Schools (Private) Limited on February 24, 1986. City Schools is in the business of setting up and operating educational institution. City Schools is a pioneer in English medium private sector K-12 education in the region.

#### **Group Companies of City Schools:**

1. Engen (Private) Limited
2. City Hospitality Management Services (Private) Limited
3. Education System (Private) Limited
4. Shalimar Construction Company (Private) Limited
5. City APIIT Pakistan (Private) Limited

### **4.3 REGULATORY APPROVALS/OPERATIONAL CONTRACTS**

Pakgen has been issued a Generation License by National Electric Power Regulatory Authority (“NEPRA”). Other Key approvals/operational contracts are listed below:

<b>Key contracts</b>	<b>Counter Party</b>	<b>Execution Date</b>
Power Purchase Agreement	WAPDA	September 5, 1995
Implementation Agreement	President, Islamic Republic of Pakistan	September 24, 1994
Fuel Supply Agreement	Pakistan State Oil Company Limited	September 7, 1995

### **4.4 LOCATION OF THE PLANT**

The plant is located in Mehmood Kot - Muzaffargarh, Punjab, Pakistan on a free hold land covering 1,736 Kanals and 15 Marlas. Access to the site is by a paved road off the D.G.Khan Kot Addu highway. The location of the project has developed infrastructure with all the supporting facilities for smooth operations of the plant.

### **4.5 PLANT**

The power project set up by the Company has a gross generation capacity of 365 MW with a net generation capacity of 337 MW. It is a residual furnace oil based power project located in Mehmood Kot - Muzaffargarh, Punjab, Pakistan.

<b>Plant Type</b>	Conventional Fuel Fired Thermal Power Station Boiler / Turbine - MHI Japan Generator - Parsons Inc	
<b>Manufacturers Model</b>	Boiler	A-703
	Turbine	N-1356
	Generator	NE62YL
<b>Remaining Useful Life</b>	17 years	



The main power block consists of a single, residual fuel oil-fired 1,200,000 Kg/h, forced draft boiler and a single 365 MW reheat, condensing, two casing, double flow type steam turbine generator. The fuel supply to the Complex is via rail road to Mahmud Kot and an approximately 1.50 Km pipeline to the Site.

Interconnection with the WAPDA system is via a 220 Kv, conventional type, 5- circuit breaker outdoor substation. The Company’s fuel supplier is Pakistan State Oil (PSO), the leading local oil marketing company. The Fuel Supply Agreement (FSA) is backed by a government guarantee, which mitigates the reliance on a single fuel supplier. RFO is delivered to the Company through pipelines as agreed in FSA.

The plant got submerged in the recent floods in Pakistan. The rehabilitation of plant was completed as per the recommendation of investigation report by the engineers of Mitsubishi Heavy Industries Limited and the operations of plant were resumed on 06 November 2010, after remaining closed for 94 days.

Some of the key information regarding the plant is given below:

<b>Location</b>	Mehmood Kot, Muzaffargarh, Punjab, Pakistan
<b>Total Gross Capacity</b>	365 MW
<b>Net Capacity (with correction)</b>	337 (+-5%) MW
<b>Plant Configuration</b>	1x365 MW Steam Turbine
<b>Technology</b>	Oil-Fired Steam Turbine
<b>Commercial Operations Date</b>	February 1, 1998
<b>Fuel</b>	Residual Furnace Oil (RFO)
<b>Fuel Supply Agreement</b>	Pakistan State Oil Company Limited (“PSO”)
<b>Power Purchase Agreement</b>	30 Years

#### 4.6 CAPACITY & UTILIZATION

	CY2006	CY2007	CY2008	CY2009	9M CY2010
Net Generation (Gwh)	1,640	1,877	2,084	2,086	1,687
Utilization	53.4%	61.2%	67.8%	68.3%	69.3%
Available	87.5%	82.3%	89.7%	83.9%	95.5%

#### 4.7 SUMMARY OF MATERIAL CONTRACTS

##### Power Purchase Agreement (“PPA”) with WAPDA

The Power Purchase Agreement has been signed between WAPDA (“the Power Purchaser”) and Pakgen Power Limited on September 05, 1995, through which Pakgen has been granted a generation license and the sale and delivery of electric energy produced has been restricted to the Power Purchaser only. Under the PPA, it is the responsibility of Pakgen to generate power and supply electricity to WAPDA. The supply of electricity should be up to the Net Generation Capacity of Pakgen.



The PPA shall continue in full force and effect for a period of 30 years. The Contract capacity of the plant is 337 MW as per the PPA. The power purchaser shall take delivery and pay the Company for the dispatched and delivered net electrical output. The Power Purchaser is liable to pay for the capacity payments and energy payments on monthly basis on the premises of monthly available capacity as shown in the below mentioned tariff.

Operating Year	Calendar Year	Energy Purchase Price(EPP) (Rs./KWh)			Capacity Purchase Price (CPP) (Rs./KWh)			Total Tariff Rs./KWs
		Fuel	Variable O&M	Total	Escalable Component	Non Escalable Component	Total Capacity Purchase Price	
14	2011	0.653	0.03	0.683	0.359	0.672	1.031	1.714
15	2012	0.653	0.03	0.683	0.359	0.672	1.031	1.714
16	2013	0.653	0.03	0.683	0.359	0.407	0.766	1.449
17	2014	0.653	0.03	0.683	0.359	0.043	0.402	1.085
18	2015	0.653	0.03	0.683	0.359	0.043	0.402	1.085
19	2016	0.653	0.03	0.683	0.359	0.043	0.402	1.085
20	2017	0.653	0.03	0.683	0.359	0.043	0.402	1.085
21	2018	0.653	0.03	0.683	0.359	0.010	0.369	1.052
22	2019	0.653	0.03	0.683	0.359	0.010	0.369	1.052
23	2020	0.653	0.03	0.683	0.359	0.010	0.369	1.052
24	2021	0.653	0.03	0.683	0.359	0.010	0.369	1.052
25	2022	0.653	0.03	0.683	0.359	0.010	0.369	1.052
26	2023	0.653	0.03	0.683	0.359	0.010	0.369	1.052
27	2024	0.653	0.03	0.683	0.359	0.010	0.369	1.052
28	2025	0.653	0.03	0.683	0.359	0.010	0.369	1.052
29	2026	0.653	0.03	0.683	0.359	0.010	0.369	1.052
30	2027	0.653	0.03	0.683	0.359	0.010	0.369	1.052
<b>Indexation</b>		<b>Fuel Price</b>	<b>CPI &amp; PKR/USD</b>		<b>CPI &amp; PKR/USD</b>	<b>Nil</b>		

The power purchaser will also reimburse the company for certain pass through items such as:

- Payments into WWF and WPPF
- Reasonable costs approved by WAPDA for modifications or expansions
- Turnover tax of 0.5%
- Any variations in expenditure or the withholding tax payable
- Any damages charged for changes in fuel delivery

Major provisions of the PPA are as follows:

- a. The total contract capacity with Pakgen is 337 MW which is equivalent to the net generation of the plant. However the contract capacity can be revised upward to the initial tested capacity.
- b. The PPA shall continue in full force and effect for a period of thirty (30) years.
- c. The company shall sell the agreed net contract capacity to the Power Purchaser at the interconnection point and provide ancillary services to the power purchaser.
- d. The Company may undertake scheduled outages only according to the schedule which has been proposed by the Company.
- e. The power purchaser shall be responsible for the design, construction, financing, completion and commissioning of the power purchaser interconnection facilities whereas the company shall carry out the company's interconnection works with proper skill and care in all material respects.
- f. The Company shall at its expense install the metering system and back up metering system for determining Net Electrical Output for the Complex.
- g. From and after the commercial operations date, the power purchaser shall pay the company the capacity payments for the available capacity for each month and energy payments for dispatched and delivered net electrical output for the relevant month.



### **Implementation Agreement (“IA”) with the GOP**

The Implementation Agreement had been signed between the Islamic Republic of Pakistan (“GoP”) and Pakgen on September 24, 1994.

The salient features of the IA are as follows:

- a. The Company shall design, insure, finance, acquire, construct, complete and commission the Complex and shall own, operate and maintain the Complex in accordance with all applicable laws of Pakistan, the Company Consents, the IA and the PPA.
- b. The company shall obtain and maintain insurance from financially strong and internationally reputable insurance companies.
- c. During the term the Company shall not be subject to taxation in Pakistan on its profits and gains derived from the electric power generation under the PPA.
- d. Any change in Clause 132 of Part I of the second schedule of the income tax ordinance, 2001 shall not give rise to a breach or default of the GOP so long as such change results in a change in the tariff.
- e. Local investors will be taxed according to the applicable laws of Pakistan while foreign investors will be governed by the Bilateral Tax Treaties, if any. Where no such treaty exists with the respective countries, foreign investor shall be taxed in accordance with the applicable laws of Pakistan.
- f. The company shall be entitled to export any items of plant and machinery for the purpose of repair outside Pakistan and to re-import the same upon payment of applicable custom duties.
- g. The exchange and transfer abroad of all foreign currency related to the project shall be governed by the Laws of Pakistan.
- h. Neither the GoP nor any public sector entity shall take any discriminatory action which materially and adversely affects the project or performance of the company’s obligations.
- i. The GoP undertakes to the Company that neither it nor the Power Purchaser or any Public Sector Entity will expropriate, compulsorily acquire, nationalize, or otherwise compulsorily procure any Ordinary share capital or material assets of the Company.

### **Fuel Supply Agreement (“FSA”) with Pakistan State Oil Company Limited (“PSO”)**

The Fuel Supply Agreement has been signed between Pakgen and Pakistan State Oil Company Limited (“Fuel Supplier”) on September 07, 1995. The locked in FSA guarantees provision of fuel and diesel oil to the company at the site under this agreement. The company is bound to fulfill all the fuel requirements only through the fuel supplier.

The price of fuel shall be set out in HSFO Price Notification applicable on the date of fuel supplier’s relevant invoice as per guidelines approved by NEPRA, whereas price of diesel oil shall be determined by OGRA from time to time pursuant to the Petroleum Products (Development Surcharge) Ordinance, 1961.



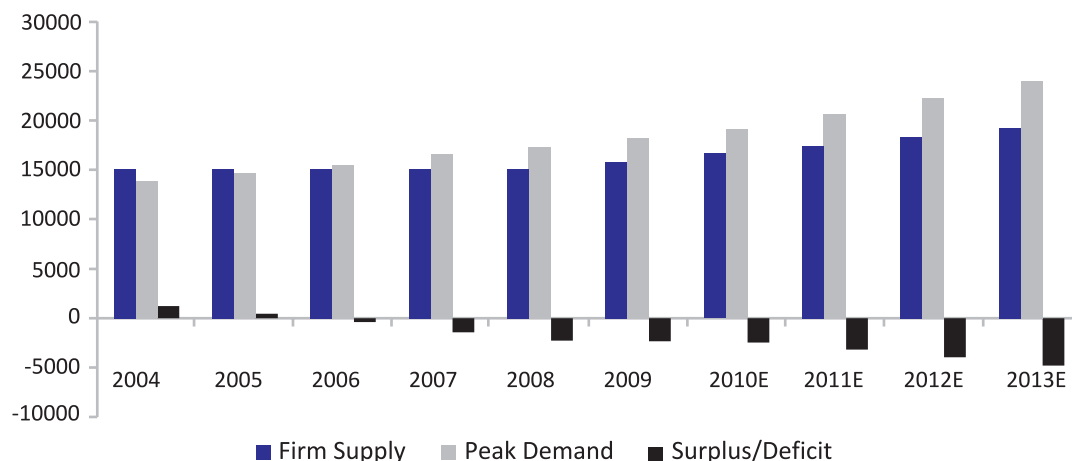
The salient features of the FSA are as follows:

- a. The agreement shall commence and be in force immediately upon the date of financial closing and remain valid till the expiry of Power Purchase Agreement.
- b. Pakgen shall purchase all its requirements of Fuel and Diesel Oil for the Complex from the fuel supplier.
- c. Pakgen shall provide the necessary facilities such as truck decanting, storage tanks for storing at least 30 day fuel stock, adequate and proper warehouses and all requisite internal pipelines and pipeline termination flange(s) as specified by the fuel supplier.
- d. The Fuel Supplier shall at its own cost and expenses develop, design, insure, construct, complete, own, operate and maintain a pipeline (the “Pipeline”) connecting the Fuel Supplier’s Terminal with the Company’s storage tank(s) located on Site at the Complex necessary to deliver Fuel to the Delivery Point.
- e. Fuel and diesel oil delivered to the company shall meet the relevant specification as defined in the FSA. **Upon acceptance of delivery of fuel or diesel oil by Pakgen not meeting the relevant standards, the delivered fuel shall be considered as meeting the relevant specifications.**
- f. Fuel storage tanks have a capacity equal to at least thirty days of operation of the complex at one hundred percent of the contract capacity.
- g. The fuel supplier shall at its own cost design, construct, install and maintain to have in place all such facilities, equipments or arrangements as the fuel supplier deems necessary in order to be able to effect deliveries of Fuel and Diesel Oil at the delivery point.
- h. The price payable by Pakgen for fuel delivery by the fuel supplier to the complex shall be that set out in the HSFO price notification applicable on the date of fuel supplier’s relevant invoice as per the formula approved or revised by NEPRA.
- i. The price for diesel oil shall be as determined by OGRA from time to time pursuant to the Petroleum Products Ordinance.
- j. The fuel supplier may increase the gross margin on the basis of a directive from the GoP or OGRA and subject to NEPRA’s approval.

#### 4.8 DEMAND & SUPPLY DYNAMICS – POWER SECTOR

As demand is expected to continue growing at a rapid rate, Pakistan’s domestic power industry is simply unable to generate enough electricity to meet the country’s needs. The supply deficit of between 2,500 MW – 3,000MW in FY09 is expected to increase to 4,500 MW – 5,000 MW in the next 3 years.

The exhibit below illustrates Pakistan’s power firm supply and peak demand forecasts.



Source: PPIB



To cope with severe power shortages anticipated in the near future, GoP has extensive plans underway to develop hydropower, coal, wind resources and introduce more gas-fired generation. Due to time constraints GoP has requested the existing IPPs, including the Company, to make proposals to expand their capacities on a fast track basis under the Power Policy 2002 framework.

Hence, most upcoming power projects are thermal plants that are furnace oil based. This is due to a number of factors, including a shortage of natural gas in the country, low calorific value of the domestic coal and lower water levels in rivers. However, furnace oil is the most expensive means of electricity generation in Pakistan and the country has been meeting the majority of its oil requirements through imports which imposes a huge resultant burden on the balance of payments.

#### 4.9 RISK FACTORS

In making the investment decision, the investor may take into consideration the following risk factors:

Potential Risks	Mitigating Factors
<b>Off-take risk –</b> Risk of low dispatch from the Project	GoP guaranteed Capacity Payment to cover the financing costs, fixed operating costs and equity return; payable on the available capacity irrespective of the level of dispatch.
<b>Inflation rate –</b> Risk of increase in various operating costs due to inflation	The tariff structure allows the local and foreign Operations & Maintenance (“O&M”) costs (both variable and fixed) to be indexed to PKR WPI and US CPI respectively, thus any inflation risk is effectively passed-on to the Power Purchaser.
<b>Exchange rate –</b> Risk of PKR depreciating against USD	The tariff is adjusted by NEPRA to take into account fluctuations of USD/PKR exchange rate during construction. Foreign currency component of O&M costs, interest payment and principal repayment component are indexed to variations in the USD/PKR exchange rate. Exchange rate risk is thus effectively a pass-through to the Power Purchaser. GoP provides guarantee on availability of foreign currency, free transfer and repatriation of funds under the Implementation Agreement.
<b>Fuel Price Risk</b> Variation in the global fuel prices may affect Company’s profitability	Under the terms of the PPA with WAPDA, any variation in the fuel price is to be passed on to WAPDA so variation in fuel price does not pose any risk to the project profitability.
<b>Economic</b> Economic slowdown caused may affect profitability of the Company	Keeping in view the disparity between demand and supply of electricity, it can be inferred that demand for electricity is relatively inelastic so even in the event of an economic slow down; profitability of the Company is unlikely to be affected.
<b>Risk of Floods</b> Risk that any floods in future may cause interruption in the operations of plant and damage the plant & machinery	In order to protect the plant from floods in future, Pakgen is constructing a 20 ft concrete wall around the plant.

**Note: It is stated that all material risk factors have been disclosed and that nothing has been concealed in this respect.**



## PART 5

## 5 FINANCIAL INFORMATION

## 5.1 AUDITORS REPORT UNDER SECTION 53(1) READ WITH CLAUSE 28(1) AND 28(2) OF SECTION 2 OF PART I OF THE SECOND SCHEDULE TO THE COMPANIES ORDINANCE, 1984 FOR THE PURPOSE OF INCLUSION IN THE OFSD OF PAKGEN POWER LIMITED

**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**NEXIA**  
INTERNATIONAL

Board of Directors  
Pakgen Power Limited  
(Formerly AES Pak Gen Company Limited)  
1-B, Aziz Avenue, Gulberg-V  
LAHORE

18 April 2011  
Our ref: G-1-631

Gentlemen

**CERTIFICATE UNDER SECTION 53(1) READ WITH CLAUSE 28(1) OF SECTION 2 OF PART 1 OF THE SECOND SCHEDULE TO THE COMPANIES ORDINANCE, 1984**

We have audited the financial statements of PAKGEN POWER LIMITED ("the company") [Formerly AES Pak Gen Company Limited], for the year ended 31 December 2010. The financial statements of the company for the four years ended from 31 December 2006 to 31 December 2009 were audited by following firms of Chartered Accountants:

YEAR ENDED	
31 December 2006	M. Yousuf Adil Saleem & Co., Chartered Accountants
31 December 2007	M. Yousuf Adil Saleem & Co., Chartered Accountants
31 December 2008	Ford Rhodes Sidat Hyder & Co., Chartered Accountants
31 December 2009	Ford Rhodes Sidat Hyder & Co., Chartered Accountants

In accordance with section 53(1) read with clause 28(1) of section 2 of Part 1 of the Second Schedule to the Companies Ordinance, 1984, we report that:

- The assets and liabilities of the company as at 31 December 2009 and 31 December 2010 were as follows:

	2010	2009
<b>ASSETS</b>	Rupees in thousand	
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	7,603,814	7,815,613
Long-term security deposits	15	15
Derivative financial instrument	-	-
	7,603,829	7,815,628
<b>CURRENT ASSETS</b>		
Stores, spare parts and other consumables	123,203	88,101
Fuel stock	426,878	345,455
Trade debts	6,277,775	6,349,093
Advances and short-term prepayments	1,706,534	122,724
Interest accrued	6,384	6,417
Other receivables	1,008,259	654,986
Current portion of derivative financial instrument	-	427,307
Sales tax recoverable	579,136	378,800
Cash and bank balances	1,588,773	1,169,939
	11,716,942	9,542,822
<b>TOTAL ASSETS</b>	19,320,771	17,358,450

10-B, Saint Mary Park  
Main Boulevard, Gulberg-III  
Lahore 54660, Pakistan  
Telephones (92-42) 3571 81 37-9  
Fax (92-42) 3571 81 36  
racolhr@racopk.com  
www.racopk.com

Riaz Ahmad & Company is a member of Nexia International, a worldwide network of independent accounting and consulting firms





## RIAZ AHMAD & COMPANY

Chartered Accountants

	2010	2009
	Rupees in thousand	
<b>EQUITY AND LIABILITIES</b>		
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITY</b>		
Long-term finance	-	-
<b>CURRENT LIABILITIES</b>		
Trade and other payables	867,400	585,688
Accrued mark-up	120,791	67,005
Short-term borrowings	4,580,489	3,000,177
Current portion of long-term finance	-	113,126
	5,568,680	3,765,996
<b>TOTAL LIABILITIES</b>	5,568,680	3,765,996
<b>SHAREHOLDERS' EQUITY</b>		
Issued, subscribed and paid-up share capital	3,720,816	3,720,816
Capital reserve	116,959	116,959
Revenue reserves	9,914,316	9,754,679
	13,752,091	13,592,454
<b>Total shareholders' equity and liabilities</b>	19,320,771	17,358,450

2. The profit and loss account of the company for each of the financial years ended from 31 December 2006 to 31 December 2010 are as follows:

	YEAR ENDED 31 DECEMBER				
	2010	2009	2008	2007	2006
	(----- Rupees in thousand -----)				
Revenue	20,506,732	21,843,189	24,731,517	14,300,836	12,540,433
Cost of sales	(17,947,818)	(17,087,648)	(21,412,763)	(11,328,313)	(9,625,473)
Gross profit	2,558,914	4,755,541	3,318,754	2,972,523	2,914,960
Administrative expenses	(223,419)	(250,466)	(199,523)	(153,998)	(141,662)
Other operating expenses	(189,849)	(83,627)	(29,126)	(32,287)	(31,021)
	2,145,646	4,421,448	3,090,105	2,786,238	2,742,277
Other operating income	353,203	56,781	32,795	14,868	39,221
Profit from operations	2,498,849	4,478,229	3,122,900	2,801,106	2,781,498
Finance cost	(947,848)	(1,837,876)	(794,967)	(961,340)	(918,924)
Profit before taxation	1,551,001	2,640,353	2,327,933	1,839,766	1,862,574
Taxation	(13,557)	(6,728)	(3,217)	(5,040)	(11,433)
Profit after taxation	1,537,444	2,633,625	2,324,716	1,834,726	1,851,141
Earnings per share - Basic (Rupees)	4.13	7.08	6.25	4.93	4.98



## RIAZ AHMAD & COMPANY

Chartered Accountants

3. The company has issued only 372,081,591 ordinary shares of Rupees 10 each. Cash dividends declared relating to each of the financial years ended from 31 December 2006 to 31 December 2010 are as follows:

	YEAR ENDED 31 DECEMBER				
	2010	2009	2008	2007	2006
Rupees per share	3.70	2.79	8.78	6.95	3.58
Percentage	37	27.9	87.8	69.5	35.8

4. We further state that:

- 4.1 Contingencies and commitments of the company as at 31 December 2010 were as follows:

#### Contingencies

- i) Up to the year ended 31 December 2002, the Company had recorded and paid to the Federal Treasury contributions on its annual profit as per the provisions of the Companies Profits (Workers' Participation) Act, 1968 (the Act). Based on legal advice, the Company has filed a petition on 15 April 2004 in the Lahore High Court challenging the application of the Act to the Company on the grounds that since inception the Company has not employed any person who falls within the definition of the term "Worker" as per the provisions of the Act. The Company asserts that it had erroneously deposited in the past certain sums with Federal Treasury as contributions of Workers' Profit Participation Fund (WPPF) and Workers' Welfare Fund (WWF), although it was not obligated to make such payments. The petition has been filed subsequent to the Company's receipt of the Federal Board of Revenue's Income Tax / Wealth Tax Circle's letter dated 30 March 2004 directing the Company to allocate five percent of its net profit towards the WPPF and deposit the un-utilized amount of the WPPF in the Federal Treasury. The petition had been filed against the Labour, Manpower and Overseas Pakistani Division of Ministry of Labour, Manpower and Overseas Pakistanis.

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

Consequent to the amendments that have been made in the Act through the Finance Act, 2006, the Company is required to pay 5% of its profits to WPPF from the financial year 2006. The Company established a workers' profit participation fund to comply with the requirements of the Companies Profit (Workers' Participation) Act, 1968 in which the Company has paid an amount of Rupees NIL (2009: Rupees 92 million) during the year.

In addition to above, consequent to Finance Act, 2008, the Company has also paid Rupees 46.5 million in respect of Workers' Welfare Fund for the financial year 2008 and same has been billed to WAPDA being a pass through item under (PPA). Further, the Company has made provision of Rupees 31.02 million (2009: Rupees 52.8 million) against current year's profit.

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



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

- ii) The company has issued a letter of credit in favour of WAPDA for an amount of Rupees 651 million (2009: Rupees 651 million) to meet its obligations under the (PPA).

**4.2 Commitment**

- i) The company has entered into a contract for a period of thirty years for purchase of oil from Pakistan State Oil Company Limited (PSO). Under the terms of Fuel Supply Agreement (FSA), the company is not required to buy any minimum quantity of oil from PSO.

**4.3 General**

- i) Un-modified auditors' reports were issued on the financial statements for the financial years ended from 31 December 2006 to 31 December 2009. However, there is a qualified opinion in respect of following matters on the financial statements for the year ended 31 December 2010.
  - (a) The operations of the company were disrupted by floods in Pakistan during the year 31 December 2010. The management is in the process of estimating actual loss of property, plant, equipment and inventory for claims from the insurance company. Therefore, impairment loss on property, plant, equipment and inventory has not been recognized in the financial statements. Loss of capacity revenue and all other costs incurred by the company for rehabilitation work upto the reporting date amounting to Rupees 550.073 million have been recorded as receivable from the insurance company. However, the ultimate recovery from the insurance company against the loss is dependent on the amount of claims to be filed and their final settlement by the insurance company.
- ii) No financial statements have been audited by us subsequent to the audit of the financial statements for the year ended 31 December 2010.

Very truly yours

*Riaz Ahmad & Co*  
RIAZ AHMAD & COMPANY  
Chartered Accountants



5.2 SHARE BREAK-UP VALUE CERTIFICATE

**RIAZ AHMAD & COMPANY**  
Chartered Accountants



Board of Directors  
Pakgen Power Limited  
(Formerly AES Pak Gen Company Limited)  
1-B, Aziz Avenue, Gulberg-V  
LAHORE

18 April 2011  
Our ref: G-1-630

Gentlemen

**CERTIFICATE OF BREAK-UP VALUE PER SHARE AS AT 31 DECEMBER 2010**

Based on the audited financial statements for the year ended 31 December 2010, the break-up value of one ordinary share of Rupees 10 each of PAKGEN POWER LIMITED (Formerly AES Pak Gen Company Limited) is Rupees 36.96 as computed below:

	<b>Rupees in thousand</b>
Issued, subscribed and paid up share capital	3,720,816
Capital reserve	116,959
Revenue reserve	9,914,316
Total shareholders' equity	<u>13,752,091</u>
Number of ordinary shares	<u>372,081,591</u>
Break-up value per share - Rupees	<u>36.96</u>

Very truly yours

*Riaz Ahmad & Co*  
**RIAZ AHMAD & COMPANY**  
Chartered Accountants

10-B, Saint Mary Park  
Main Boulevard, Gulberg-III  
Lahore 54660, Pakistan  
Telephones (92-42) 3571 81 37-9  
Fax (92-42) 3571 81 36  
racolhr@racopk.com  
www.racopk.com



**RIAZ AHMAD & COMPANY**  
Chartered Accountants



Board of Directors  
Pakgen Power Limited  
(Formerly AES Pak Gen Company Limited)  
1-B, Aziz Avenue, Gulberg-V  
LAHORE

18 April 2011  
Our ref: G-1-629

Gentlemen

**CERTIFICATE ON ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

We have examined the books of account and relevant records of PAKGEN POWER LIMITED ("the company") [Formerly AES Pak Gen Company Limited]. We confirm that the issued, subscribed and paid-up share capital of the company was Rupees 3,720,815,910 divided into 372,081,591 ordinary shares of Rupees 10 each as at 01 March 2011. Detail of issued, subscribed and paid-up share capital is as under:

SHAREHOLDER'S NAME	NUMBER OF SHARES	RUPEES
Nishat Mills Limited (NML)	119,065,610	1,190,656,100
Stanhope Investments	111,624,477	1,116,244,770
Engen (Private) Limited (Engen)	74,415,818	744,158,180
Adamjee Insurance Company Limited	29,766,527	297,665,270
Mian Hassan Mansha	29,766,527	297,665,270
Security General Insurance Company Limited (SGI)	7,441,132	74,411,320
Mr. Aurangzeb Firoz (Beneficial Owner Engen)	500	5,000
Mr. Khalid Qadeer Qureshi (Beneficial Owner NML)	500	5,000
Mr. Mahmood Akhtar (Beneficial Owner SGI)	500	5,000
	372,081,591	3,720,815,910

Very truly yours

*Riaz Ahmad & Co*  
RIAZ AHMAD & COMPANY  
Chartered Accountants

10-B, Saint Mary Park  
Main Boulevard, Gulberg-III  
Lahore 54660, Pakistan  
Telephones (92-42) 3571 81 37-9  
Fax (92-42) 3571 81 36  
racolhr@racopk.com  
www.racopk.com

Riaz Ahmad & Company is a member of Nexia International,  
a worldwide network of independent accounting and consulting firms



## PART 6

### 6. MANAGEMENT

#### 6.1 Board of Directors of the Company

Name	Designation	Other Directorships
Mian Hassan Mansha Address: 28-Main Gulberg, Lahore.	Director/ Chairman	<ul style="list-style-type: none"> <li>● Nishat Mills Limited</li> <li>● Adamjee Insurance Company Limited</li> <li>● Nishat Power Limited</li> <li>● Nishat Hotels &amp; Properties Limited</li> <li>● Security General Insurance Co. Ltd.</li> <li>● Pakistan Aviators &amp; Aviation (Pvt) Ltd.</li> <li>● Lalpir Power Limited (formerly AES Lalpir (Pvt) Ltd.)</li> </ul>
Mr. Kamran Rasool Address: 1 Golf Lane, GOR-1, Lahore	Director	<ul style="list-style-type: none"> <li>● Lalpir Power Limited (formerly AES Lalpir (Pvt.) Limited)</li> </ul>
Mr. Omar Liaqat Address: Villa 434 A, 26th Street, Rawada Area, Abu Dhabi, UAE	Director	<ul style="list-style-type: none"> <li>● Lalpir Power Limited (formerly AES Lalpir (Pvt.) Limited)</li> </ul>
Mr. Mark Nicholas Cutis Address: Georgia, USA	Director	<ul style="list-style-type: none"> <li>● Lalpir Power Limited (formerly AES Lalpir (Pvt) Ltd.)</li> </ul>
Mr. Aurangzeb Firoz Address: 130 Shami Road, Lane No. 2, Lahore Cantt.	Director	<ul style="list-style-type: none"> <li>● Educational System (Pvt) Limited</li> <li>● City Asia Pacific Institute of Information Technology (Pakistan) (Pvt) Limited</li> <li>● City Hospitality Management Services (Private) Limited</li> <li>● Engen (Private) Limited</li> <li>● Lalpir Power Limited (formerly AES Lalpir (Pvt) Limited)</li> </ul>
Mr. Mahmood Akhtar Address: 7-Main Gulberg, Lahore	Director	<ul style="list-style-type: none"> <li>● Nishat Power Limited</li> <li>● Lalpir Power Limited (formerly AES Lalpir (Pvt) Ltd.)</li> </ul>
Mr. Khalid Qadeer Qureshi Address: 7-Main Gulberg, Lahore	Director	<ul style="list-style-type: none"> <li>● Nishat Mills Limited</li> <li>● D. G. Khan Cement Company Limited</li> <li>● Adamjee Insurance Company Limited</li> <li>● Nishat Power Limited</li> <li>● Pakistan Aviators &amp; Aviation (Pvt) Ltd.</li> <li>● Lalpir Power Limited (formerly AES Lalpir (Pvt) Ltd.)</li> </ul>

#### 6.2 Over Due Loans

There are no overdue loans (local or foreign currency) on the Company or its Directors.



### 6.3 Dividend Record Of Associated Companies – Listed On Stock Exchange(s)

Name of the Company		2010	2009	2008	2007	2006	2005
Nishat Mills Limited	Cash %	25	20	25	25	15	25
	Bonus %	0	0	0	0	10	0
MCB Bank Limited	Cash %	115	110	115	125	72.5	40
	Bonus %	10	10	10	0	15	20
Adamjee Insurance Co. Limited	Cash %	25	30	30	30	28	15
	Bonus %	0	10	10	0	12.5	10
DG Khan Cement Company Limited	Cash %	0	0	0	15	15	15
	Bonus %	0	0	0	0	10	0

### 6.4 MANAGEMENT PROFILE

#### 6.4.1 Mr. Shahid Zulfiqar Khan – Chief Executive Officer

Mr. Khan, a Fellow Member of the Institute of Chartered Management Accounts of Pakistan, is serving as the Chief Executive Officer of Pakgen. He brings on board, an experience of 20-Years, primarily in the power sector.

#### 6.4.2 Mr. Khalid Qadeer Qureshi –Director Finance

Mr. Qureshi is a Fellow member of the Institute of Chartered Accountants of Pakistan. He has more than 44 years experience of comprehensive in-depth financial management across corporate, finance, accounting, treasury and information systems development and implementation. During his professional tenure, he has been actively associated in mergers, IPOs, developing feasibilities reports, private placement of debt & equity as well as restructuring.

#### 6.4.3 Mr. Ali Nawaz Bucha – Manager Electrical & Instrumentation

Mr. Nawaz is a graduate in Electrical Engineering. At Pakgen, he works as Manager Electrical & Instrumentation. Before joining Pakgen, he was associated with different power projects for 13 years in Pakistan and Middle East.

#### 6.4.4 Mr. Tanveer Nazar – Manager Commercial

Mr. Nazar, Manager Commercial at Pakgen, is a Chemical Engineer by qualification brings to the venture 30-Years Experience in Power and Cement Industry.

#### 6.4.5 Mr. Muhammed Yasin Ahmed – Manager Power Block

Mr. Yasin, with 32-Years Experience in Power Industry, is associated with Pakgen as Manager Power Block. By qualification, he holds DAE – Mechanical BSE.

#### 6.4.6 Mr. Faqir Muhammed – Manager Central Control Room

Mr. Mohammed, an Electrical Engineer, is managing the Central Control Room at Pakgen. He has 5-Years professional experience.



## 6.5 PROFILE OF DIRECTORS

### 6.5.1 Mr. Hassan Mansha – Director/Chairman

Mr. Hassan Mansha has over 10 years of professional managerial experience. He has completed his education from USA and is presently serving on the Board of Nishat Mills Limited, Security General Insurance Company Limited, Pakistan Aviators & Aviation (Private) Limited, Adamjee Insurance Company Limited and Lalpir Power Limited (Formerly AES Lalpir (Private) Limited). He is also Chief Executive of Nishat Power Limited.

### 6.5.2 Mr. Kamran Rasool - Director

Mr. Kamran Rasool holds a Post Graduate Diploma in Development Administration from Manchester University and M.A in English from Punjab University.

He was associated with the Govt. of Pakistan as Secretary Defense (2007-08), Cabinet Secretary (2006-07), Secretary Industries & Production (2005-06).

Mr. Rasool is also acting as the Advisor to President at MCB Bank Limited. He also hold directorship in Pakistan Agricultural Storage and Services Corporation Limited. Besides, he is also a member of the Board of Governors of Hameed Latif Medical College, Lahore and Bakhtawar Ameen Trust Hospital, Multan.

### 6.5.3 Mr. Omar Liaqat - Director

Mr. Liaqat is a Chartered Accountant and a Fellow member of the Institute of Chartered Accountants in England and Wales.

He is the Chief Operating Officer at the Abu Dhabi Investment Council and has spent over 20 years in the asset management industry.

He currently serves on the boards / audit committees of several organizations. He is also a director, Lalpir Power Limited (Formerly AES Lalpir (Private) Limited).

### 6.5.4 Mr. Mark Nicholas Cutis – Director

Mr. Cutis holds an MBA from Wharton Business School, USA. His professional experience involves working for global investment banks in various capacities.

He joined Abu Dhabi Investment Council in March 2008. Prior to that he was associated with the Shinsei Bank as a Chief Investment Officer.

He has worked in NY, London, Frankfurt, Tokyo and Moscow.

### 6.5.5 Mr. Aurangzeb Firoz - Director

Mr. Firoz is a graduate of the Lahore American School and University of London. He has been instrumental in providing strategic and operational support in driving business expansion into the Arab States for 'City Schools' (Pvt) Ltd. As Director, he monitors the monthly review of group's key financial statements and assists the Board of Directors in assessing returns and managing the group's various investment holdings.

He holds directorship of, Educational System (Pvt) Limited, City APIIT (Pakistan) (Pvt) Limited, Engen (Pvt) Limited, Lalpir Power Limited (Formerly AES Lalpir (Pvt) Limited) and City Hospitality Management Services (Private) Limited.





#### **6.5.6 Mr. Mahmood Akhtar – Director**

Mr. Akhtar holds an MBA from Punjab University and brings on board with him over 35 years of managerial experience spread across various industries.

#### **6.5.7 Mr. Khalid Qadeer Qureshi – Director**

A Fellow member of the Institute of Chartered Accountants of Pakistan, Mr. Qureshi has more than 44 years experience of comprehensive in-depth financial management across corporate, finance, accounting, treasury and information systems development and implementation.

Actively associated in mergers, IPOs, developing feasibilities reports, private placement of debt & equity as well as restructuring, he has provided Nishat Mills a strategic and operational direction in driving the business expansion in diversified sectors of the economy.

### **6.6 NUMBER OF DIRECTORS**

Pursuant to Section 174 of the Companies Ordinance, 1984 the Company shall not have less than seven directors. At present the Board consists of 7 Directors excluding the Chief Executive.

### **6.7 QUALIFICATION OF DIRECTORS**

Pursuant to the Article 89 of Articles of Association of the Company “The qualification of an elected director, in addition to his being a member, where required, shall be his holding share of the nominal value of Rs. 5,000 at least in his own name, but a director representing the interests of a member or members holding share of the nominal value of Rs. 5,000 at least shall require no such share qualification. A director shall not be qualified as representing the interests of a member or members holding shares of the requisite value unless he is appointed as such representative by the member or members concerned by notice in writing addressed to the company specifying the shares of the requisite value appropriated for qualifying such director. Shares thus appropriated for qualifying a director shall not, while he continues to be such representative, be appropriated for qualifying any other director. A director shall acquire his share qualification within two (2) months from the effective date of his appointment as director”.

### **6.8 REMUNERATION OF THE DIRECTORS**

Pursuant to Clause 87 of the Articles of Association of the Company, any director who serves on any committee or who devotes special attention to the business of the company, or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid such extra remuneration as the directors may determine from time to time. The remuneration of a director for attending meetings of the board shall from time to time be determined by the directors.

Pursuant to Clause 87 of the Articles of Association of the Company, each director of the company may, in addition to any remuneration receivable by him, be reimbursed his reasonable travelling and hotel expenses incurred in attending meetings of directors or of the company or otherwise whilst employed on the business of the company.

Pursuant to Clause 85 of the Articles of Association of the Company, a chief executive of the company shall receive such remuneration as the directors may determine and it may be made a term of his appointment that he be paid a pension and / or gratuity and /or other benefits on retirement from his office.



In addition to the gross salary, the Chief Executive is paid an annual cash bonus in the range of 30-50% of the gross salary. Besides, he is also entitled to other benefits as per company's policy including company's matching contribution towards provident fund of up to 10% of the basic salary, one month's gross salary for every completed year of service as gratuity, company maintained transport with driver, medical and hospitalization expenses. Further, an amount equal to one year's gross salary shall be paid to him in case of termination before June 11, 2013. No pension is payable to him on retirement.

The remuneration of a director for attending meetings of the board has not been determined by the directors as such no fee is being paid to the directors for attending the meetings of directors.

#### **6.9 BENEFITS TO THE PROMOTERS AND OFFICERS**

No amount of benefits has been paid or given during the last year or is intended to be paid or given to any promoter or to any officer of the Company other than as remuneration for services rendered as whole-time executive of the Company and the remuneration for services shall be borne by the Company.

#### **6.10 INTEREST OF DIRECTORS**

The directors may be deemed to be interested to the extent of fees payable to them for attending Board meetings. The Directors performing whole time service to the Company may also be deemed interested in the remuneration payable to them from the Company.

The Directors may also be deemed to be interested, to the extent of any shares held by each of them in the Company, the dividends to be declared on their shareholding in the Company.

#### **6.11 INTEREST OF DIRECTORS IN PROPERTY ACQUIRED BY THE COMPANY**

None of the Directors of the Company had or has any interest in any property acquired by the Company or proposed to be acquired by the Company.

#### **6.12 ELECTION OF DIRECTORS**

The directors shall subject to the provisions of Section 178 of the Companies Ordinance, 1984 fix the number of directors to be elected and the directors shall be elected to office by the members in general meeting in the following manner, namely:

- (a) a member present in person or by proxy shall have such number of votes as is equal to the product of voting shares held by him and the number of directors to be elected
- (b) a member may give all his votes to a single candidate or divide them between more than one of the candidates in such manner as he may choose, and
- (c) the candidate who gets the highest number of votes shall be declared elected as director and then the candidate who gets the next highest number of votes shall be so declared, and so on until the total number of directors to be elected has been so elected.

If the number of persons who offer them to be elected as directors is not more than the number of vacancies for which elections are being held, such persons being otherwise eligible shall be deemed to have been elected as directors from the date on which the election was proposed to be effective.

The present Directors of the Company were elected on June 30, 2008 for the period of three (3) years.

#### **6.13 VOTING RIGHTS**

On a show of hands, every member present in person shall have one vote except for election of Directors in which case the provisions of section 178 of the Ordinance shall apply. On a poll, every member shall have voting rights as laid down in Section 160 of the Ordinance.



#### **6.14 AUDIT COMMITTEE / CONSTITUTION OF AUDIT COMMITTEE**

Audit Committee of the Board has been formed to comply with the Code of Corporate Governance which comprises of the following non-executives:

- Mr. Aurangzeb Firoz
- Mr. Mark Nicholas Cutis
- Mr. Mahmood Akhtar

The audit committee meeting shall be held after the company is listed on the Stock Exchange, as per provisions of the Code of Corporate Governance.

The committee will have its terms of reference as determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulation.

#### **6.15 INTERNAL AUDIT**

The board has setup an effective internal audit function managed by suitable qualified and experienced personnel who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.

#### **6.16 BORROWING POWERS**

The Directors may from time to time at their discretion borrow and secure the payment of any sum or sums of money for the purposes of the Company and may themselves lend to the Company on security or otherwise subject to the provisions of the Companies Ordinance, 1984.

#### **6.17 POWERS OF DIRECTORS**

The business of the Company shall be managed by the Directors, who may pay all expenses incurred in promoting and registering the Company, and may exercise all such powers of the Company as are not by the Ordinance or any statutory modification thereof for time being in force, or by the Articles of Association, required to be exercised by the Company in General Meeting.

#### **6.18 INDEMNITY**

Clause 183 of the Company's Article of Association reads as follows:

"Every director or officer of the company and every person employed by the company as auditor shall be indemnified out of the funds of the company against all liability incurred by him as such director, officer or auditor in defending any proceedings, whether civil or criminal, in which judgment is given in his favor, or in which he is acquitted, or in connection with any application under section 488 of the ordinance in which relief is granted to him by the court."

#### **6.19 INVESTMENTS IN ASSOCIATED COMPANIES**

The Board of Directors of the Company has recommended in their meeting held on February 09, 2011 for approval of the shareholders in the forthcoming Annual General Meeting to be held on April 26, 2011 the provision of loans and advances of up to an amount of Rs. 500 million to Lalpir Power Limited (Formerly AES Lalpir (Private) Limited).

#### **6.20 INVESTMENT IN SUBSIDIARIES**

The Company has not sponsored nor acquired any subsidiaries nor has any resolution been passed for sponsoring or acquiring any subsidiaries under Section 208 of the Ordinance.



## PART 7

### 7 MISCELLANEOUS INFORMATION

#### 7.1 REGISTERED OFFICE

Nishat House,  
53-A, Lawrence Road, Lahore.

#### 7.2 HEAD OFFICE/CORPORATE OFFICE

1-B Aziz Avenue,  
Canal Bank, Gulberg V  
Lahore.

#### 7.3 PLANT ADDRESS

Pakgen Power Limited  
Near Mohammed Kot  
Muzaffargarh, PC 34200

#### 7.4 BANKERS OF THE COMPANY

- MCB Bank Limited
- Habib Bank Limited
- Bank Alfalah Limited
- Faysal Bank Limited
- Askari Bank Limited
- Bank Islami Pakistan Limited
- Allied Bank Limited
- Bank of Tokyo Mitsubishi UFJ Limited
- National Bank of Pakistan
- United Bank Limited
- Bank of Punjab
- Habib Allied International Bank Plc

#### 7.5 BANKERS TO THE OFFER

Code No.	Bank
01	MCB Bank Limited
02	Habib Bank Limited
03	Faysal Bank Limited
04	Bank Alfalah Limited
05	Bank of Punjab
06	United Bank Limited
07	Dawood Islamic Bank Limited
08	Habib Metropolitan Bank Limited
09	Deutsche Bank AG
10	Summit Bank Limited
11	KASB Bank Limited
12	JS Bank Limited



## 7.6 AUDITOR OF THE COMPANY

Riaz Ahmad & Company  
Chartered Accountants  
10-B Saint Marry Park  
Gulberg III, Lahore, Pakistan

## 7.7 LEGAL COUNSEL TO THE ISSUE

Imtiaz Siddiqui & Associates  
Nawa-i-Waqt Building  
4, Shahrah-e-Fatima Jinnah,  
Lahore, Pakistan

## 7.8 CORPORATE CONSULTANTS

RS Corporate Advisory (Pvt) Limited  
64 T Phase 2, Defence Housing Authority, Lahore Cantt.  
Ph# +92 42 3574 7904  
Fax# +92 42 3574 7905

## 7.9 ADVISOR & ARRANGER TO THE OFFER

Arif Habib Limited  
Arif Habib Centre, 23 M.T.Khan Road, Karachi  
Ph# +92 21 3246 0741  
Fax# +92 21 3242 9653

## 7.10 COMPUTER BALLOTER

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

## 7.11 SHARES REGISTRAR

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

## 7.12 MATERIAL CONTRACTS / DOCUMENTS

Key contracts	Counter Party	Execution Date
Power Purchase Agreement	WAPDA	September 5, 1995
Implementation Agreement	President, Islamic Republic of Pakistan	September 24, 1994
Fuel Supply Agreement	Pakistan State Oil Company Limited	September 7, 1995
Share Purchase Agreement	For details, please refer section 7.16	
Running Finance Agreements	For details, please refer section 7.17	



## 7.13 UNDERWRITING AGREEMENTS

Name of Underwriters	Amount Underwritten (PKR)	Date
Arif Habib Corporation	440,451,977	March 8, 2011
Bank of Punjab	50,000,020	March 17, 2011
Soneri Bank Limited	50,000,020	March 17, 2011
Aba Ali Habib Securities (Pvt.) Limited	50,000,001	March 21, 2011
Allied Bank Limited	49,999,982	March 22, 2011
KASB Securities Limited	38,000,000	March 18, 2011
KASB Bank Limited	28,500,000	March 22, 2011
<b>Total Public Offer</b>	<b>706,952,000</b>	

## 7.14 DUE DILIGENCE REPORTS

Name of Underwriters	Amount Underwritten (PKR)	Date
Arif Habib Corporation	440,451,977	March 8, 2011
Bank of Punjab	50,000,020	March 17, 2011
Soneri Bank Limited	50,000,020	March 17, 2011
Aba Ali Habib Securities (Pvt.) Limited	50,000,001	March 21, 2011
Allied Bank Limited	49,999,982	March 22, 2011
KASB Securities Limited	38,000,000	March 18, 2011
KASB Bank Limited	28,500,000	March 22, 2011
<b>Total Public Offer</b>	<b>706,952,000</b>	

## 7.15 INVESTOR AGREEMENTS

Investor	Amount Invested (PKR)	Date
MCB Provident Fund Pak Staff	100,146,055	March 19, 2011
Mr. Khawaja Mohammed Asif	49,998,500	March 19, 2011
Monno Investments & Global Trading SMC (Pvt) Ltd.	25,000,010	March 18, 2011
Mr. Abdur Rehman Naseem	25,000,010	March 24, 2011
Bank of Punjab	24,999,991	March 17, 2011
Mehran Sugar Mills Limited	20,045,000	March 24, 2011
City Schools Provident Fund Trust	19,999,989	March 18, 2011
City Schools (Pvt) Limited	9,999,985	March 19, 2011
<b>Total</b>	<b>275,189,540</b>	



## 7.16 SHARE PURCHASE AGREEMENT (ESCROW AGREEMENT) WITH EX SPONSORS OF PAKGEN

Name of Seller	Date of Agreement	No. of Shares	Purchase Price (USD)	Name of Buyer
AES Pak Gen Holdings Inc.	04-Jun-10	119,066,110	16,654,284	Nishat Mills Limited
AES Pak Gen Holdings Inc.	04-Jun-10	29,766,527	4,163,571	Adamjee Insurance Company Limited
AES Pak Gen Holdings Inc.	04-Jun-10	7,441,632	1,040,892	Securities General Insurance Company Limited
AES Pak Gen Holdings Inc.	04-Jun-10	29,766,527	4,163,571	Mr. Hasan Mansha
AES Pak Gen Holdings Inc.	04-Jun-10	50,863,553	7,114,502	Engen (Pvt) Limited
AES Pakistan Holdings	04-Jun-10	3,720,816	520,446	Engen (Pvt) Limited
AES Pak Gen (UK) Limited	04-Jun-10	19,831,949	2,773,979	Engen (Pvt) Limited
AES Pak Gen (UK) Limited	04-Jun-10	37,208,159	5,204,464	Stanhope Investments
AES Pak Gen Holdings Inc.	04-Jun-10	74,416,318	10,408,927	Stanhope Investments
<b>Total</b>		<b>372,081,591</b>	<b>52,044,636</b>	

## 7.17 RUNNING FINANCE FACILITY

The Running Finance Facility is available from a consortium of commercial banks. The facility is for PKR. 6.8 billion and as of 31st December 2010, PKR 2.22 billion was undrawn.

Name of Bank	Amount - PKR Million	Date
Habib Bank Limited	2,000	December 23, 2010
Bank Alfalah Limited	1,000	November 10, 2010
Bank Islami Pakistan Limited	200	July 12, 2010
MCB Bank Limited	1,000	May 24, 2010
Allied Bank Limited	2,000	June 30, 2010
Faysal Bank Limited	600	September 20, 2010
<b>TOTAL</b>	<b>6,800</b>	

## 7.18 INSPECTION OF DOCUMENTS AND CONTRACTS

Copies of Memorandum and Articles of Association, Audited Financial Statements of the Company, Auditors' Certificates, Agreements / Material Contracts referred to in this OFSD and related information may be inspected during the usual business hours on any working day at the Registered Office of the Company, from the date of publication of this OFSD till the closing of subscription list.

## 7.19 LEGAL PROCEEDINGS

There are no legal proceedings pending in the Court of Law which may have adverse material impact on the business of the Company.

## 7.20 MEMORANDUM OF ASSOCIATION

The Memorandum of Association, inter alia, sets forth the objects for which the Company was incorporated and the business, which the Company is authorized to undertake. A copy of the Memorandum of Association is annexed to this OFSD and has been published with all issues thereof except those released as newspaper advertisement.



#### **7.21 REVALUATION OF ASSETS**

The Company has not carried out any revaluation of assets in terms of assets in terms of clause 22(2) of Section 1 of part I of the second Schedule to the Ordinance.

#### **7.22 FINANCIAL YEAR OF THE COMPANY**

Financial year of the Company commences from 1st day of January and ends on the 31st day of December each year.

#### **7.23 CAPITALIZATION OF PROFITS**

The Company has not capitalized any profits till the date of publication.





## PART 8

### 8 APPLICATION AND ALLOTMENT INSTRUCTIONS

#### 8.1 Eligible investors include:

- a) Pakistani citizens resident in or Outside Pakistan or persons holding two nationalities including Pakistani nationality;
- b) Foreign nationals whether living in or outside Pakistan;
- c) Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be);
- d) Mutual funds, provident/pension/gratuity funds/trusts (subject to the terms of their Trust Deed and existing regulations); and
- e) Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.

#### 8.2 APPLICATION MUST BE MADE ON THE COMMISSION'S APPROVED APPLICATION FORM OR A LEGIBLE PHOTOCOPY THEREOF ON A PAPER OF A4 SIZE WEIGHING ATLEAST 62 GM.

8.3 Copies of OFSD and application forms can be obtained from members of Karachi Stock Exchange (Guarantee) Limited, Lahore Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited, Bankers to the Offer and their Branches, the Advisor & Arranger and the registered office of the Company. The OFSD and the Application Forms can also be downloaded from the following websites: [www.nishatpak.com](http://www.nishatpak.com), [www.arifhabibltd.com](http://www.arifhabibltd.com).

8.4 The applicants opting for scrip less form of shares are required to complete the relevant sections of the application. In accordance with provisions of the Central Depositories Act, 1997 and the CDC regulations, credit of such shares is allowed ONLY in the applicant's own CDC account. In case of discrepancy between the information provided in the application form and the information already held by CDS the Company reserves the right to offer share in physical form.

8.5 Name(s) and Address (es) must be written in block letters, in English, and should not be abbreviated.

8.6 Application must bear the name and signature corresponding with that recorded with the applicant's banker. In case of difference of signature with the bank and Computerized National Identity Card (CNIC) or National Identity Card for Overseas Pakistanis (NICOP) or passport, both the signatures should be affixed on the application form.

#### 8.7 Application made by individual investor

- (i) In case of individual investors, an attested copy of the CNIC, should be enclosed and the number of CNIC / Passport should be written against the name of the applicant. Copy of these documents can be attested by any Federal / Provincial Government gazetted officer, Councilor, Oath Commissioner or Head Master of High School or Bank Manager in the Country of the Applicant's residence.
- (ii) Original CNIC / Passport, along with one attested photocopy, must be produced for verification to the banker to the offer and the applicant's banker (if different from the banker to the offer) at the time of presenting the application. The attested photocopy will, after verification, be retained by the bank branch along with the application.



## 8.8 Applications made by institutional investors

- i) Applications made by companies, corporate bodies, mutual funds, provident/pension/gratuity funds/trusts and other legal entities must be accompanied by an attested photocopy of their Memorandum and Articles of Association or equivalent instrument / document. Where applications are made by virtue of a Power of Attorney, the same should also be submitted along with the Application. Any Federal/Provincial Government Gazetted Officer, Councilor, Bank Manager, Oath Commissioner and Head Master of High School or Bank Manager in the Country of applicant's residence can attest copies of such documents.
- ii) Attested copies of the documents mentioned in 8.8(i) must be produced for verification to the banker to the offer and the applicant's banker (if different from the banker to the offer) at the time of presenting the application. The attested copies, will after verification, be retained by the bank branch along with the application.

8.9 Only one application will be accepted against each account, however, in case of joint account, one application may be submitted in the name of each joint account holders.

8.10 Joint application in the name of more than two persons will not be accepted. In case of joint application each applicant must sign the application form and submit attested copies of their CNIC's / Passport. The shares/certificates will be dispatched to the person whose name appears first on the application form while in case of CDS, it will be credited to the CDS account mentioned on the face of the form and where any amount is refundable, in whole or in part, the same will be refunded by cheque or other means by post, or through the banks where the application was submitted, to the person named first on the application form, without interest, profit or return. Please note that joint application will be considered as single application for the purpose of allotment of shares.

8.11 Subscription money must be paid by cheque drawn on applicant's own bank account or pay order/bank draft payable to one of the Bankers to the Offer "A/C OFFER FOR SALE OF PAKGEN POWER LIMITED" and crossed "A/C PAYEE ONLY".

8.12 For the applications made through pay order/bank draft, it would be permissible for a banker to the offer to deduct the bank charges while making refund of subscription money to unsuccessful applicants through pay order/bank draft individually for each application.

8.13 **The applicant should have at least one bank account with any of the commercial banks. The applicants not having a bank account at all (non-account holders) are not allowed to submit application for subscription of Shares.**

8.14 Applications are not to be made by minors or persons of unsound mind.

8.15 Applicants should ensure that the bank branch, on which their application is submitted, completes the relevant portion of the application form.

8.16 Applicants should retain the bottom portion of their application form as provisional acknowledgement of submission of their application. This should not be construed as an acceptance of the application or a guarantee that the applicant will be allotted the number of Shares for which the application has been made.



- 8.17 Making of any false statements in the application or willfully embodying incorrect information therein shall make the application fictitious and the applicant or the bank shall be liable for legal action.
- 8.18 Bankers to the Offer are prohibited to recover any charges from the subscribers for collecting subscription applications. Hence, the applicants are advised not to pay any extra charges to the bankers to the offer.
- 8.19 It would be permissible for a Banker to the Offer to refund subscription money to unsuccessful applicants having an account in its bank by crediting such account instead of remitting the same by cheque, pay order or bank draft. Applicants should, therefore, not fail to give their bank account numbers.
- 8.20 Submission of Fictitious and multiple applications (more than one applications by same person) is prohibited and such applications' money shall be liable to confiscation under section 18A of the Securities and Exchange Ordinance, 1969.

#### ADDITIONAL INFORMATION FOR FOREIGN, NON-RESIDENT INVESTORS

- 8.21 In case of foreign investors who are not individuals, applications must be accompanied with a letter on applicant's letterhead stating the legal status of the applicant, place of incorporation and operations and line of business. A copy of memorandum of association or an equivalent document should also be enclosed, if available. Where applications are made by virtue of Power of Attorney, the same must be lodged with the application. Copies of these documents can be attested by the bank manager in the country of applicant's residence.

**Applicants may also subscribe using their Special Convertible Rupee Account (SCRA) as set out under the State Bank of Pakistan's Foreign Exchange Manual.**

- 8.22 For the allotment of share to the general public, the procedure disclosed in part 2.5 of the OFSD shall be followed.
- 8.23 Bankers to the Offer

Code No.	Bank
1	MCB Bank Limited
2	Habib Bank Limited
3	Faysal Bank Limited
4	Bank Alfalah Limited
5	Bank of Punjab
6	United Bank Limited
7	Dawood Islamic Bank Limited
8	Habib Metropolitan Bank Limited
9	Deutsche Bank AG
10	Summit Bank Limited
11	KASB Bank Limited
12	JS Bank Limited



#### 8.24 Code of Occupation

Code No.	Occupation	Code No.	Occupation
1	Business	6	Professional
2	Business Executive	7	Student
3	Service	8	Agriculturist
4	Housewife	9	Industrialist
5	Household	10	Others

#### 8.25 Nationality Code

Code No.	Name of Country	Code No.	Name of Country
1	U.S.A	6	Iran
2	U.K	7	Bangladesh
3	U.A.E	8	China
4	K.S.A	9	Bahrain
5	Oman	10	Other



## PART 9

### 9 SIGNATORIES TO THE OFSD

Signed, as required by section 57 of the Companies Ordinance, 1984, by

-Sd-

Mr. Hassan Mansha (Offerer)

On behalf of other Offerers:

-Sd-

Mr. Khalid Qadeer Qureshi, Director and CFO

-Sd-

Mr. Khalid Mahmood Chohan, Company Secretary

#### Witnesses:

1. -Sd-

**Name:** Sajjad Mahmood  
**Address:** 53-A, Lawrence Road, Lahore  
**CNIC #:** 35202-8352452-9

2. -Sd-

**Name:** Muhammad Iqbal  
**Address:** 53-A, Lawrence Road, Lahore  
**CNIC #:** 35102-4369816-3

**Date:** 03 March 2011

**Place:** Lahore



## PART 10

### MEMORANDUM OF ASSOCIATION OF PAKGEN POWER LIMITED

- I. The name of the Company is PAKGEN POWER LIMITED.
- II. The Registered Office of the Company shall be situated in the Province of Punjab, Pakistan.
- III. The Sole Object of the Company is:-
  1. To set up, own, manage, operate, and maintain power generation plants any where in Pakistan and to carry on the business of electric power generation.
  2. To achieve the above object, the Company shall be entitled:
    - (a) To design, construct or acquire by way of outright purchase or financial or other lease(s) plant, machinery, equipment and services for setting up the said power plant on turn key basis or otherwise, under such arrangements, guarantees or warranties as may be considered appropriate.
    - (b) To transmit, store, sell or distribute the electricity generated by the Company.
    - (c) To engage in the reforestation and other work as may be necessary under the laws and or considered appropriate for the purposes of pollution abatement.
    - (d) To purchase, acquire or lease land and or buildings for the purpose of the Company and or for reforestation or other work considered necessary.
    - (e) To borrow or raise money by means of loans or other financing arrangements from banks, or other financial institutions, or from Directors, in such manner as the Company may think fit and in particular by issue of debentures, debenture-stock, perpetual or otherwise, convertible into shares and to mortgage, assign or charge the whole or any part of the property, rights, assets or revenue of the Company, present or future, by special assignment or to transfer or convey the same absolutely or in trust as may seem expedient and to purchase, redeem or pay off any such financing or securities.
    - (f) To arrange local and foreign currency loans or financing from scheduled, banks, industrial banks and other financial institution for the purpose of purchase and import of machinery, construction of plant, building, raw material and for working capital or for any other purpose of the Company.
    - (g) To draw, accept, make, endorse, discount and negotiate promissory notes, bills of exchange, bills of lading and other negotiable instruments connected with the business of the Company.
    - (h) To open, maintain and operate banking accounts of the Company with one or more banks and to deposit or withdraw money thee from.
    - (i) To distribute any of the properties of the Company amongst the members in specie or kind at the time of winding up.
    - (j) To carry out joint venture agreements with other companies or countries.
    - (k) To enter into contracts and arrangements of all kinds permitted by law including, without prejudice to the foregoing, contracts with suppliers and manufacturers of machinery, construction, procurement and engineering contractors, turn key contractors, contractors for operation and maintenance of plant and machinery.
  - (1) To approve and enter into schemes for amalgamation, merger and reorganization with such companies or other entities as may be considered appropriate or beneficial.



3. It is declared that notwithstanding anything contained in the foregoing object clause of this Memorandum of Association nothing contained therein shall be construed as empowering the Company to undertake or to indulge in the business of banking leasing managing agency or insurance business directly or indirectly as restricted under law or to indulge in any other unlawful operations.
- IV. The liability of the member is Limited.
- V. The Authorized Capital of the Company is Rs. 4,000,000,000/- (Rupees Four Thousand Million only) divided into 400,000,000 (Four Hundred Million) ordinary shares of Rs. 10/- (Rupees Ten only) each with powers to increase and reduce the Capital of the Company and to divide the shares in the Capital for the time being into several classes in accordance with the provisions of the Companies Ordinance, 1984.

We, the several persons, whose names and addresses are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the Capital of the Company as set opposite our respectively names.

Names, Addresses and Description of each subscriber	Father's/Husband's Name in Full	Nationality with any former Nationality	Occupation	Residential Address (in Full)	Numbers of shares taken by each subscriber	Signature
SHAHZAD SYED QASIM Nominee of AES Transpower Inc.	S/o Brig.(Retd) Syed Shah Abdul Qasim	U.S.A	Engineer	3-Sarwar Road, Lahore Cantt	500 Five Hundred	
GHAZANFAR ALI KHAN Nominee of AES Transpower Inc.	S/o Zulfiqar Ali Khan	Pakistan	Project Finance Manager	35-A,New Muslim Town, Lahore	500 Five Hundred	
					Total Number of Shares Taken	1000 One Thousand

Detail this.....days of .....1995

Signature: .....

Full Name: ANJUM PERVEZ

Nationality: Pakistan

Father's Full Name: MIRZA ZUBAIR AHAD

Occupation: Advocate

Full Address: Nawa-e-Waqat Building  
4-Shahrah-e-Fatima Jinnah, Lahore.