

PAKGEN POWER LIMITED



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Pakgen Power Limited (the "Company") will be held on April 30, 2018 (Monday) at 3:30 P.M. at The Nishat Hotel (Emporium Mall), Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2017 together with the Directors' and Auditors' reports.
2. To approve Final Cash Dividend @ 10% [i.e. Re. 1/- (Rupee One Only) per Ordinary Share as recommended by the Board of Directors, in addition to the 10% interim cash dividend already paid.
3. To appoint statutory Auditors and fix their remuneration. The audit committee and the board have recommended the name of retiring auditors M/s Riaz Ahmad & Co., Chartered Accountants for re-appointment as auditors of the company.
4. **Special Business:-**
 - a) To consider and if deemed fit, to pass the following resolutions as Special Resolutions under Section 199 of the Companies Act, 2017, as recommended by the Board of Directors with or without modification, addition(s) or deletion(s).

RESOLVED that approval of the members of Pakgen Power Limited (the "Company") be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 for investment upto PKR 1,000,000,000/- (Rupees One Billion Only) in the form of loan / advance to Lalpir Power Limited ("Lalpir"), an associated company, for a period of one year starting from the date of approval by the members, at the mark up rate of 1 Month KIBOR plus 0.50% (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions of loan agreement in writing and as disclosed to the members.

FURTHER RESOLVED the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things and take any or all necessary steps and actions to complete all legal formalities including signing of agreement and other documents and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.

Lahore
March 22, 2018

By order of the Board

(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

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NOTES:

1. BOOK CLOSURE NOTICE:

The Ordinary Shares Transfer Books of the Company will remain closed from 20-04-2018 to 30-04-2018 (both days inclusive) for entitlement of 10% Final Cash Dividend [i.e. Re. 1/- (Rupees One Only) Per Ordinary Share] and attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on April 19, 2018 at Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, will be considered in time for entitlement of 10% Final Cash Dividend and attending of meeting.

2. ATTENDANCE AT MEETING

A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote. The Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A proxy must be a member of the company. The proxy form is available on the Company's website: <http://www.Pakgenpower.com/>.

Members, who have deposited their shares into Central Depository Company of Pakistan Limited, are being advised to bring their original National Identity Cards along with CDC Participant ID and account number at the meeting venue.

Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan under Circular No.1 of 2000:

A. For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

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- e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

Members are requested to timely notify any change in their addresses.

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least 07 days prior to the date of the meeting on the Standard Form which can be downloaded from the company's website: www.Pakgenpower.com

3. EXEMPTION OF WITHHOLDING TAX:

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, up to April 18, 2018.

4. SUBMISSION OF COPY OF CNIC (MANDATORY):

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to the Company or the Company's Share Registrar. All shareholders are once again requested to send a copy of their valid CNIC to our Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. The Shareholders while sending CNIC must quote their respective folio numbers and name of the Company.

5. ZAKAT DECLARATION (CZ-50):

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority.

In case you want to claim exemption from compulsory deduction of Zakat, please submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form with Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. The Shareholders while sending the Zakat Declarations, as the case may be, must quote company name and their respective Folio numbers/CDC Account numbers.

6. MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the following information to the Company's Share Registrar at the address given herein above. In the case of shares held in CDC, the same information should be provided directly to the CDS participants for updating and forwarding to the Company.

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N I S H A T

Folio No. / Investor Account Number / CDC Sub Account No.	
Title of Account	
IBAN Number	
Bank Name	
Branch	
Branch Address	
Mobile Number	
Name of Network (if ported)	
Email Address	

Signature of Shareholder

7. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:

In terms of the provisions of the companies Act, 2017, the Company can send financial statements electronically to its members. In this regard, the members may send their email information on a standard form which is available at the Company's website i.e. www.Pakgenpower.com and send the form, duly signed, along with copy of his/her CNIC to the Company's Share Registrar M/s Central Depository Company of Pakistan Limited.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017.

This Statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April 30, 2018.

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

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

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Considering the average borrowing rate of the Company and the return offered by Banks on term deposits, the Directors of the Company has recommended loan / advance in the form working capital loan up to Rs. 1 billion to Pakgen at the interest rate of 1 Month KIBOR plus 0.5% which shall not be less than borrowing cost of the Company. Repayment of the principle amount of loan/advance shall be made within one year from the date of approval by the members while payment of interest due shall be made on monthly basis. The Management expects the transaction to be beneficial for the Company and its shareholders as this will enhance the return on surplus funds available with the Company.

The Directors have certified that they have carried out necessary due diligence for the proposed investment before making recommendation for approval of the members and duly signed recommendation of the due diligence report shall be made available for inspection of members in the general meeting along with latest financial statements of Lalpir.

Lalpir is not a member of the Company. Its sponsors/directors are directors/members of the Company. They have no interest except their directorship and to the extent of their shareholding in the Company which is as follows:

Name	% of Shareholding
Mian Hassan Mansha	3.93
Mr. Aurangzeb Firoz	0.03

Information under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

(a) Disclosure for all types of investments:										
(A) Disclosure regarding associated company										
(i)	Name of Associated Company or Associated Undertaking	Lalpir Power Limited (Lalpir)								
(ii)	Basis of Relationship	Common Directorship								
(iii)	Earnings / (Loss) per Share for the last three years	<table border="1"> <thead> <tr> <th>Year</th> <th>Earnings per Share (Rs.)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>2.56</td> </tr> <tr> <td>2016</td> <td>2.62</td> </tr> <tr> <td>2015</td> <td>2.24</td> </tr> </tbody> </table>	Year	Earnings per Share (Rs.)	2017	2.56	2016	2.62	2015	2.24
Year	Earnings per Share (Rs.)									
2017	2.56									
2016	2.62									
2015	2.24									
(iv)	Break-up value per Share, based on last audited financial statements	PKR 33.71 as per Audited Accounts 2017.								
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<p>Assets as at 31 December 2017 (Rupees '000)</p> <table border="1"> <tbody> <tr> <td>Non-current assets –</td> <td>9,093,329</td> </tr> <tr> <td>Current assets –</td> <td>14,580,099</td> </tr> <tr> <td>Total assets –</td> <td>23,673,428</td> </tr> </tbody> </table> <p>Total Current Liabilities – (Rupees '000)</p> <table border="1"> <tbody> <tr> <td>Net equity –</td> <td>12,804,303</td> </tr> </tbody> </table>	Non-current assets –	9,093,329	Current assets –	14,580,099	Total assets –	23,673,428	Net equity –	12,804,303
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HEAD OFFICE

: 1-B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL: +92-42-35717090-96, 35717159-63, FAX: 92-42-35717239, WEBSITE: www.pakgenpower.com, E-MAIL: pakgen@lalpir.com

REGISTERED OFFICE

: NISHAT HOUSE, 53/A, LAWRANCE ROAD, LAHORE. TEL: 111-113-333 FAX: +92-42 36367414

POWER STATIONS

: LALPIR THERMAL POWER STATIONS, P.O. BOX NO. 89, MUZAFFARGARH. PC-34200, PAKISTAN. TEL: 92-66-2300030, FAX: 92-66-2300260, www.pakgenpower.com

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		Revenue 2017 –	18,313,076
		Expenses (CGS+Admin) –	16,712,831
		Other income –	111,321
		Profit/(Loss) after tax-	972,340
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely		N/A
	I	Description of the project and its history since conceptualization	N/A
	II	Starting date and expected date of completion of work	N/A
	III	Time by which such project shall become commercially operational	N/A
	IV	Expected time by which the project shall start paying return on investment	N/A
	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	N/A
(B) General Disclosures:			
(i)	Maximum amount if investment to be made		PKR 1,000,000,000/- (Rupees One Billion Only).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment		The Company will earn income on its surplus funds which will add to profitability of the Company.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:		Surplus funds of the Company
	(I)	Justification for investment through borrowings	NA
	(II)	Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	NA
	(III)	Cost of benefit analysis	NA
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to		Agreement will be signed after approval by the members. Other significant terms and conditions are as under:

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	<p>associated undertaking with regards to the proposed investment</p>	<ol style="list-style-type: none"> 1. Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20th of every month starting from the next month of the disbursement of loan. 2. In case of delay in re-payment principal and interest, an additional sum equivalent to 2% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by associated company to the Company in addition to the agreed interest amount. 3. All payments under the loan agreement shall be made through crossed cheques. 4. The associated company shall provide a corporate guarantee to secure the loan. 																				
(v)	<p>Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration</p>	<p>The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under:</p> <p>Two Directors of Pakgen Power Limited, Mian Hassan Mansha, currently holds 6.84% shares, Mr. Aurangzeb Firoz currently holds 0.00% shares in Lalpir Power Limited.</p> <p>The Companies holding shares of Pakgen Power Limited are interested in Lalpir Power Limited to the extent of their shareholding as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: right;">%</th> </tr> </thead> <tbody> <tr> <td>Nishat Mills Limited</td> <td style="text-align: right;">28.80</td> </tr> <tr> <td>Security General Insurance Co. Ltd.</td> <td style="text-align: right;">1.80</td> </tr> <tr> <td>Adamjee Insurance Co. Ltd.</td> <td style="text-align: right;">7.20</td> </tr> <tr> <td>Engen (Pvt) Limited</td> <td style="text-align: right;">18.17</td> </tr> </tbody> </table> <p>The Companies holding shares of Lalpir Power Limited are interested in Pakgen Power Limited to the extent of their shareholding as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: right;">%</th> </tr> </thead> <tbody> <tr> <td>Nishat Mills Limited</td> <td style="text-align: right;">27.55</td> </tr> <tr> <td>Security General Insurance Co. Ltd.</td> <td style="text-align: right;">1.72</td> </tr> <tr> <td>Adamjee Insurance Co. Ltd.</td> <td style="text-align: right;">6.89</td> </tr> <tr> <td>Engen (Pvt) Limited</td> <td style="text-align: right;">17.33</td> </tr> </tbody> </table>		%	Nishat Mills Limited	28.80	Security General Insurance Co. Ltd.	1.80	Adamjee Insurance Co. Ltd.	7.20	Engen (Pvt) Limited	18.17		%	Nishat Mills Limited	27.55	Security General Insurance Co. Ltd.	1.72	Adamjee Insurance Co. Ltd.	6.89	Engen (Pvt) Limited	17.33
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(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	NA
(vii)	Any other important details necessary for the members to understand the transaction	None
Additional disclosure regarding investment in the form of Loan / Advance		
(i)	Category-wise amount of investment	PKR 1,000,000,000 (Rupees One Billion Only) in the form of working capital loan.
	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for <i>Shariah</i> compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	The current average borrowing cost of the Investing Company for the year ended 31 December, 2017 was 6.46%. 1 Month KIBOR as on March 22, 2018 was 6.51%
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	The investing Company shall charge mark up at the rate of 1 Month KIBOR plus 0.50% (which shall not be less than the average borrowing cost of the Company).
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	The associated company shall provide a corporate guarantee to secure the loan.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not applicable
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Repayment of principal will be made within one year with payment of interest due on monthly basis

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

Name of Investee Company	Lalpir Solar (Pvt) Limited	Nishat Hotels and Properties Ltd.
Total Investment Approved:	Equity investment of Rs 270,270,000 (Rupees Two Hundred Seventy Million Two Hundred Seventy Thousand Only) was approved by members in AGM held on April 30, 2016 for the period of (3) years.	Investment by way of loan/advance of Rs 1,000,000,000 (Rupees One Billion Only) was approved by members in EOGM held on October 26, 2017 for the period of 1 year from the date of approval by members.
Amount of Investment Made to date:	Nil	NIL
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	No deviation from approved timeline.	No deviation from approve timeline.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	Lalpir Solar Power (Pvt) Limited has issued paid-up share capital of 50,000 shares of Rs 10 each amounting to Rs 500,000 (Rupees five hundred thousand only). As per latest available financial statements for the half year ended December 31, 2017, the profit per share is Rs. 0.05.	Nishat Hotels & Properties Limited has issued paid-up share capital of 960,000,000 shares of Rs 10 each amounting to Rs 9,600,000,000 (Rupees Nine Billion Six hundred Million only). And loss per share was Rs. (0.23). As per latest available financial statements for the half year ended December 31, 2017, the Loss was of Rupees (171,458,988) and loss per share Rs (0.18)

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