

PAKGEN POWER LIMITED



SECY/PSX/

September 29, 2017

The General Manager
Pakistan Stock Exchange Ltd
Stock Exchange Building
Stock Exchange Road, Karachi.

PUCAR / TCS

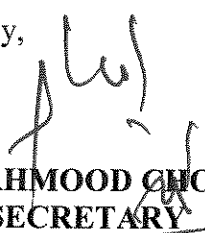
SUB: NOTICE OF EXTRA ORDINARY GENERAL MEETING

Dear Sir,

Further to our Letter No. SECY/PSX/ dated September 28, 2017, enclosed please find a copy of the Notice of Extra Ordinary General Meeting of the shareholders of **Pakgen Power Limited** to be held on October 26, 2017 (Thursday) at 11:30 a.m. for circulation amongst the TRE certificate holders.

Thanking you

Yours sincerely,


KHALID MAHMOOD QURESHI
COMPANY SECRETARY

Copy for Information:-

The Executive Director
Monitoring & Enforcement Division
Securities & Exchange Commission of Pakistan
8th Floor, NIC Building, Jinnah Avenue
Blue Area, ISLAMABAD.

Fax No. (051) 9100454, 9100471 / TCS

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POWER STATIONS

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PAKGEN POWER LIMITED



NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that an Extra General Meeting (EOGM) of the Members of Pakgen Power Limited (the "Company") will be held on October 26, 2017 (Thursday) at 11:30 A.M. at Nishat Hotel, Trade and Finance Centre, Block Near Expo Centre Abdul Haq Road, Johar Town Lahore, to transact the following Special business:

To consider and if deemed fit, to pass the following Resolution as Special Resolution 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 up to PKR 1,000,000,000/- (PKR One Billion Only) in Nishat Hotels and Properties Limited ("NHPL"), an associated company, in the form of working capital loan for a period of one year starting from the date of approval by the members, provided that the return on any outstanding amount of loan shall be 3 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 the agreement to be executed in writing and as disclosed to the members.

FURTHER RESOLVED that said resolution shall be valid for one year starting from the date of approval by the members and 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 and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.

By order of the Board

(KHALID MAHMOOD CHOCHAN)
COMPANY SECRETARY

Lahore
September 28, 2017

NOTES:

BOOK CLOSURE NOTICE:-

The Share Transfer Books of the Company shall remain closed from 20-10-2017 to 26-10-2017 (both days inclusive) for attending and voting at EOGM. Physical transfers/CDS transactions/IDs, received in order at Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, up to 1:00 p.m. on 19-10-2017 will be considered in time for attending of EOGM.

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A member eligible to attend and vote at this meeting may appoint another member his / her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting, and shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board's Resolution/power of Attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholders through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

Shareholders are requested to immediately notify the change in address, if any.

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 Extra General Meeting of the Company to be held on October 26, 2017.

Nishat Hotels and Properties Limited (NHPL) was incorporated on 04 October 2007 as a public company limited by shares. Its authorized share capital is Rs. 10,000,000,000/- (Rupees Ten Billion Only) divided into 1,000,000,000 (One Billion) ordinary shares of PKR 10 each. Its main object is to carry on hotels and hospitality business in Pakistan. For the intended purpose, NHPL has acquired site of 119 Kanals, 6 Marlas and 73 SFT of Commercial Land situated at Trade and Finance Block, Johar Town, Lahore, from Lahore Development Authority (LDA) – Urban Development Wing and constructed Emporium Mall which is fully operational from September 2016. NHPL has already handed over the premises to Hyperstar which is now fully operational. Around 94% of the leases have been finalized and the premises had been handed over to the lessees. Hotel has been opened from 20th May 2017 and 135 rooms are fully operational, two floors of hotel are at finishing stage.

The Building has a covered area of 2.742 Million Square Feet comprising the following building components (3 basements, ground floor and 11 floors):

- 3-4 star up to 198 rooms hotel
- Banquet halls
- Hyper Star
- Shopping Mall with following features:
 - Retail
 - Food courts
 - Cineplex
 - Fun Factory
 - Health and Leisure Zones
 - Two basements with 2,815 parking bays for cars and motorcycles.

Since NHPL has recently achieved commercial operation of Hotel, short term finance is needed by NHPL for meeting expense of staff salary, power generation, maintenance of HVAC and other 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 to invest surplus funds of the Company by extending a working capital loan up to Rs. 1 billion at the interest rate of 3 Months KIBOR plus 0.50%. Repayment of the principle amount of loan will be made within one year with payment of interest due on monthly basis. The management expects significant financial gains for the Company through higher interest rates charged to NHPL which will eventually enhance the return on investment of the shareholders of the Company.

The management expects the transactions to be beneficial for the Company as this will enhance the return on surplus funds available with the Company.

The directors have carried out necessary due diligence for the proposed investment. The duly signed recommendation of the due diligence report shall be made available to the members for inspection in the general meeting. The latest annual audited financial statements shall be available for inspection in the Extra Ordinary General meeting.

Information under Clause (a) of sub-regulation (1) of regulation 3 of (Investment in Associated Companies or Associated Undertakings) Companies Regulations, 2012.

Ref. No.	Requirement	Information			
I	Name of associated company	Nishat Hotels and Properties Limited			
	Criteria of associated relationship	Common Directorship			
ii	Amount of loans and advances	Rs. 1,000,000,000/- (Rupees One Billion Only)			
ii	Purpose	Working Capital needs of the associated Company.			
	Benefits	The Company will earn higher income from investment.			
iv	Details of existing loans	Rs. 1,000,000,000 (Rupees One Billion)			
V	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements as on June 30, 2017.	Equity And Liabilities	Rupees	Assets	Rupees
		Equity	9,363,103,571	Non-Current Assets	23,707,737,594
		Non-Current Liabilities	11,890,297,305	Current Assets	3,370,566,055
		Current Liabilities	5,824,902,773		
			<u>27,078,303,649</u>		<u>27,078,303,649</u>
vi	Average borrowing cost of the investing company	6.68%			

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vii	Rate of interest, mark up, profit, fees or commission etc. to be charged	3 Months KIBOR + 0.50%. as on September 28, 2017 3 month KIBOR is 6.15%.
viii	Sources of funds from where loans or advances will be given	Surplus funds of the Company
ix	Where loans or advances are being granted using borrowed funds; justification for granting loan or advance out of borrowed funds; detail of guarantees/assets pledged for obtaining such funds, if any; and repayment schedules of borrowing of the investing company.	N/A
X	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any.	Corporate Guarantee of the associated company.
xi	If the loans or advances carry conversion feature:	No
xii	Repayment schedule and terms of loans or advances to be given to the investee company.	Repayment of principal will be made within one year of the approval by members while payment of interest due will be made on monthly basis.
xiii	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Agreement will be signed after approval by the members other significant terms and conditions are as under: 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 . 2. In case of delay in re-payment of principal and interest, an additional sum equivalent to 7.50% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by Nishat Hotels and Properties Limited to Pakgen Power Limited in addition to the agreed interest amount. 3. All payments under the loan agreement shall be made through crossed cheque. 4. The associated company shall provide corporate guarantee to secure extension of loan.
xiv	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or the transaction under consideration:	One Director of Pakgen Power Limited, Mian Hassan Mansha currently holds 21.72% shares and his spouse currently holds 0.00% (13,902) shares, brothers of Mian Hassan Mansha namely Mian Raza Mansha and Mian Umer Mansha also currently holds 21.50% and 21.72% respectively, in Nishat Hotels and Properties Limited. The associated companies holding shares of Nishat Hotels and Properties Limited are interested in Pakgen Power Limited to the extent of their shareholding in Nishat Hotels and Properties Limited as follows:-

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: 1 A1 DIR THERMAL POWER STATIONS DO BOY NO 26 MUZAFFARGARH DC-34700 PAKISTAN TEL: 02-66.2300020 FAX: 02-66.2300260 www.naknennpower.com

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		% Nishat Mills Limited 7.40 Security General Insurance Co. Ltd. 7.40 D. G. Khan Cement Co. Ltd. 10.42 The associated companies holding shares of Pakgen Power Limited are interested in Nishat Hotels and Properties Limited to the extent of their shareholding in Pakgen Power Limited as follows:- % Nishat Mills Limited 27.55 Security General Insurance Co. Ltd. 1.72 Adamjee Insurance Co. Ltd. 6.89
xv	Any other important details necessary for the members to understand the transaction:	None
xvi	In case of investment in a project of an associated company or associated undertaking that has not commenced operations:	Not Applicable
	Starting date of work	Not Applicable
	Completion of work	Not Applicable
	Commercial operations date	Not Applicable
	Expected time by which the project shall start paying return on investment	Not Applicable

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

Name of Investee Company	Nishat Energy Limited	Lalpir Solar (Pvt) Limited	Lalpir Power Limited
Total Investment Approved	Equity investment of Rs 4,875,000,000 (Rupees Four Billion Eight Hundred Seventy Five Million Only) was approved by members in EOGM held on December 15, 2014 for the period of (3) years.	Equity investment of Rs 270,270,000 (Rupees Two Hundred Seventy Million Two Hundred Seventy Thousand Only) was approved by members in AGM held on April 30, 2016 for the period of (3) years.	Investment of Rs. 1 billion by way of loans and advances was approved by members in AGM held on April 26, 2017 for the period of one year.
Amount of Investment Made to date	PKR 2,500,000/-	NIL	NIL

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Reason for not having made complete Investment so far where resolution Required to be implemented in Specified time.	Investment in Nishat Energy is based on certain milestones which have not been accomplished yet. The first such milestone was conducting the Feasibility Study. Feasibility of the project was duly completed and has been approved by Punjab Power Development Board (PPDB). The second milestone was to procure Grid Interconnection Permit from NTDC whose study has been admitted and under final stage of review with National Transmission & Despatch Company (NTDC). Generation License application has been admitted for consideration By NEPRA. Upfront Tariff for imported coal has expired and no new tariff has been announced in place. The company could not adopt the tariff due to inordinate pendency of Grid Interconnect	Investment in Lalpir Solar Power Pvt Limited. is based on certain milestones which have not yet been accomplished. The first such milestone was to conduct Grid Interconnection Study (GIS), which has been approved by Multan Electric Power Company (MEPCO) however, approval/vetting of GIS is yet to be required from planning power wing of National Transmission & Dispatch Company Limited.	No loan has been extended after the approval because funds request has not yet been made by the investee company.
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	Permit from NTDC. The company has already escalated the issue of delay with concerned quarters in Govt.		
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	Nishat Energy Limited has issued paid-up share capital of 1,000,000 shares of Rs 10 each amounting to Rs 10,000,000 (Rupees ten million only).	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).	At the time of approval, as per then available latest financial statements for the year ended 31 st Dec, 2016 the basic Earnings per share was Rs. 1.39/- And Break-up value per share was Rs. 40.41/-, as per latest available unaudited financial statements for the half year Ended 30 th June 2017, the basic Earnings per share is Rs. 1.73 and Break-up value per share is Rs. 41.14.

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