NOTICE OF 20TH ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of Kot Addu Power Company Limited will be held at the Islamabad Serena Hotel, Khayban-e-Suhrawardy, Islamabad on Thursday, October 20, 2016 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the Minutes of the 19th Annual General Meeting of the Company held on October 22, 2015.

2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2016 together with Directors' and Auditor's Reports thereon.

3. To approve the final cash dividend of Rs. 4.75 per share, that is, 47.50% for the year ended June 30, 2016 as recommended by the Board of Directors. This is in addition to the interim dividend of Rs. 4.25 per share, that is, 42.50% already paid making a total cash dividend of Rs. 9.00 per share, that is, 90% during the year.

4. To appoint Auditors and fix their remuneration for the year ending June 30, 2017. The present Auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants, retired and being eligible, offer themselves for reappointment.

SPECIAL BUSINESS

5. To consider and if deemed fit, to pass the following resolutions as special resolutions with or without modification, addition(s) or deletions(s) under Section 208 of the Companies Ordinances, 1984 as recommended by the Board of Directors of the Company:

   RESOLVED that pursuant to the requirement of Section 208 of the Companies Ordinance, 1984, the approval of the members be and is hereby accorded for long term equity investment of upto Rs. 23.5 Billion (Rupees Twenty three Billion Five Hundred Million only) by the Company (through its funds and/or from bank borrowings) in the KAPCO Energy (Private) Limited, a wholly owned subsidiary of the Company, for subscribing at par, fully paid 2,350,000,000 ordinary shares of the face value of Rs. 10 each, as per terms and conditions disclosed to the members.

   FURTHER RESOLVED that the Board of Directors of the Company be and are hereby empowered and authorized to undertake the decision of said investment of shares as and when deemed appropriate and necessary in the best interest of the Company and its shareholders and to take all steps and actions necessary, incidental and ancillary for the acquisition of shares of KAPCO Energy (Private) Limited including execution of any and all documents and agreements as may be required in this regards and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of this special resolution.

   FURTHER RESOLVED that the Board of Directors of the Company be and are hereby empowered and authorized to provide guarantee, indemnity and/or to grant any security interest over any of the Company's assets to support the obligations of KAPCO Energy (Private) Limited.

6. To consider and if thought fit to pass the following resolutions with or without amendment/modification as Special Resolutions of the Company:

   RESOLVED that the Articles of Association of the Company shall stand amended as follows:

   (i) The following new Article shall form part of the Articles of Association of the Company:

   36.2 For general meetings, the Company shall comply with the e-voting requirements as notified in the Companies (E-Voting) Regulations, 2016 (as amended) or as otherwise prescribed by the Securities and Exchange Commission of Pakistan.

The existing paragraph in Article 36 shall be numbered as Article 36.1.

(ii) The following new Article shall form part of the Articles of Association of the Company:

47.2 At a general meeting, in case of e-voting, a proxy may or may not be a Member of the Company.

The existing paragraph in Article 47 shall be numbered as Article 47.1.

(iii) The following new Article shall form part of the Articles of Association of the Company:

49A E-Voting

Members opting for e-voting shall communicate their intention to opt for e-voting and demand of poll for resolutions through an instrument of e-voting to the Company at least ten (10) days before holding of the general meeting, through regular mail or electronic mail at the registered address/email of the Company provided in the notice of the general meeting. The instrument of e-voting and demand of poll for resolution shall be in the following form or a form as near thereto as may be:

KOT ADDU POWER COMPANY LIMITED

Option 1
Appointing other person as Proxy

I/We, ____________________ of __________________ being member of Kot Addu Power Company Limited, holder of ______________share(s) as per Register Folio No. ____________hereby Appoint _______________, Folio No. (if member) _________________ of _____________ or failing him/her _______________, Folio No. (if member) ____________ of ________________ as my / our proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the Annual General Meeting / Extraordinary General Meeting of the Company to be held on _____________ and at any adjournment thereof. Signed under my / our hand this ____________ date of _______________.

____
Signature should agree
with the specimen signature
registered with the Company

Signed in the presence of:

____
Signature of witness
CNIC

____
Signature of witness
CNIC

Option 2
E-Voting as per the Companies (E-voting) Regulations, 2016

I/We, _____________________ of _________________ being a member of Kot Addu Power Company Limited, holder of __________________ share(s) as per Register Folio No. ________ hereby opt for e-voting through Intermediary and hereby consent the appointment of execution officer (ABC) as proxy and will exercise e-voting as per The Companies (e-voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is ________________, please send me login details, password and electronic signature through email.

____
Signature should agree
with the specimen signature
registered with the Company

Signed in the presence of:

_____________	____________
Signature of witness	Signature of witness
CNIC	CNIC

7. To consider and if thought fit to pass the following resolution with or without amendment/modification:

   RESOLVED that the Company be and is hereby authorised to transmit the annual audited accounts of the Company to Members through CD/DVD/USB instead of transmitting them in the form of hard copies subject to compliance with the notification issued by the Securities and Exchange Commission of Pakistan (SRO 470 (I)/2016 dated May 31, 2016).

8. To transact any other business with the permission of the Chairman.

By Order of the Board

A. Anthony Rath
(Company Secretary)

Islamabad
September 1, 2016

Notes:

1. The share transfer books of the Company will remain closed from October 13, 2016 to October 20, 2016 (both days inclusive). Transfers received in order at the office of the Company's Shares Registrar, THK Associates (Private) Limited at the close of business on October 12, 2016 will be treated in time for purposes of payment of the final cash dividend (subject to approval of the Members) and to attend and vote at the Meeting.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his/her behalf, provided such proxy is also a Member.
3. An instrument of proxy and the Power of Attorney or other authority (if any) under which it is signed, or a Notary Public certified copy of such Power of Attorney, in order to be valid, must be deposited with the Company's Registrars, THK Associates (Private) Limited not later than (48) forty-eight hours before the time of holding the Meeting.
4. CDC account holders will in addition have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the Meeting:

   (i) In case of individuals: The account holder or sub account holder and / or the person whose securities are registered on CDS; and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (NIC) or original passport at the time of attending the Meeting. The Members are also required to bring their Participants' I.D. number and account numbers in CDS.

   (ii) In case of corporate entity: The Board of Directors Resolution / Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

5. Submission of copy of CNIC (Mandatory)

   The Securities and Exchange Commission of Pakistan (SECP) vide their SRO 779(i) 2011 dated August 18, 2011 has directed the company to print your CNIC number on your dividend warrants and if your CNIC number is not available in our records, your dividend warrant will not be issued / dispatched to you. In order to comply with the regulatory requirement, you are requested to kindly send photocopy of your CNIC to your Participant / Investor Account Services or to us (in case of physical shareholding) immediately to Company's Shares Registrar, THK Associates (Private) Limited.

6. Transmission of Annual Financial Statements through E-Mail:

   SECP vide SRO 787(1)/2014 dated September 8, 2014 has provided an option to receive audited financial statements electronically through email. Hence, members who hold shares in physical form and are interested in receiving the annual reports electronically in future are required to submit their e-mail addresses and consent for electronic transmission to the Shares Registrar of the Company. CDC shareholders are requested to submit their email address and consent directly to their broker (Participant)/CDC Investor Account Services.

7. In compliance with SECP notification No. 634(1)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for year ended June 30, 2016 are being placed on the Company's website: www.kapco.com.pk for the information and review of shareholders.

8. The correspondence address of the Company's Registrars, THK Associates (Private) Limited is as follows:

   THK Associates (Private) Limited
   Second Floor, State Life Building No. 3
   Dr. Zia-ud-Din Ahmed Road
   Karachi, 75530

Statement under Section 160(1)(b) of the Companies Ordinance, 1984 in respect of the Special Business

This Statement is annexed to the Notice of 20th Annual General Meeting of Kot Addu Power Company Limited to be held on Thursday, October 20, 2016, at which certain Special Business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such Special Business.

ITEM 5 OF THE AGENDA

Within the overall ambit of Government of Pakistan's Power Policy to bridge the gap between demand and supply and to reduce the cost of power production, the Government of Punjab (GoPb) through its department, the Punjab Power and Development Board (PPDB) took the initiative to facilitate the development of 2x660 MW coal fired power plants each at six raw sites within the Province of Punjab.

KAPCO applied for 1x660 MW project (the "Proposed Project") at Bhikki site, which was approved by PPDB. However, due to Pakistan Railways reluctance to provide guarantee of coal logistics, the Proposed Project was relocated to Muzaffargarh at PPDB's request.

The Company incorporated a special purpose vehicle under the name KAPCO Energy (Private) Limited ("KEPL") on April 30, 2014 to setup a coal based power project as an Independent Power Producer (IPP). KEPL is a wholly owned subsidiary of the Company.

The principal activity of KEPL is to build, own, operate and maintain a coal fired power station having gross capacity of 660 MW with net estimated generation capacity of approx. 607 MW with supercritical/ ultra-supercritical technology uses a boiler/turbine system and water-steam cycle equipment alongwith ancillary equipment i.e. cooling tower, cooling water pump, unit transformer and electric generator etc. In addition to this a complete coal fuel handling, storage and logistic system with Railway track sidings and ash handling facilities etc. are proposed to be developed.

KEPL has been progressing the Project. Included in this progress are the following:

(a) Ramboll (a United Kingdom based company) was engaged to conduct a feasibility study for the Project. The Feasibility Study was submitted to Punjab Power Development Board (PPDB) in January 2016.

(b) PPDB Panel of Experts approved the Feasibility Study on February 17, 2016.

(c) The interconnection Study has been conducted and approved by the National Transmission and Dispatch Company Limited (NTDC).

(d) An Environmental and Social Impact Assessment (ESIA) was completed and submitted to the Environmental Protection Agency (EPA) Punjab for NOC. EPA conducted their review and raised queries which were satisfactorily responded to. A public hearing was held on June 27, 2016 at Muzaffargarh. NOC from the EPA is awaited.

(e) NTDC has issued consent letter to evacuate power from the Project site.

(f) The Upfront tariff has been notified by National Electric Power Regulatory Authority (NEPRA) for the Project on May 9, 2016.

(g) Approval of Generation License is in process at NEPRA.

(h) Location of site at Muzaffargarh has been identified and progress is being made with the Government of Punjab for its purchase under the Land Acquisition Act, 1894.

The Project is under China-Pakistan Economic Corridor (CPEC) and it has received encouraging response from Sinosure and lenders (Chinese banks/EXIM bank) to finance the Project.

Based on proposed plant capacity i.e. 660 MW and notional project cost i.e. US$ 1.439 Million / MW, the total project cost is estimated around US$ 950 Million (Ref: NEPRA upfront tariff). The Project financing is based on 75% debt and 25% equity.

Information required to be disclosed to the members under S.R.O No. 27 (I)/2012 dated January 16, 2012 Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012, is as follows:

i)	Name of the associated company along with criteria based on which the associated relationship is established	KAPCO Energy (Private) Limited – A wholly owned subsidiary of the Company
ii)	Purpose, benefits and period of investment	Investment in subsidiary to set up 660MW imported coal fired power plant under upfront tariff regime by NEPRA.
iii)	Maximum amount of investment	Equity at 25% of total project cost.
iv)	Maximum price at which securities will be acquired	Par value of Rs. 10 per share.
v)	Maximum number of securities to be acquired	Such number of shares as are equivalent to 25% of project cost.
vi)	Number of securities and percentage thereof held before and after the proposed investment	Wholly owned subsidiary.
vii)	Average of the preceding twelve weekly average price of the security	Not Applicable.
viii)	Requirement in case of investment in unlisted securities, fair market value of such securities	The par value is the current fair value as securities are not yet subscribed.
ix)	Break-up value of securities on the basis of the latest audited financial statements	Not Applicable.
x)	Earning per shares of associated company for last three years	Not Applicable.
xi)	Sources of fund from which securities will be acquired	Company funds and/or bank borrowings.
xii)	Where the securities are intended to be acquired using borrowed fund	Yes
a)	Justification for investment through borrowings	Combination of Company's fund and bank borrowing gives maximum return.
b)	Detail of guarantees and assets pledged for obtaining such funds	Not Yet available.
xiii)	Salient features of the agreement(s), if any, entered into with associated company with regard to the proposed investment	None

xiv)	Direct or indirect interest of directors, sponsors, majority members and their relatives, if any, in the associated company or the transaction under consideration	The Directors have no interest directly or indirectly in the investment in KAPCO Energy (Private) Limited, except that they are shareholders/directors in the Company. The following Directors are employees of Pakistan Water and Power Development Authority (WAPDA): Lt. General Muzammil Hussain (Retd) Mr. Anwar-ul-Haq, and Mr. Badr ul Munir Murtiza
xv)	Any other important details necessary for the members to understand the transaction	Nil
xvi)	Description of the project and its history since conceptualization;	The Company applied for the Project at Bhikki site, which was approved by PPDB. However, due to Pakistan Railways reluctance to provide guarantee of coal logistics, the Proposed Project was relocated to Muzaffargarh at PPDB's request. The Company incorporated KAPCO Energy (Private) Limited ("**KEPL**") to setup a coal powered project. KEPL has been progressing the Project. Included in this progress are the following:
	a)	Ramboll a (United Kingdom based company) was engaged to conduct a feasibility study for the Project. The Feasibility Study was submitted to Punjab Power Development Board (PPDB) in January 2016.
	b)	PPDB Panel of Experts approved the Feasibility Study on February 17, 2016.
	c)	The interconnection Study has been conducted and approved by NTDC.
	d)	ESIA completed and submitted to EPA Punjab for NOC. EPA conducted their review and raised queries which were satisfactorily responded to. A Public hearing held on June 27, 2016 at Muzaffargarh. NOC from EPA is awaited.
	e)	NTDC has issued consent letter to evacuate Power from the Project site.
	f)	The Upfront tariff has been notified by NEPRA for the project on May 9, 2016.
	g)	Approval of Generation License is in process at NEPRA.

	h)	Location of site at Muzaffargarh has been identified and progress is being made with the Government of Punjab for its purchase under the Land Acquisition Act, 1894. The Proposed Project is under CPEC and has received encouraging response from Sinosure and Chinese banks to finance the Project.
xvii)	Starting and expected date of completion of work	Expected starting date is 3rd Quarter FY2016/17, & expected completion date is 3rd quarter FY 2019/20.
xviii)	Commercial operation date	Expected Commercial Operation Date is 3rd quarter FY 2019/20.
xix)	Expected time by which the project shall start paying return on investment	FY 2020/21

ITEM 6 OF THE AGENDA

To give effect to the Companies (E-voting) Regulations 2016, Members approval is being sought to amend the Articles of Association of the Company to enable e-voting in accordance with the provisions of Companies (E-Voting) Regulations 2016 (S.R.O 43 (I)/2016 of SECP dated January 22, 2016).

ITEM 7 OF THE AGENDA

To give effect to the S.R.O 470 (I)/2016 dated May 31, 2016 of the SECP, Members approval is being sought for transmission of the annual audited account through CD/DVD/USB instead of transmitting the said accounts in hard copies.

For convenience of Members a standard request form with appropriate details will be uploaded on the Company's website for Members who opt to receive the annual audited accounts in the form of hard copies (free of cost) at their registered addresses or through e-mail.

Consent for Video Conference Facility

Members can also avail video conference facility in {name of cities where facility can be provided keeping in view geographical dispersal of members}. In this regard please fill the following and submit to the Company's Corporate Office at 5-B/3, Gulberg III, Lahore 54660 10 days before holding of the AGM.

If the Company receives consent from Members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting though video conference at least 10 days prior to date of the Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate Members regarding venue of video conference facility at least 5 days before the date of the AGM along with complete information necessary to enable them to access such facility.

I/We, ________________________ of ______________________ _________________, being a member of Kot Addu Power Company Limited, holder of _________________ Ordinary Share(s) as per Register Folio No. __________________ hereby opt for video conference facility at _________________________.

Signature of Member