

PAKGEN POWER LIMITED



SECY/Stock Exch/26

March 30, 2019

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

PUCARS / TCS

SUB: NOTICE OF ANNUAL GENERAL MEETING

Dear Sir,

Further to our Letter No. SECY/STOCKEXC/ dated March 22, 2019, enclosed please find a copy of the Notice of Annual General Meeting of the Members of **Pakgen Power Limited** to be held on April 30, 2019 (Tuesday) at 11:30 a.m. for circulation amongst the TRE certificate holders.

Thanking you,

Yours sincerely,


KHALID MAHMOOD CHOCHAN
COMPANY SECRETARY

Copy to: -

The Director / HOD,
Surveillance, Supervision and Enforcement Department,
Securities & Exchange Commission of Pakistan,
NIC Building, 63 Jinnah Avenue, Blue Area,
ISLAMABAD.

Fax No. (051) 9100440/TCS

HEAD OFFICE

: 1-B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL: +92-42-35717000-06, 35717159-63, FAX: 92-42-35717238, WEBSITE: www.pakgenpower.com, E-MAIL: pakgen@lahpkr.com

REGISTERED OFFICE

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

POWER STATIONS

: 1. AL-BID THERMAL POWER STATION DO. BOYNO IS. HAITAFABABU DO. BIRAR. PAKISTAN TEL. 92 42 36367414 FAX 92 42 36367414



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, 2019 (Tuesday) at 11:30 A.M. at The Nishat Hotel (Emporium Mall), Trade and Finance Centre, 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, 2018 together with the Directors' and Auditors' reports.
2. To approve Final Cash Dividend @ 15% [i.e. Re. 1.50 (Rupee One Paisas Fifty Only) per Ordinary Share as recommended by the Board of Directors.
3. To appoint statutory Auditors for the year ending 2019 and fix their remuneration..
4. **Special Business:-**

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).

A) 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.

• IAI PIR THERMAL POWER STATIONS P.O. BOX NO. 60 MUZAFFARGARH DC 24000 PAKISTAN TEL: 02 22 222222 FAX: 02 22 222222



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.
- 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 19, 2019

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.

Folio No. / Investor Account Number / CDC Sub Account No.	
Title of Account	
CNIC	
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.

8. Circulation of Annual Reports through Digital Storage

Pursuant to the SECP's notification SRO 470(I) / 2016 dated 31st May, 2016 the Members of Pakgen Power Limited in AGM held on April 26, 2017 had accorded their consent for transmission of annual reports including audited annual financial statements and other information contained therein of the Company through CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share registrar, the standard request form available on the Company's website and the Company will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand.

9. Unclaimed Dividend / Shares

Shareholders who could not collect their dividend/ physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

10. Video Conference Facility

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the annual general

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

A) LOAN /ADVANCE TO LALPIR POWER LIMITED



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><tr><td>Year</td><td>Earnings per Share (Rs.)</td></tr><tr><td>2018</td><td>1.97</td></tr><tr><td>2017</td><td>2.56</td></tr><tr><td>2016</td><td>2.62</td></tr></table>	Year	Earnings per Share (Rs.)	2018	1.97	2017	2.56	2016	2.62
Year	Earnings per Share (Rs.)									
2018	1.97									
2017	2.56									
2016	2.62									
(iv)	Break-up value per Share, based on last audited financial statements	PKR 34.68 per share as at 31 December 2018.								
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<u>Assets as at 31 December 2018 (Rupees ‘000)</u> Non-current assets – Rs.9,137,451 Current assets – Rs. 18,007,231 Total assets – Rs. 27,144,682 <u>Total Current Liabilities – (Rupees ‘000)</u> Net equity – Rs. 13,172,717 Revenue 2018 – Rs.16,809,658 Expenses (CGS+Admin) – Rs. 15,141,712 Other income – Rs. 105,071 Profit/(Loss) after tax- Rs.747,472								
(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								

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	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 benefit analysis	NA
(iv)		Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the 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 of the disbursement of loan. 2. In case of delay in re-payment of 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.

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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 Company for the year ended 31 December, 2018 was 7.37% . 1 Month KIBOR as on March 22, 2019 was 10.76%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	The 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.

B) EQUITY INVESTMENT IN NISHAT HOTELS AND PROPERTIES LIMITED

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. The principal activity of the company is to own, manage, establish and operate a shopping malls, hotels and banquet halls. For the intended purpose, NHPL has acquired Hotel 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 since July 2016. Hotel has been opened since May 2017 and 198 rooms are fully operational. The Building has a covered area of 2.742 Million Square Feet comprising the following building components:

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- 4 star hotel having 198 fully equipped rooms
- Banquet halls
- Shopping Mall with following features:
 - Retail outlets
 - Food courts
 - Cineplex
 - Hyper Star
 - Fun Factory
 - Two basements with parking bays for cars and motorcycles.

Since NHPL is now fully operational, equity investment is mainly needed by NHPL to repay the long term finances obtained from financial institutions and to meet other working capital requirements.

The directors of the Company certify / undertake that the investment is being made after due diligence. The duly signed recommendation of the due diligence report and directors undertaking/certificate shall be made available to the members for inspection at the meeting.

Pakgen Power Limited ("the Company") expects significant dividends in future which will eventually enhance the return on investment of the shareholders of the Company, therefore the Directors of the Company have proposed to invest Rs. 200,000,000 by acquiring at Par, fully paid up 20,000,000 ordinary shares of PKR 10 each of NHPL.

NHPL 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

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

(a) Disclosure for all types of investments:				
(A) Disclosure regarding associated company				
(i)	Name of Associated Company or Associated Undertaking	Nishat Hotels and Properties Limited (“NHPL”)		
(ii)	Basis of Relationship	Common Directorship		
(iii)	Earnings / (Loss) per share for the last three years	30-Jun-18	30-Jun-17	30-Jun-16
		(0.96)	(0.23)	(0.11)

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(iv)	Break-up value per share, based on last audited financial statements		Rs 8.64 as per audited financial statements of 30 th June, 2018.
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements		Half Year Result at 31-Dec-18
			(Rupees)
			Total asset 27,317,220.647
			Total liabilities 19,397,420.016
			Total equity 7,919,800.631
		Net profit/ (loss) (370,773,072)	
(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	
	II	Starting date and expected date of completion of work	
	III	Time by which such project shall become commercially operational	
	IV	Expected time by which the project shall start paying return on investment	
	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	
(B) General Disclosures:			
(i)	Maximum amount of investment to be made		Rs. 200,000,000 (Rupees Two Hundred Million Only)
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment		To earn dividend income and / or capital gains which will enhance the profitability of Pakgen Power Limited and add to the shareholders' value of the members of the investing Company. The investment in NHPL will be for long term.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:		The investment will be made from Company's available funds.
	(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

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(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	NA																														
(v)	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	The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under: The directors of Pakgen Power Limited (Pakgen), their relatives and associated companies holding shares of Nishat Hotels and Properties Limited (NHPL) are interested to the extent of their shareholding as under:- <table><tr><td><u>Directors:</u></td><td>% of Shareholding</td></tr><tr><td>Mian Hassan Mansha (Common Director)</td><td>21.72</td></tr><tr><td><u>Relatives:</u></td><td></td></tr><tr><td>Mian Umer Mansha</td><td>21.72</td></tr><tr><td>Mian Raza Mansha</td><td>21.50</td></tr><tr><td>Both brothers of Mian Hassan Mansha.</td><td></td></tr><tr><td>Mrs. Iqraa Hassan Mansha (Spouse of Mian Hassan Mansha)</td><td>0.00</td></tr><tr><td><u>Associated Companies</u></td><td></td></tr><tr><td>Nishat Mills Limited</td><td>7.40</td></tr><tr><td>Security General Insurance Co. Ltd.</td><td>7.40</td></tr></table> The directors of NHPL are interested in Pakgen to the extent of their shareholding as under:- <table><tr><td>Name</td><td>% of Shareholding</td></tr><tr><td>Mian Hassan Mansha (Common Director)</td><td>3.93</td></tr></table> The associated Companies holding shares of NHPL are interested in Pakgen to the extent of their shareholding as follows: <table><tr><td>Name</td><td>% of Shareholding</td></tr><tr><td>Nishat Mills Limited</td><td>28.80</td></tr><tr><td>Security General Insurance Co. Ltd.</td><td>1.80</td></tr></table>	<u>Directors:</u>	% of Shareholding	Mian Hassan Mansha (Common Director)	21.72	<u>Relatives:</u>		Mian Umer Mansha	21.72	Mian Raza Mansha	21.50	Both brothers of Mian Hassan Mansha.		Mrs. Iqraa Hassan Mansha (Spouse of Mian Hassan Mansha)	0.00	<u>Associated Companies</u>		Nishat Mills Limited	7.40	Security General Insurance Co. Ltd.	7.40	Name	% of Shareholding	Mian Hassan Mansha (Common Director)	3.93	Name	% of Shareholding	Nishat Mills Limited	28.80	Security General Insurance Co. Ltd.	1.80
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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	The Company has provided NHPL a loan of Rs. 1 billion as working capital. The Company has already earned Rs. 59.963 million as mark-up income on said loan since such loan is provided to NHPL. The price for this loan would increase, subject to approval by shareholders, in line with prevailing situation of financial market.																														

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(vii)	Any other important details necessary for the members to understand the transaction	None									
(b) Additional disclosure regarding Equity Investment											
(i)	Maximum price at which securities will be acquired	Par value of Rs. 10/- per Share									
(ii)	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	NA									
(iii)	Maximum number of securities to be acquired	20,000,000 Shares of Rs. 10/- each.									
(iv)	Number of securities and percentage thereof held before and after the proposed investment	<table> <tr> <th></th><th>No. of Shares</th><th>%age</th></tr> <tr> <td>Before</td><td>0</td><td>0</td></tr> <tr> <td>After</td><td>20,000,000</td><td>1.87</td></tr> </table>		No. of Shares	%age	Before	0	0	After	20,000,000	1.87
	No. of Shares	%age									
Before	0	0									
After	20,000,000	1.87									
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	N/A									
(vi)	Fair value determined in terms of sub-regulation (1) regulation 5 for investments in unlisted securities	The fair value of the share determined in terms of Regulation 5(1) is Rs. 14.47 per share based on discounted cash flows using "Free Cash Flow to the Company" at discount rate of 12.54% with 4% terminal growth rate. (Copy of fair valuation report issued by HBL Ijaz Tabussam & Co., Chartered Accountants, is available at Registered Office of the Company and can be inspected in working hours up to April 29, 2019).									

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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 Power (Pvt) Limited
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.
Amount of Investment Made to date	NIL
Reason for not having made complete Investment so far where resolution Required to be implemented in Specified time.	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) and planning power wing of National Transmission & Dispatch Company Limited. However, consent of Power Purchaser i.e., Central Power Purchasing Agency Guarantee Limited (CPPA-G) is still pending. The approval for making of said investment was allowed for a period of 3 years from the date of approval i.e. April 30, 2016 and is going to be expired on April 29, 2019.
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 100,000 shares of Rs 10 each amounting to Rs.1,000,000 (Rupees One Million Only).