



LAHORE ELECTRIC SUPPLY COMPANY

Chief Executive Officer LESCO

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**The Registrar,
National Electric Power Regulation Authority (NEPRA)
NEPRA Tower, Attaturk Avenue (East), G-5/1
Islamabad**

**SUB: APPLICATION FOR GRANT OF ELECTRIC POWER SUPPLIER
LICENCE TO LAHORE ELECTRIC SUPPLY COMPANY (LESCO)
LIMITED AS SUPPLIER OF LAST RESORT (SOLR)**

It is informed that LESCO is a Deemed Licensee for supply of Electric Power as per proviso to Sub-Section (1) of Section 23E of Regulation of Generation, Transmission and Distribution of Electric Power Amended Act, 2018, amended up to date for period of five years which will expire on April 30, 2023.

Under the clause (1) of Section 23E of the Act "No person shall, unless licensed by the Authority under this Act, engage in the supply of electric power to a consumer". As per Regulation 3(2)(b) of NEPRA Licensing (Electric Power Supplier) Regulations, 2022 notified as per SRO No. 446(I)/2022 dated March 28, 2022, a Deemed Licensee has to make an application to the Authority / NEPRA at least ninety (90) days before expiry of the period.

Accordingly, in pursuance of Regulation 3(1) of NEPRA Licensing (Electric Power Supplier) Regulations, 2022 and in accordance with Regulation 3 of the NEPRA Licensing (Application, Modification, Extension and Cancellation) Procedure Regulations, 2021 issued vide SRO No.521(I)2021 dated 27-04-2021, please find attached herewith the application for kind consideration of the Authority for grant of Electric Power Supply Licence to LESCO.

The working paper for authorization of CEO for signing of subject application has been submitted to LESCO Board of Directors and the requisite Resolution will be provided soon after approval.

Consequently, I, Engr. Ch. Muhammad Amin, Chief Executive Officer LESCO hereby request the honorable Authority for grant of an Electric Power Supply Licence to Lahore Electric Supply Company (LESCO) Limited as Supplier of Last Resort for a period of 20 years or more as deemed appropriate.

For any clarification, additional information or any other matter relating to this application Mr. Altaf Qadir (Director General MIRAD) LESCO (0320-0520201, email dgmiradlesco@gmail.com) is designated as focal person.


Engr. Ch. Muhammad Amin
**CHIEF EXECUTIVE OFFICER
LESCO**

Checklist as per Regulation 3 of NEPRA Licensing (Application, Modification, Extension and Cancellation) Procedure Regulations, 2021

Sr. No.	Description	LESCO Remarks
1	The type or category of license	Electric Power Supply Licence as Supplier of Last Resort (SOLR)
2	The proposed time period of extension	Proposed time period is 20 years starting from May 01, 2023 to April 30, 2043 or more
3	Prospectus	Attached as Annexure-A
4	Certified copies of : a) Certificate of Incorporation. b) Memorandum and Article of Association c) Annual Reports of the company	Attached as Annexure-B
5	Last annual return of the Company	Attached as Annexure-C
6	Evidence of adequate financial and technical resources available to the applicant for the purposes of undertaking related electric power services for which application for grant of license has been filed, including evidence of cash balances held in reserve by the applicant, along with bank certificates; details of charges or encumbrances attached to the applicant's assets, if any; latest audited financial statements of the applicant; expressions of interest to provide credit or financing along with sources and details thereof, documents describing the net worth and the equity and debt ratios of the applicant, as on the date of the audited balance sheet accompanying the application.	Audited Financial Report for F.Y 2018-19 attached as Annexure-D
7	Detailed profile of the applicant and the applicant's senior management, technical and professional staff	Summary abstract (Name, Designation, Qualification) of Management Officers attached as Annexure-E
8	Application fee as set out in Schedule-II (Fees for grant, Extension of Term or Modification of License)	Cross cheque of UBL, cheque no. 22675337 dated 26-01-2023 amounting to Rs.3064255/- in favour of NEPRA.
9	Applicable documents in support and information set out in Schedule III for Electric Power Supply	Following attached as Annexure-F i. Relevant feeder maps Number of Consumers and expected load. ii. Consumer class/category, sub-category on the basis of sanctioned load and voltage level. iii. Tariff categories of consumer classes to be served.

		<ul style="list-style-type: none">iv. Demand and consumption pattern on different time periods.v. Procurement Plan for meeting expected loads.vi. 12-month projections on expected load, number of consumers and expected sale of units for each consumer category.vii. Training and development procedures and manuals.viii. Information relating to:<ul style="list-style-type: none">a) Proposed service territoryb) Billing and collection procedures (including provisions for remote metering)c) Ability to access consumer metering system and other services/equipmentd) Emergency provisions and protocols
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LESCO OVERVIEW



Providing Power for Progress and Prosperity

LAHORE ELECTRIC POWER COMPANY LIMITED

**SECTION-I****Executive Summary****1.01 Introduction:**

Lahore Electric Supply Company (LESCO) Ltd was incorporated on 18th February, 1998 and obtained certificate for commencement of business on 9th March, 1998 under section 146(2) of Companies Ordinance 1984. LESCO obtained Distribution License from National Electric Power Regulatory Authority (NEPRA) on April 01, 2002 pursuant to NEPRA Act 1997. Its 100 % shares are owned by Government of Pakistan. Management and Administration is entrusted to the Board of Directors (BoD).

LESCO pays a power purchase price for the electricity it procures from the Central Power Purchasing Agency (CPPA) or from other sources on behalf of the CPPA which would include the generation and transmission charges regulated by NEPRA. The major objectives of the company include ensuring uninterrupted and stable power supply to all its customers along with state-of-the-art customer care as well as establishing and operating reliable electricity distribution networks.

1.02 Vision, Mission and Core Values of the Company:

All actions and efforts of LESCO team are guided by its Vision and Mission embodying the Core Values, as detailed below, at the heart.

1.02.1 Vision Statement of LESCO:

“Lahore Electric Supply Company will be the top performer nationwide electric utility company.”

1.02.2 Mission Statement of LESCO:

“To distribute & supply electricity in a reliable, secure, safe, environmentally responsible & cost-effective manner.”

1.02.3 Core Values of LESCO:**Commitment to Customers:**

- Ensure provision of electricity with the highest levels of quality and excellence
- Demonstrating professionalism in all customer dealings and ensuring that all business actions are driven by customer needs.

Commitment to Employees:

- Treat employees with respect and dignity across the board and Focus on recruiting, developing and retaining capable manpower
- Recognize and reward achievements and empower downstream to maximize functionaries' potential and contribution.
- Promote open and less paper communication and provide a safe and hygienic work environment for all employees.
- Promotion & incentives as per Government policy and BoD approvals



Commitment to Society:

- To work with communities in the vicinity of our operations to gain their acceptance of co-existence by addressing salient development imperatives of:
 - Sports (Hockey Promotion)
 - Construction of washrooms in Govt. Schools for females
 - Street Lights
 - Tree plantation
 - Clean drinking water

Teamwork and Trust:

- Promote a participatory workplace that enables employees to get involved in making decisions about their work that contributes towards common business objectives.

Excellence:

- Strive to achieve the highest possible standards in day-to-day work

Ethical Behavior & Integrity:

- Operate the business following the highest ethical and moral standards

1.03 Strategic Positioning:

As the Pakistan Power Sector (PPS) undergoes another set of continued reforms, LESCO is all set to add value to the evolving wholesale competitive electricity market in line with Competitive Trading & Bilateral Contract Market (CTBCM) regime.

Towards this end, moving ahead of the single territorial electric power service provider within service territory; LESCO, as envisaged in CTBCM, has initiated transformation as multirole service provider as “Electric Power Supplier” and “Power Distributer”. As per regulation, LESCO shall, however, continue to be “Supplier of Last Resort” so as to ensure continued, uninterrupted, reliable and adequate power supply to any and all the customers at all times, within the Service Territory.

As Power Distributor, i.e., the Distribution Network Operator (DNO), LESCO pledges to provide interconnection facility and open access to its system for all intending Users (Market Participants) including, but not limited to, the eligible Generation Companies, Bulk Power Consumers, Traders, Competitive Electric Power Suppliers, Distributed Generation etc. at reasonable and affordable prices, without any favor or, otherwise, discrimination or restrictions. Taking natural monopoly wire-business role, the DNO, we are well aware that the position requires us to ensure embedding principles of impartiality, non-discrimination and arm’s length transaction even while dealing with Power Supplier arms of our own company.

As Power Supplier, LESCO is all set to take the daunting task of facing competition at wholesale market level and, thus gearing up to ensure retention of base load Bulk Power Consumers (BPC). We also clearly understand our commercial priorities shall not undermine the rights of embedded regulated customers.



1.04 Purpose and Goals of the Business Plan:

The Business Plan entails LESCO's vision, mission, core values, stakeholders' needs, general indicators, sales and consumer forecasts, power supply issues in line with Regulatory Framework as enunciated by NEPRA through approval of CTBCM. The Plan also takes account of limitations, human resources and organizational development, financial projections, regulatory requirements including quality of service, subsidies and legal restrictions affecting timely collection of delinquent payments, performance indices with initiatives and risk assessment and will serve as a central reference document for integrated cross-functional planning, and periodic performance reviews, that will help LESCO make informed decisions based on priorities. The Business Plan of LESCO for the period 2022-23 to 2026-27, in addition to the broader CTBCM framework, is guided by the National Electricity Policy 2021, (draft) National Electricity Plan 2022, Strategic Roadmap prepared and agreed with Ministry of Energy Power Division, Indicative Generation Capacity Expansion Plan (IGCEP) approved by NEPRA in September 2021, (draft) NEPRA Power Procurement Regulations, LESCO's Transmission Expansion Plan as integrated with Transmission System Expansion Plan of NTDC and the Demand Forecast of LESCO recently submitted to NEPRA.

Accordingly, the Plan in hand is aligned to the strategic positioning of LESCO, as delineated earlier herein above, to establish medium term outlook based on its Electric Power Supplier and Electric Power Distribution Businesses separately. The main goal of the Business Plan, set out by LESCO, is to ensure and assure itself and consumers towards the adequacy and sufficiency of power supply during the plan horizon and to establish seamless outreach of its power distribution network for all Users through a robust achievable Investment Plan. This plan is a living reference document which will be used by the CEO and senior managers of LESCO to focus their activities and energies for the next five years in making LESCO an operationally reliable, technically resilient and financially viable company by improving the regulation and governance of the entity, introducing new technologies including upgrade of existing technology and machinery and improving human resources in line with best utility and business practices worldwide. This plan will also be utilized by the Policy Strategy and Market Reforms Committee of the Board for regular monitoring, to ensure that company achieves its stated objectives.

This Investment Plan covers a five-year period from FY 2022-23 to FY 2026-27, encompassing the following areas:

- Demonstrating LESCO's Power Supply and Power Distribution capabilities and eligibility.
- Identifying projections of power demand, power resources and population served expected in the time period from 2022-23 to 2026-27
- Illustrating the strategic objectives for 2022-2027, aligned with optimally achievable scenario as pledged with the Government of Pakistan – the Shareholder, designed for coordinated preparedness to accomplish the strategic goals in the five-year timeframe of the Business Plan.
- Projecting the financial impact on LESCO's bottom-line of implementing the project plans.



1.05 Distribution Business Integrated Investment Plan:

LESCO's Distribution System Integrated Investment plan for next five years (2022-23 to 2026-27) is summarized herein below;

Rs. in million

Description	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Projected						
1- Development of Power						
Own Resources	509	671	629	823	904	3,536
Consumer Financing	7,428	7,812	8,454	9,185	10,298	43,177
Sub-Total	7,937	8,483	9,083	10,008	11,202	46,713
2- Energy Loss Reduction						
HT & LT Network	2,518	3,187	3,655	4,268	4,945	18,573
ABC	200	253	284	279	409	1,425
Sub-Total	2,718	3,440	3,939	4,547	5,354	19,998
3- STG						
Own Resources	5,186	2,035	3,516	3,368	2,079	16,184
4- AMI / AMR / Smart Energy Meters	1,500	2,879	1,509	1,509	1,509	8,906
5- Others	3,083	3,283	3,497	3,724	3,966	17,553
GIS Mapping	200	213	227	242	257	1,139
IT Equipment & ERP/ Data	500	533	567	604	643	2,847
Buildings and Civil Works	500	533	567	604	643	2,847
Bucket Mounted Vehicles	650	692	737	785	836	3,700
Operational Vehicles	240	256	272	290	309	1,367
Transport Policy	500	533	567	604	643	2,847
Furniture & Office Equipment	50	53	57	60	64	284
CCTV - Camera	100	107	113	121	129	570
Line T & P	263	280	298	318	338	1,497
TRW - Workshop	80	85	91	97	103	456
Total Financing	20,424	20,120	21,544	23,156	24,110	109,354
Sources of Financing						
1- Own Resources	12,996	12,308	13,090	13,971	13,812	66,177
2- Consumer Financing	7,428	7,812	8,454	9,185	10,298	43,177
Total	20,424	20,120	21,544	23,156	24,110	109,354



SECTION-II

The Company's Baseline

2.01 General Information

History:

LESCO is a Public Limited Utility Company, responsible for the distribution of electric power to the public. LESCO was incorporated in Pakistan under the Companies Ordinance 1984, on May 14, 1998, in line with Government policy of unbundling and corporatizing Pakistan's power sector, as a result of restructuring of WAPDA's Power Wing after the enforcement of NEPRA Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997). LESCO's Distribution License No. 03/DL/2002 was issued by NEPRA on April 01, 2002 for the sale of power.

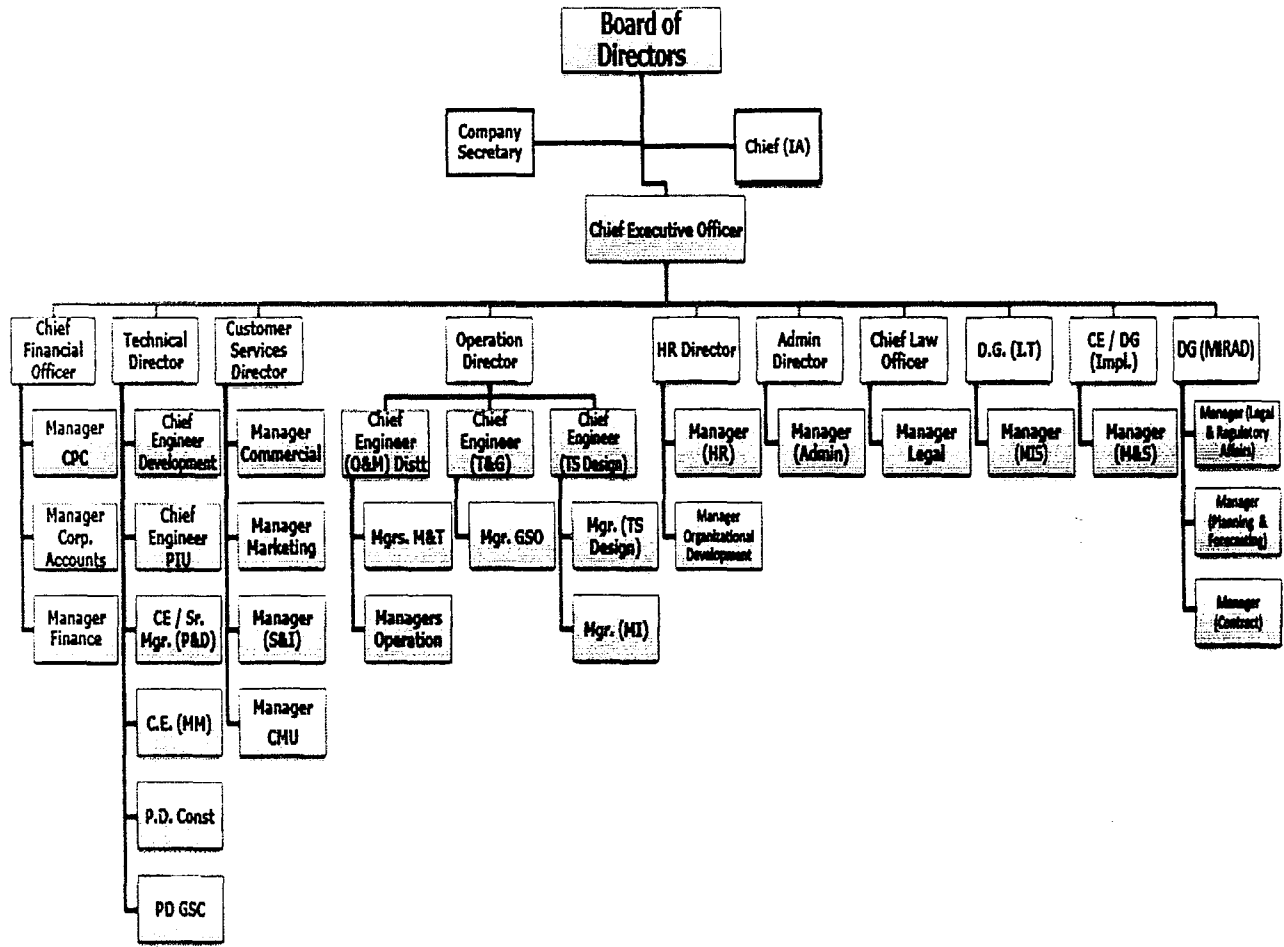
Geographic Coverage:

Jurisdiction of LESCO extends five main districts (Lahore, Sheikhpura, Kasur, Okara and Nankana) of Punjab province serving an approximate population of 25 Million.



Company's Structure, Human Resources and Corporate Governance:

The following organogram explains the management hierarchy of LESCO. Its Board of Directors, consisting of ten members, is responsible for overall policy making, decision making and guiding the authority. The day-to-day affairs of the company are run by its nine Executive Directors who are responsible for their respective functions, under the overall control of the Chief Executive Officer.



Statistical & Financial Information:

Including Purchases and Sales of Electricity, losses, and net profit / loss depicting the company's financial health is tabulated below:

Description	Units	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
		Audited	Audited	Audited	Provisional		
Units Sold	MkWh	17,342	17,783	20,448	21,132	20,611	22,352
Units Received	MkWh	20,152	20,622	23,731	24,338	23,529	25,388
T & D Losses.	%	13.4	13.8	13.8	13.17	12.4	12.0
Sales Revenue	M.Rs.	141,186	192,434	256,095	306,809	326,742	331,887
Purchase Cost	M.Rs.	153,259	177,575	239,937	279,352	298,508	305,286
Operating Cost:							
Distribution Cost	M.Rs.	24,561	22,786	28,472	28,663	34,287	38,624



Administrative Expenses	M.Rs.	5,122	6,120	8,569	13,147	7,092	7,989
Customer Services Cost	M.Rs.	2,200	2,117	2,705	2,813	3,071	3,459
Fixed Assets	M.Rs.	62,746	70,635	82,063	90,939	94,551	100,622

General level of Investments:

LESCO has made the following investments in different projects:

(Million Rs.)

Description	2017-18	2018-19	2019-20	2020-21	2021-22
Development of Power (DOP)	5,268	4,933	4,713	4,475	3,825
Electricity Loss Reduction (ELR)	1,403	1,497	1,622	1,595	1,083
STG	5,430	3,055	3,266	4,203	4,753
Total	12,101	9,685	9,601	10,273	9,661

Relationship between staff and consumers:

There are total 20,119 employees working in LESCO as on FY 2021-22. The relationship between staff and consumers for the last five years is as follows:

Description	2017-18	2018-19	2019-20	2020-21	2021-22
Consumers	4,598,784	4,889,862	5,187,194	5,527,854	5,887,248
Staff	22,358	21,945	21,159	20,478	20,119
Consumers to staff Ratio	206:1	223:1	245:1	266:1	292:1

Existing Project Design and Implementation System:

The project design and implementation system of LESCO is based on the resource allocation (the anticipated amount of material required and obtained for the execution of the project), resource leveling (the required amount of resources to be provided at a proper time e.g., at the start of a phase, more work force and less material may be required as compared to the growth or maturity stage) and resource scheduling/loading (the amount of resources required during the specified phase of the project).

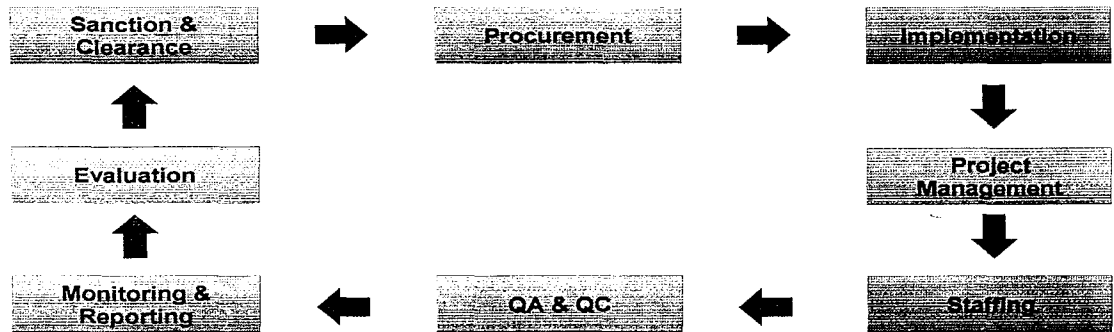
LESCO has the required capability, personnel and expertise to implement and execute a project. It has well established, functioning departments that are capable of handling projects of similar nature and magnitude. Some of these departments are as under:

- ✓ Engineering



- ✓ Material Management
- ✓ Finance
- ✓ Commercial
- ✓ Project Management Unit

Project implementation is summarized in the form of a flow chart as below:



Existing Operation System:

The existing administrative layout of LESCO operation system is given below:

Each Distribution Division has one Revenue / Customer Services Office. Distribution Circles, Divisions, Customer Services Offices and Sub Divisions deal with all types of customers of the company. The Grid System Operation (GSO) Circle, Divisions and Sub Divisions take care of maintenance of the power supply through 132kV systems comprising of the transmission lines and grid stations while the Grid System Construction (GSC) executes 132kV grid station and transmission lines works. The Metering and Testing (M&T) section takes care of the installation, maintenance and testing of energy meters of all types. The Project Director Construction Circle undertakes the implementation and execution of investment programs of 11kV and LT (0.4 kV), System Augmentation Program (ELR and DOP), deposit works and village electrification.

Description	Circles	Divisions	Sub Divisions	Revenue Offices
Distribution	8	42	201	42
P.D Construction (Distribution)	1	10	26	-
Grid System Operation (GSO)	1	3	37	-
Grid System Construction (GSC)	1	3	7	-
Metering & Testing (M&T)	2	7	-	-
Total	13	65	271	42

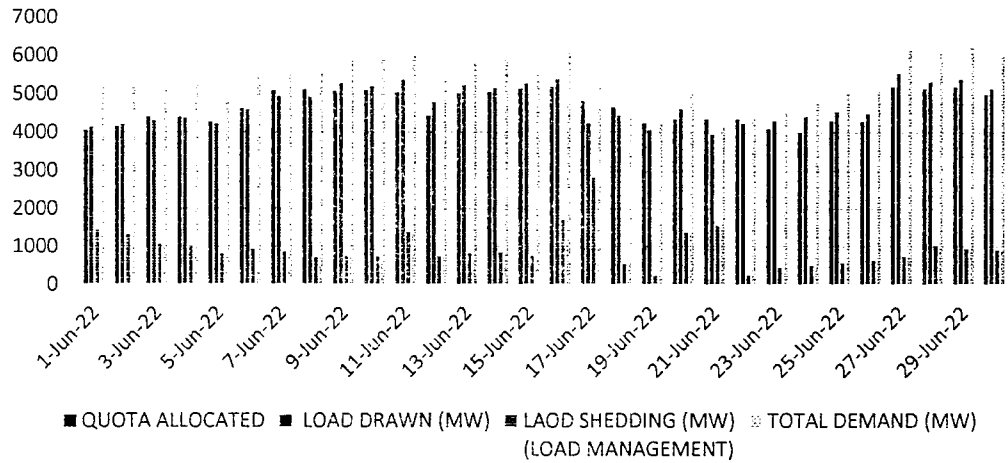


2.02 Power Demand and Supply:

Daily Load Demand:

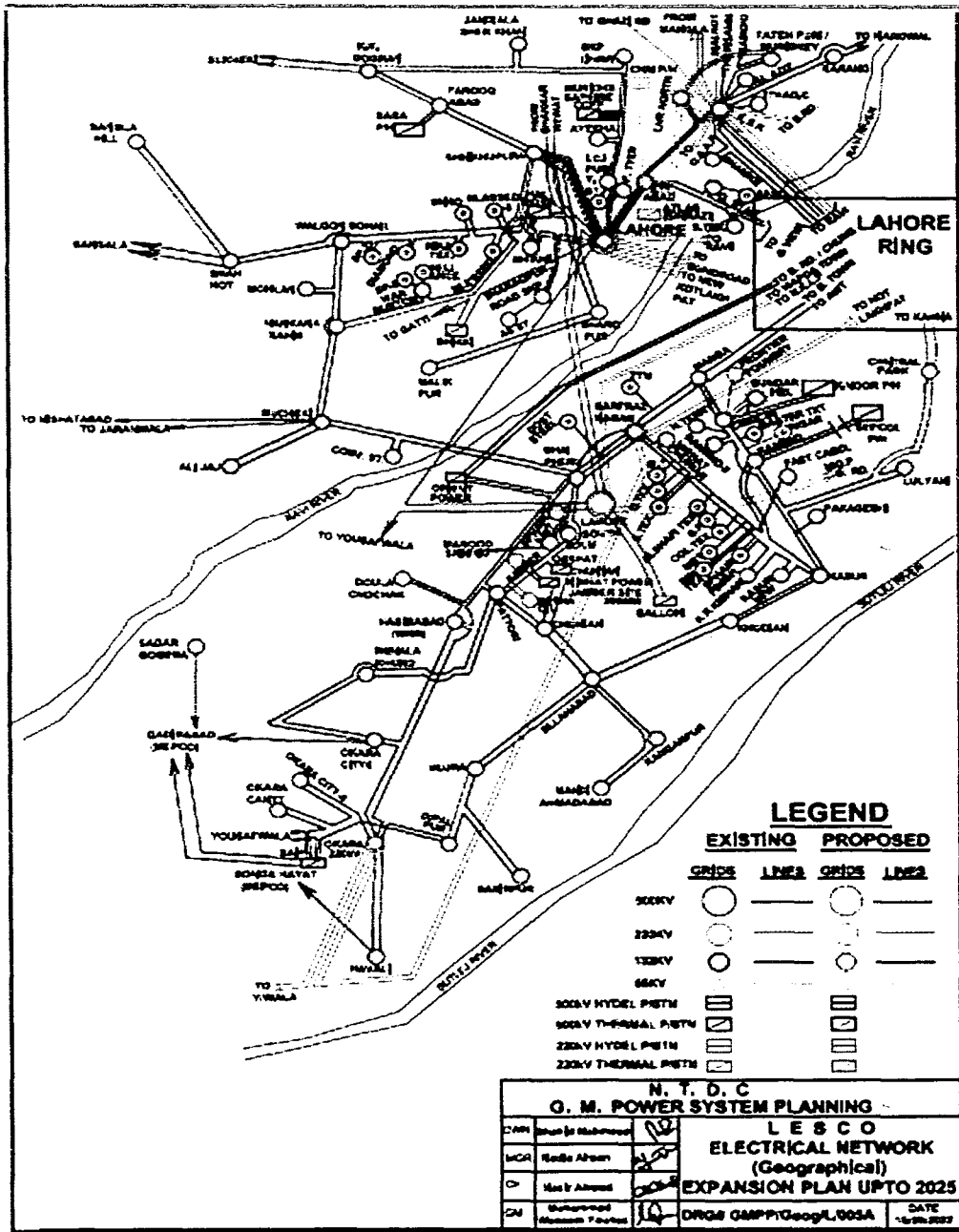
The daily Load Demand with the Amount of Load Shedding and the computed Demand is provided in the Table below for the month of June 2022.

June Data Analysis

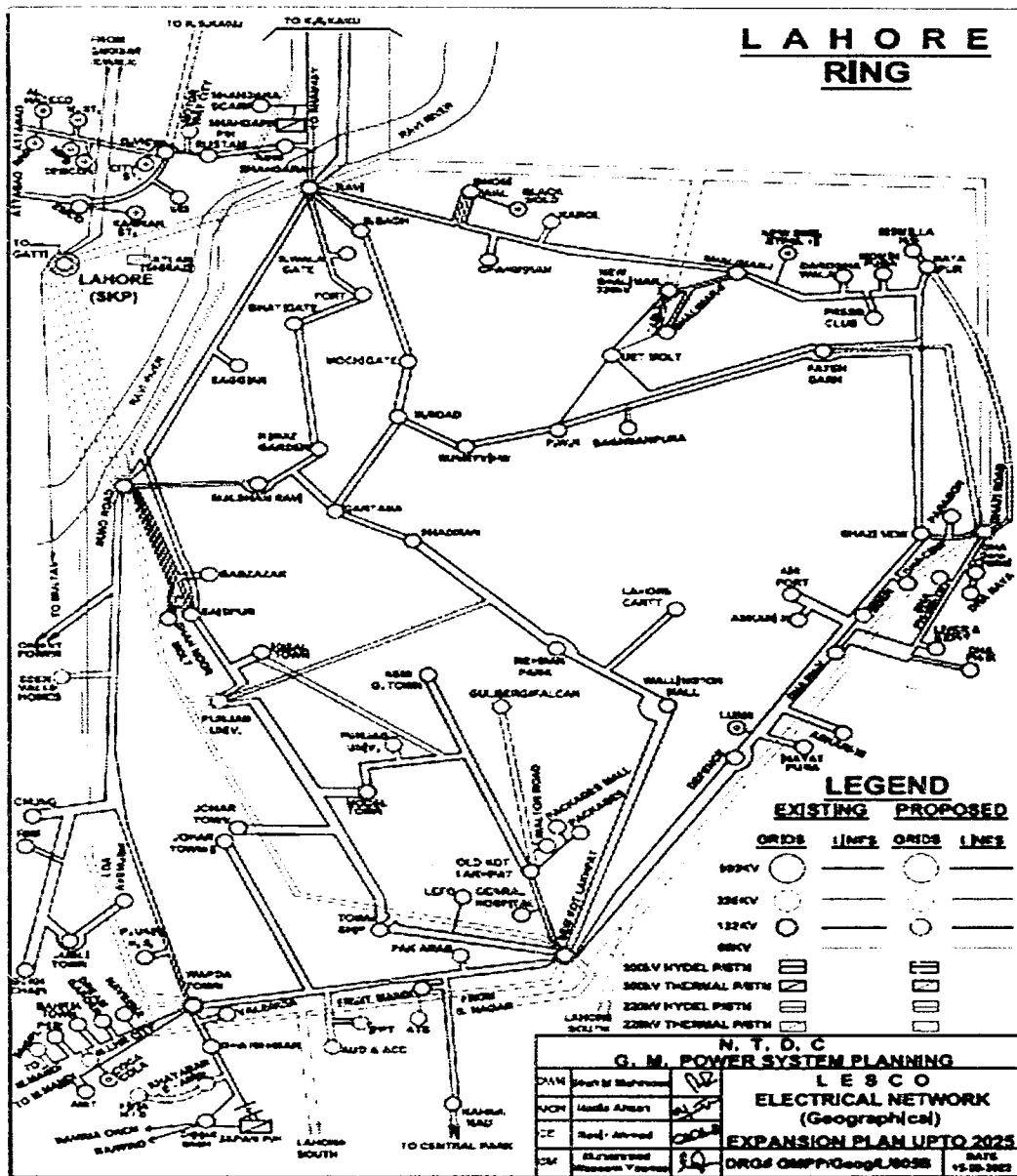


2.03 Secondary Transmission and Distribution Network Condition:

120 Grid Stations are feeding the LESCO Distribution Network. LESCO serves over 5.89 million customers through 2,058 distribution feeders with a total HT Lines length of 31562 KM. Total number of distribution transformer in LESCO is over 127,340 with 9,479.195 MVA transformation capacity.



Existing 132-kV Network of LESCO



Existing 132 kV Network of LESCO – Lahore Ring

The segregation of Technical and non-technical losses is not available. LESCO has completed mapping and technical analysis of its existing 11 kV Distribution Network using SynerGEE and GIS. In second phase LESCO is intended to initiate mapping and digitizing of its 0.4 kV network through third party for which tender documents are being prepared.

2.04 Financial Management:

The accounting systems and the corresponding back-office operations of LESCO were legacy based which were not only unable to meet the growing needs of the company but also incapable of providing timely information required for senior management to make effective decisions or properly monitor and control utility operations. To cope with the said issues, three modules of ERP i.e. FICO, MM & HR



have been implemented in LESCO. Now, Financial, Human Resource and Material Management data is available through Oracle module.

Now, the financial transactions are entered in oracle from all cost centers of LESCO scattered in 5 district of Punjab Province. Many financial reports are available in ERP module for decision making at management level. However, automation of pension process in LESCO is being planned in coming years to strengthen overall financial management and increasing the system reliability. The system of inventory / material management is operative in ERP. All record of all stores is accessible to the users/ senior management for quick decision making. The ERP material management module is also helpful in financial discipline of stores and the processes.

The Human resource is considered the most important assets of an organization. The effective human resource management is the key to success of any organization. LESCO has implemented HR module of Oracle ERP. Now, most of the human resource processes are being run through ERP. However, the Oracle ERP modules are not integrated with the billing system of LESCO which hampers the overall efficiency of the system. The consumer data available through billing system and other data is manually integrated to a certain level which limits benefits of ERP implementation.

2.05 HR Management:

The current strength of LESCO for the year 2021-22 is 20,119 employees against sanctioned post of 32,563 that make occupancy rate 61 %. Among these 513 are in the management cadre i.e. Grade-17 and above, while the remaining 19,606 are below Grade-17.

LESCO regularly conducts training and capacity building of its employees largely through self-owned Regional Training Center (RTC), WAPDA Engineering Academy and WAPDA Staff College. The trainings that are delegated by WAPDA for the Officers are conducted at the Engineering Academy and Staff College while the local training center organize around fifteen to twenty regular training programs each year for LESCO employees.

Capacity Building:

- **Establishment and Operationalization of MIRAD:**

In line with NEPRA's approval of CTBCM and Roadmap thereof, LESCO has established Market Implementation & Regulatory Affairs Department (MIRAD) to lead LESCO team in effective and smooth implementation of CTBCM and be LESCO's interface thereof. The charter of MIRAD, as envisaged by NEPRA and the Ministry of Energy (Power Division) includes the following functions:

- Bilateral power purchase contract agreement
- Legal and Regulatory affairs
- Billing and settlement with the market operator
- Financial Health Assessment / Security Cover
- Demand Forecasting
- Transmission planning.
- Integrated Business Planning & Performance Monitoring



LESCO, taking the lead, hired the Director General MIRAD in July, 2021 and subsequently transferred adequate professional, selected through internal competitive process, to MIRAD. Currently all sections of MIRAD LESCO are fully functional with 18 out of 20 professionals on board. A full scale systematic, periodic and perpetual program for training of MIRAD professional, including professionals of MIRAD LESCO, sponsored by NEPRA and CPPA-G is also being undertaken, whereby the LESCO's professionals are the lead beneficiaries.

Further, Policy, Strategy & Market Reforms (PSM) Committee of the Board of Directors of LESCO is also in place to support and guide MIRAD in complying with its charter as directed by NEPRA and the Ministry of Energy (Government of Pakistan).

- **Other Functional Developments:**

During the year, LESCO has also embarked upon hiring market-based professionals to attend the long-neglected areas. Accordingly, Enterprise Risk Management Department has been established headed by Chief Risk Officer.

The head of internal audit department has been elevated to the position of Chief Internal Audit and incumbent thereof is now in office.

For focused and dedicated attention to the safety of personnel, public and property, besides developing detailed HSE manual, the safety department has been expanded as HSE department to be headed by Chief HSE. The hiring process for the said position of Chief HSE is in progress.

For enhanced financial control and discipline, a new position of Deputy CFO has also been sanctioned and hiring process thereof is final stages.

Hiring of market-based professionals for various other key management positions of LESCO is also on the cards.

2.06 IT Directorate:

IT Directorate LESCO has been playing a pivotal role of being a catalyst for making available enterprise-wide integrated business automated infrastructure for efficient and effective decision-making. This office is responsible for providing IT related technical & infrastructure support to all LESCO which include consumer billing and its allied reports, LESCO web site management, support to field formations for AMR & Mobile Meter Reading and management of IT hardware infrastructure at Data Center in Lahore.

The implementation of Customer Information Billing System (CIBS) in all LESCO Operational Circles from 2010 has made the communication faster as information of any kind can be generated in few hours which were the task of days in conventional COBOL billing system.

Development of online MIS website is providing continuous support to field formations for checking the status of online payment, defaulter management from Sub Division to Circle and then at LESCO level.

2.07 Commercial Management:

The commercial operations of LESCO were legacy based and did not offer much in terms of transparency, data accuracy, system efficiency and services to consumers. Therefore, there was a dire need to improve commercial procedures and bring them at



par with best practices adopted by utilities worldwide. With the vision to improve the overall commercial operations LESCO implemented an optimal fusion of activities that would be in order to revolutionize the business practices adopted by LESCO which took its commercial operations many steps further.

The old billing system of LESCO was characterized by manual and cumbersome processes, inadequate controls, insufficient commercial focus, limited transparency and a lack of reliable information. Therefore, CIS, which is the critical backbone of customer care and commercial operations, was implemented at all over LESCO.

As far as meter reading process is considered, the orthodox practice was recording the reading and calculating the consumption on customer records (Kalamzu card), transferring this data to the meter reading list, obtaining approval for the compiled readings by operating personnel and then entering the reading and the consumption into the computer which was a time consuming process leaving little or no time to verify suspect readings. Therefore, data manipulation and transcription errors were common causing the entire process to be highly inefficient with poor internal controls. In response to this, LESCO implemented the IMR initiative under which the process of meter reading was re-engineered and the role of the MIS directorate was increased to maintain registers electronically, eliminate redundancies and ensure better monitoring methods. The HHUs were implemented in LESCO with help of USAID PDP LESCO and subsequently implemented meter reading through HHUs in all operation circles. LESCO replaced HHUs with Mobile phones with better operational efficiencies i.e. 2037 Nos., larger mega pixels, cameras with zoom and retake facilities. LESCO has achieved Accuracy %age up to 96% by the end of June 2020 and is committed to achieve 100% accuracy level.

The following table illustrates the trend of units purchased from CPPA and subsequent billing to the consumers by LESCO:

(Units in GWh)

Description	2017-18	2018-19	2019-20	2020-21	2021-22
Units Received from CPPA	23,731	24,338	23,528	25,388	28,334
Units Billed to Customers	20,449	21,132	20,611	22,352	25,070
Units Lost	3,283	3,206	2,918	3,036	3,264
Losses (%)	13.8	13.2	12.4	12.0	11.52

The Table below gives an illustration of the billing and collection pattern of LESCO:

(Revenue in Million Rs)

Description	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Billed to Customers	270,034	319,553	382,306	426,667	571,564
Revenue Collected from Customers	266,552	318,043	366,469	426,072	570,274



Revenue Collection (%)	98.7	99.5	95.9	99.9	99.7
AT &C Losses (%)	14.9	13.6	16.0	12.1	11.6

Moreover, net-metering has been established in LESCO. Net-Metering enables customers to transfer their low cost / access electricity generated through Renewable Energy Sources (Solar or wind) during daytime to Grid, It protects LESCO’s distribution system from overloading as it provides locally generated energy to nearby consumers, subsequently removing stress from secondary transmission system of LESCO. Power generation through net-metering can be rapidly financed / implemented by home owners through own resources or bank loans. It enables conservation of hydel power during daytime to provide higher dispatch of hydel power at night and is offering potential to rapidly grow LESCO distributed power through 'net-metering' resulting in saving on power transmission cost and losses. Currently Net Metering Cell in LESCO has achieved the 9,179 connections target.

Net Metering Applications		
Years Wise	Nos.	Capacity (MW)
2017-18	190	5.56
2018-19	473	9.33
2019-20	880	14.35
2020-21	2,607	51.60
2021-22	6,026	105.10
2022-23	12,775	207.10
2023-24	13,491	221.84
2024-25	11,710	192.55
2025-26	8,616	141.67
2025-27	6,471	80.75
Total	63,239	1,030

LESCO has established Net Metering Cell to facilitate the application process & to submit its progress to PPMC. Moreover, the procurement of Bidirectional Meters is under process at Manager MM (Procurement).

2.08 Internal Control:

Investment Approval:

Investment approval is requested each year in different heads including STG, ELR, DOP and other system development programs.

Internal Audit:

According to the Institute of Internal Auditors, “internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.” Simply said, internal audit is responsible for monitoring the effectiveness of the internal control processes that have been established by management.



Internal Audit function in LESCO is being governed through Internal Audit Directorate; hereinafter refer to as IAD, heading by Chief Internal Auditor.

IAD has conventionally been involved in following major tasks:

1. Internal Auditing
2. Reporting to the Management w.r.t its Internal Audit for due resolution
3. Liaison between the Management and DG Audit

With ever changing environment, technologies and business dynamics, it has become inevitable to revamp and restructure the department for making it more effective, value adding and result oriented.

In this regard, a thorough understanding of the IAD, its functionalities, formations, teams, IT and Reporting skills, and Human Resources were evaluated. After identifying the shortcomings, the IAD envisioned to develop and innovate the internal audit department in line with the guidelines of IIA (Institute of Internal Audit) and corporate best practices.

For achieving its vision, IAD established the following TORs:

1. The scope of the internal audit shall be defined the Board through its Audit Committee (not an outside agency or adversarial entity)
2. Internal Audit shall report directly to the Board after incorporating management's responses
3. IAD shall evaluate the overall control environment and suggest Improving the "internal control system" of the organization to ensure its effectiveness
4. IAD shall suggest making the organization process-dependent instead of person-dependent
5. Redundancies in operational and control procedures shall be identified and recommendations to improve the efficiency and effectiveness of procedures shall be provided
6. IAD shall serve as an Early Warning System, enabling deficiencies to be identified and remediated on a timely basis (i.e. prior to external, regulatory or compliance audits)
7. IAD shall ultimately increase accountability within the organization.

So with a properly staffed and equipped internal audit function, management would have, at its fingertips: an advocate, a risk manager, a controls expert, an efficiency specialist, a problem-solving partner and a safety net.

2.09 Legal and Contractual Framework:

The primary function of LESCO is to distribute electrical power to the residents and industries within its service area.

The important legal and regulatory documents, principal contracts, and laws under which LESCO must operate are:

1. The Companies Ordinance 1984 (Companies Act 2017)
2. LESCO Memorandum of Association
3. LESCO Articles of Association



4. Distribution License 2002
5. NEPRA Performance Standard Distribution Rules 2005
6. Income Tax Ordinance 2001
7. Market Commercial Code 2022

The Companies Act 2017 encompasses all the rules and regulations for businesses registered with Security Exchange Commission of Pakistan (SECP). The Ordinance provides legal protection to the businesses, with the SECP keeping a close check on financial and corporate entities to ensure the stakeholders' interest. According to the Ordinance, LESCO has to follow the Memorandum of Association and Articles of Association.

According to its Memorandum of Association, in May 1998, LESCO was incorporated as a Limited Liability Company with the right to acquire properties and grid stations of WAPDA with the sole purpose of carrying on and expanding the business and supplying electricity to the areas formerly supplied by the Lahore Area Electricity Board (AEB). Similarly, the Companies Ordinance of 1984 provides a framework of rules and regulations to LESCO, known as its Articles of Association, which cause LESCO to be classified as a Public Limited business and therefore subject to the laws which apply to such corporations.

In April 2002, NEPRA granted a distribution license to LESCO as per section 21 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. According to it, LESCO can engage in distribution services and make sales of power to consumers in the Service Territory and the Concession Territory subject to and in accordance with the terms and conditions of the license.

NEPRA also prescribes separate performance standards for generation, transmission and distribution of safe, efficient and reliable electric power to all the consumers.

Additionally, the taxation system is defined by the Income Tax Ordinance of 2001. Like all DISCOs, LESCO has to comply with this Ordinance and file the following returns:

1. Annual income tax return
2. Monthly sales tax return
3. Statement of deductions and calculations
4. Monthly withholding tax
5. Quarterly advance tax

The following deductions are made by LESCO and are duly submitted to the Government of Pakistan:

1. Sales tax
2. Withholding tax on sales tax
3. Withholding tax on goods
4. Withholding tax on sales



2.10 Environment & Social Cell:

Environment & Social Cell was established in LESCO during 2007 to monitor the projects of Secondary Transmission and grid stations construction as per requirement of donor agencies. Project Management Unit (PMU) was established in LESCO and a fully operative Environment & Safeguard Cell was also incorporated in office of the Chief Engineer (Development) PMU LESCO during 2009.

Environmental compliance will give awareness to employees about their environmental roles and responsibilities, which will bring in better compliance of Environmental Laws and it will improve Company's image.

Environment:

The standards and conditions of the power distribution system in Pakistan are inadequate to meet rapidly growing demand of electrical power. This situation limits national development and economic growth. To cope with these constraints, the existing power distribution infrastructure has to be improved and upgraded. The overall contribution of power infrastructure also requires institutional arrangements and capacity building that support strategic management of the sector, and planning and management of investments.

As a matter of fact, every development project affects the environment in and around the proposed site of the project which ultimately leads to hamper the ecosystem, biodiversity, social and civil impacts on the adjacent communities. World Health Organization (WHO) has framed certain parameters. The execution of STG Projects definitely involves some negative impacts on Environment such as water, soil, clean air and ecosystem services which are vital for our health and quality of life and need to be managed more efficiently through execution of the project involving environmental pollution from excavation, transport, transformation and erection, to the disposal of wastes.

This Action Plan is a platform for raising awareness and sharing information about the latest practices and scientific findings on the co-benefits that can be realized through implementation of this plan. It is providing a place to discuss the links between biodiversity, climate change and sustainable management with a view to identify integrated approaches with mutual benefits.

The Environment Cell will evaluate every negative impact on the above mentioned parameters and the impact of environmental disasters due to execution of the project. The Job Description of Environment Cell include but not limited to the following activities:

Ambient Air Quality:

Projects with significant sources of air emissions, and potential or significant impacts to ambient air quality, should prevent or minimize impacts by ensuring that:

1. Emissions do not result in pollutant concentrations that reach or exceed relevant ambient quality guidelines and standards by applying national legislated standards, or in their absence, the current WHO Air Quality Guidelines or other internationally recognized sources;
2. Emissions do not contribute a significant portion to the attainment of relevant ambient air quality guidelines or standards. As a general rule, this Guideline



suggests 25 percent of the applicable air quality standards to allow additional, future sustainable development in the same air shed.

At facility level, impacts should be estimated through qualitative or quantitative assessments by the use of baseline air quality assessments and atmospheric dispersion models to assess potential ground level concentrations. Local atmospheric, climatic, and air quality data should be applied when modeling dispersion, protection against atmospheric downwash, wakes, or eddy effects of the source, nearby structures, and terrain features. The dispersion model applied should be internationally recognized, or comparable. Examples of acceptable emission estimation and dispersion modeling approaches for point and fugitive sources are:

Parameter	Averaging Period	value in mg/m3
Sulfur dioxide (SO2)	24-hour	125 (Interim target-1) 50 (Interim target-2)
	10 minute	20 (guideline) 500 (guideline)
Nitrogen dioxide (NO2)	1-year	40 (guideline)
	1-hour	200 (guideline)
Particulate Matter PM10	1-year	70
		50
		30
	24-hour	20
		150
		100
Particulate Matter PM2.5	1-year	75
		50
		35
	24-hour	25
		15
		10
24-hour	75	
	50	
	37.5	
24-hour	25	



Ozone	8-hour daily	160
	maximum	100

Noise Level:

Applicability:

This section addresses impacts of noise beyond the property boundary of the facilities. Worker exposure to noise is covered in Section 2.0 on Occupational Health and Safety.

Prevention and Control:

Noise prevention and mitigation measures should be applied where predicted or measured noise impacts from a project facility or operations exceed the applicable noise level guideline at the most sensitive point of reception. The preferred method for controlling noise from stationary sources is to implement noise control measures at source. Methods for prevention and control of sources of noise emissions depend on the source and proximity of receptors. Noise reduction options that should be considered include:

1. Selecting equipment with lower sound power levels
2. Installing silencers for fans
3. Installing suitable mufflers on engine exhausts and compressor components
4. Installing acoustic enclosures for equipment casing radiating noise
5. Improving the acoustic performance of constructed buildings, apply sound insulation
6. Installing acoustic barriers without gaps and with a continuous minimum surface density of 10 kg/m² in order to minimize the transmission of sound through the barrier. Barriers should be located as close to the source or to the receptor location to be effective
7. Installing vibration isolation for mechanical equipment
8. Limiting the hours of operation for specific pieces of equipment or operations, especially mobile sources operating through community areas
9. Re-locating noise sources to less sensitive areas to take advantage of distance and shielding
10. Siting permanent facilities away from community areas if possible
11. Taking advantage of the natural topography as a noise buffer during facility design
12. Reducing project traffic routing through community areas wherever possible
13. Planning flight routes, timing and altitude for aircraft (airplane and helicopter) flying over community areas
14. Developing a mechanism to record and respond to Complaints

Noise Level Guidelines:



Noise impacts should not exceed the levels presented in Table below, or result in a maximum increase in background levels of 3 dB at the nearest receptor location off-site.

NOISE LEVEL PARAMETERS		
Receptor	One Hour LAeq (dBA)	One Hour LAeq (dBA)
	Daytime 07:00 - 22:00	Nighttime 22:00 - 07:00
Residential; institutional; educational	55	45
Industrial; commercial	70	70

Noise monitoring may be carried out for the purposes of establishing the existing ambient noise levels in the area of the proposed or existing facility, or for verifying operational phase noise levels. Noise monitoring programs should be designed and conducted by trained specialists. Typical monitoring periods should be sufficient for statistical analysis and may last 48 hours with the use of noise monitors that should be capable of logging data continuously over this time period, or hourly, or more frequently, as appropriate (or else cover differing time periods within several days, including weekday and weekend workdays). The type of acoustic indices recorded depends on the type of noise being monitored, as established by a noise expert. Monitors should be located approximately 1.5 m above the ground and no closer than 3 m.

Contaminated Land:

This section provides a summary of management approaches for land contamination due to anthropogenic releases of hazardous materials, wastes, or oil, including naturally occurring substances. Releases of these materials may be the result of historic or current site activities, including, but not limited to, accidents during their handling and storage, or due to their poor management or disposal. Land is considered contaminated when it contains hazardous materials or oil concentrations above background or naturally occurring levels. Contaminated lands may involve surficial soils or subsurface soils that, through leaching and transport, may affect groundwater, surface water, and adjacent sites. Where subsurface contaminant sources include volatile substances, soil vapor may also become a transport and exposure medium, and create potential for contaminant infiltration of indoor air spaces of buildings. Contaminated land is a concern because of:

1. The potential risks to human health and ecology (e.g. Risk of cancer or other human health effects, loss of ecology)
2. The liability that it may pose to the polluter/business owners (e.g., cost of remediation, damage of business reputation and/or business-community relations) or affected parties (e.g. workers at the site, nearby property owners). Contamination of land should be avoided by preventing or controlling the



release of hazardous materials, hazardous wastes, or oil to the environment. When contamination of land is suspected or confirmed during any project phase, the cause of the uncontrolled release should be identified and corrected to avoid further releases and associated adverse impacts. Contaminated lands should be managed to avoid the risk to human health and ecological receptors. The preferred strategy for land decontamination is to reduce the level of contamination at the site while preventing the human exposure to contamination.

3. To determine whether risk management actions are warranted, the following assessment approach should be applied to establish whether the three risk factors of 'Contaminants', 'Receptors', and 'Exposure Pathways' co-exist, or are likely to co-exist, at the project site under current or possible future land use
4. Contaminant(s): Presence of hazardous materials, waste, or oil in any environmental media at potentially hazardous concentrations
5. Receptor(s): Actual or likely contact of humans, wildlife, plants, and other living organisms with the contaminants of concern
6. Exposure pathway(s): A combination of the route of migration of the contaminant from its point of release (e.g., leaching into potable groundwater) and exposure routes (e.g., ingestion, transdermal absorption), which would allow receptor(s) to come into actual contact with contaminants

Investigation and remediation of contaminated lands requires that workers be mindful of the occupational exposures that could arise from working in close contact with contaminated soil or other environmental media (e.g., groundwater, wastewater, sediments, and soil vapor). Occupational health and safety precautions should be exercised to minimize exposure, as described in Section 2 on Occupational Health and Safety. In addition, workers on contaminated sites should receive special health and safety training specific to contaminated site investigation and remediation activities.

Job Description of Environment Cell:

Maximum efforts shall be made to ensure that minimum environmental impact is caused as a result of the implementation of the project. In this behalf, LESCO would ensure to take the following steps:

1. Effective coordination would be maintained with the concerned local authority in order to ensure that the route of the new transmission lines would have minimum environmental impact in urban as well as rural areas.
2. The equipment to be installed under the project would have negligible noise level.
3. Adequate safety standards would be followed to minimize the risk of electrocution which can be fatal for human life and property. It may be pointed out that WAPDA / LESCO design specifications for reliable safety by specifying suitable ground and vertical clearance for 132 kV transmission lines.
4. The Power Transformers to be installed at various grid stations under this project would not contain PCB (Polychlorinated Biphenyl).



5. Proper occupational health safety practice will be adopted in the installation and maintenance of the project facilities
6. The work on the project would be carried out in a manner so as to have minimal aesthetic impact on the natural landscape. Forests, crops, wild life, both private and public buildings, archaeological centers and buildings of historical significance.
7. To carry out Environment Impact Assessment (EIA) and Initial Environment Examination (IEE) Studies
8. Responsible for obtaining NOC from Environment Protection Department (EPD) Punjab for execution of STG Projects.
9. To conduct Awareness raising workshops
10. To monitor the projects regarding implementation of Environment Management and Monitoring Plan (EMMP)

2.11 HSE Directorate:

Brief History of HSE Directorate:

HSE Directorate was established in Dec-2016 directly reporting to CEO LESCO. In order to promote the safety culture on the modern concepts and realization of the importance of safety for achieving the target of zero safety incidents, HSE Directorate has been restructured and consists of minimum 01 Director (Safety) directly reporting to CEO, 02 Deputy Directors, 08 Assistant Directors and 16 Line Superintendents.

Targets:

1. To achieve the target of Zero accidents, injuries/ fatalities in LESCO.
2. To make LESCO free from electricity hazards.
3. To make the system beautiful.
4. To create an environment in which employees can do their best work with mental satisfaction.
5. To develop Safety policies and procedures for safe and healthy work environment.

To achieve the above targets, HSE Directorate has planned following initiatives for FY 2022-23 to 2026-27:

- HSE Signs & Slogan (“Safety First”) have been developed, implemented, installed and being maintained at all offices of LESCO to create awareness among employees, visitors and general public.
- LESCO has also established a mechanism for HSE Audit in order to assess the implementation of HSE Systems. This is helping in detecting and correcting the unsafe safety practices and deficiencies.
- LESCO is actively involved and participating in NEPRA’s “Power with Safety” drive to create HSE awareness for curtailing fatal / non-fatal accidents and ensuring safe work place
- To achieve the target of zero accidents in LESCO it has been decided that in addition to conventional T&P/PPE items, Safety harness, Rubber and



Protective Gloves for working on 11 KV Lines, Face Shield for protection from Flash, Arc Flash Suits for trolley operations at Grid Stations, Live Line Testers will be purchased to attend general complaints that are easy to operate and comfortable for working.

- LESCO is promoting Safety Culture by providing information, instructions, trainings and supervision to all their employees to ensure the safety of all personnel at the work place, and for protection of equipment & the environment.
- Safety Seminars for employees are being conducted on regular basis.
- Awareness programs for general public are being held in local schools.

OVERVIEW – LESCO

Ending DEC-2022

S. No.	Description	Unit	Quantity
1	Population	Million	25.00
2	Consumers	Million	6.04
3	Jurisdiction (Lahore, Okara, Kasur, Sheikhupura & Nankana)	Districts	5
4	Circle (Operation)	No	8
5	Divisions (Operation)	No	41
6	Sub Division (Operation)	No	201
7	Grid Stations	No	179
8	11kV Feeders	No	2098
9	Length of HT	Km	31785
10	Length of LT	Km	15548
11	Distribution Transformers	No	129064

THE COMPANIES ORDINANCE, 1984

Company Limited by Shares

Memorandum

and

Articles of Association

LAHORE ELECTRIC SUPPLY COMPANY LIMITED

GOVERNMENT OF PAKISTAN



CERTIFICATE OF INCORPORATION

(Under section 32 of the Companies Ordinance, 1984 (XLVII of 1984))

Company Registration No. L 09415 of 1997-98

I hereby certify that "LAHORE ELECTRIC SUPPLY COMPANY LIMITED"

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is this day incorporated under the Companies Ordinance, 1984 (XLVII of 1984) and that

the company is limited by _____ Shares.

Given under my hand at _____ Lahore.

this _____ 18th _____ day of February

one thousand nine hundred and _____ ninety eight.

Fee Rs. =4,999,000/-.



(AKBAR
JOINT

SHAH)
REGISTRAR
OF COMPANIES

No. JRL 6278 Dated 18.2.98

GOVERNMENT OF PAKISTAN



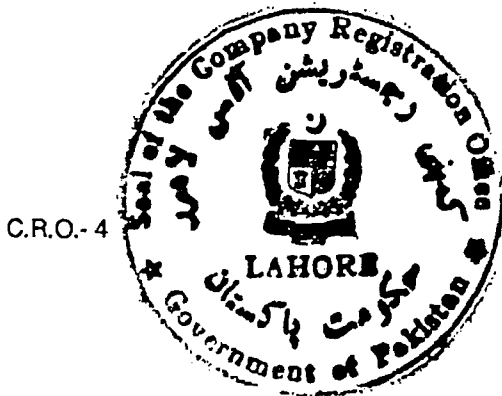
CERTIFICATE FOR COMMENCEMENT OF BUSINESS

[Under section 146 (2) of the Companies Ordinance, 1984 (XLVII of 1984)]

I hereby certify that the "LAHORE ELECTRIC SUPPLY COMPANY LIMITED"
.....
..... xx xx which was incorporated under the
Companies Ordinance, 1984 (XLVII of 1984), on the 19th
day of February 19 98 and which has filed a duly verified
declaration in the prescribed form that the conditions of clauses (a) to (e) of sub-section
(1) of Section 146 of the said Ordinance have been complied with, is entitled to
commence business.

Given under my hand at Lahore
this 9th day of March
one thousand nine hundred and ninety eight.

Fee Rs. =200/-



(AKBAR SHAH)
Joint Registrar of Companies
8-

No-JRL/6675 #10/3/98

LAHORE ELECTRIC SUPPLY COMPANY LIMITED

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LAHORE ELECTRIC SUPPLY COMPANY LIMITED

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THE COMPANIES ORDINANCE, 1984

PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

LAHORE ELECTRIC SUPPLY COMPANY LIMITED

- I. The name of the company is "Lahore Electric Supply Company Limited".
- II. The registered office of the company will be situated in Lahore, Province of Punjab, Pakistan.
- III. The objects for which the Company is established are to undertake any or all of the following businesses:
 1. To acquire or take over those properties, rights and liabilities of the Pakistan Water and Power Development Authority comprising that administrative division formally known as the Lahore Area Electricity Board (AEB) pursuant to the Pakistan Water and Power Development Authority Act of 1958 (as amended) and to carry on, expand and extend the businesses and activities of such Board or any part thereof including, without limitation, the business of a public electricity distributor and supplier.
 2. To acquire or take over the properties, rights and liabilities of the grid stations of the Pakistan Water and Power Development Authority and the radial transmission lines in relation thereto which at the date of adoption of this Memorandum and Articles of Association are directly and exclusively supplying electricity to the areas formerly supplied by the Lahore AEB and are located within the said AEB.
 3. To carry on all or any of the businesses of purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms of energy and products or services associated therewith and of promoting the conservation and efficient use of electricity and all other forms of energy, and all other powers necessary or incidental to the business of electricity distribution and supply.
 4. Electrification. - To do anything which a public electricity supplier is empowered or required to do under or by virtue of or under a license or other authorization granted according to law and its implementing rules and regulations or any statutory instrument made thereunder or any statutory modification or re-enactment thereof and to plan, survey, design, supply equipment, and carry out the electrification of cities, towns, villages, gas and oil refineries, workshops, buildings, highways, bridges, ports, air terminals, and other premises within its area of supply.
 5. Dealer in Electrical Equipments. - To carry on all or any of the businesses of wholesalers, retailers, traders, importers, exporters, suppliers, distributors, designers, developers, manufacturers, installers, fitters, testers, repairers, maintainers, contractors, constructors, operators, users, inspectors, reconditioners, servicers, improvers, alterers, protectors, removers, hirers, replacers, importers and exporters of, and dealers in, electrical appliances, systems products and services used for energy conservation, domestic, commercial,

agricultural, industrial, household and general equipment, furniture, fixtures, fittings and devices, and all other kinds of goods, equipment, machinery, materials and installations, including but not limited to cables, wires, meters, pylons, tracks, rails, pipelines and any other plant, apparatus, equipment, systems and things incidental to the efficient transformation, supply, and distribution of electricity.

6. Determination of Retail Tariff Rates. - To ascertain the retail tariff rates that will secure recovery of operating costs, interest charges and depreciation of assets, redemption at due time of loans other than those covered by depreciation, payment of taxes, and a reasonable return on investment, and to petition the appropriate government body for the adoption of or increase in its schedule of retail tariff rates.
7. Facilities and Installations. - To locate, establish, construct, equip, operate, use, manage and maintain power grid stations, transforming, switching, conversion, and distribution facilities, grid stations, cables, overhead lines, substations, switching stations, tunnels, cable bridges, link boxes, telecommunications stations, masts, aerials and dishes, fiber optic circuits, satellites and satellite microwave connections, heat pumps, plant and equipment for combined heat and power schemes, offices, computer centers, shops, dispensing machines for pre-payment cards and other devices, showrooms, depots, factories, workshops, plants, printing facilities, warehouses and other storage facilities (including but not limited to facilities for storage and disposal of products and waste), training, education and display centers, stands and show-houses, testing premises, laboratories, research stations, compressor stations, vehicle parks, terminals, transport facilities, roads, and other electrical installations and infrastructure it may deem beneficial.
8. Acquisition and Conveyance of Assets. - To acquire or convey, whether by purchase, lease, concession, grant, hire or otherwise, establish, develop, exploit, operate and maintain real or personal properties including but not limited to land, any estates in land, claims, licenses, concessions, easements, exploration and production rights, and rights or interests of all descriptions in or relating to the same, which may seem to the Company capable or possibly capable of affording or facilitating the purchase, transformation, conversion, supply, distribution, and development of electricity or any other form of energy, and for the accomplishment of all the purposes of the Company herein stated.
9. Site Development. - To build, construct, maintain, alter, enlarge, pull down, and remove or replace structures, factories, offices, works, wharves, roads, railways, tramways, machinery, engines, walls, fences, banks, dams, sluices or water courses and to clear sites for the same and to work, manage and control the same and to carry on any other business which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render more profitable the Company's properties, but not to engage in the business of a real estate developer.
10. Intellectual Property Rights. - To apply for and take out, purchase or otherwise acquire any patents, patent rights, inventions, secret processes, designs, copyrights, trademarks, service marks, commercial names and designations, technological know-how, formulae, licenses, concessions and the like (and any interest in any of them), and exclusive or non-exclusive or limited rights to use any secret or other information as to any invention or secret process of any kind, and to use, exercise, develop, and grant licenses

in respect of, and otherwise turn to account and deal with, the property, rights and information so acquired.

11. Metering. - For the purposes of electricity supply, distribution and communication, to install in, on, above or under any premises or place and to operate, use, inspect, maintain, repair, replace and remove cables, lines, ducts, transformers, switchgear (remotely controlled and otherwise, and including time switches), fuses, circuit breakers, electricity service equipment, meters and other devices for measuring or controlling the quantity or quality of electricity supplied, prepayment and debt payment devices, items provided to afford access to, support, encase, insulate, and protect from damage or tampering, the above-mentioned gadgets, or to protect people and property from injury or damage, or to comply with any legal obligation and for other purposes associated with the supply of electricity and to install all such things and apparatus and items for the purposes of supplying, measuring and controlling light, heat, steam, hot water, air-conditioning and refrigeration, and for associated purposes, including payment for these facilities.
12. Demand Forecasting. - To provide or procure the provision of such facilities and services as may be necessary or desirable to forecast electricity/energy demand and to satisfy such demand.
13. Transportation. - To acquire, (whether by purchase, lease, concession, grant, hire or otherwise), charter, lease, take or let on hire, operate, use, employ or turn to account, build, equip, service, repair, maintain, and supply motor vehicles, railway locomotives, wagons, trucks, vessels, and craft of any description, engineering plants and machinery, and parts and accessories of all kinds, and to carry on the businesses of storage contractors, freight contractors, carriers by land, water and air of freight and passengers, forwarding agents, shipping agents and agents of any other kind, in so far as such activities are incidental to or necessary for the transformation, supply and distribution of electricity.
14. Audio-Visual System. - To carry on as principal, agent, contractor or sub-contractor all or any of the businesses of running, operating, managing, supplying and dealing in systems for the conveyance by any means of sounds, visual images, signals, and services, facilities and equipment ancillary to or for use in connection with such systems.
15. Management Information System. - To carry on all or any of the businesses of running, operating, managing, supplying and dealing in data processing and information retrieval systems, computers, computer programmes and software, computer bureau and data bases, meter reading and credit checking and to provide services, facilities and equipment ancillary to or for use in connection with the same.
16. Research and Development. - To carry on business as inventors, researchers and developers, to conduct, promote and commission research and development in connection with the businesses and activities of the Company and its subsidiaries, to establish and maintain research stations, laboratories, workshops, testing and proving grounds and sites, facilities and establishments and installations, and to exploit and turn to account the results of any research and development carried out by or for it.
17. Labour Contracting. - To carry on all or any of the businesses of consultants, advisers and suppliers of management, personnel and training services, whether generally or in respect of one or more of the types of business or activity which the Company has

power to carry on, and to provide training and educational courses, instruction and materials, of every description for workers of the Company and for other persons.

18. **Contracts.** - To enter into agreement with any individual, firm, cooperative or other society, company, corporate body, Government or local authority or other legal entity necessary or expedient for the purpose of carrying on any business of the Company.
19. **Engineering Services.** - To carry on all or any of the businesses of and provide services associated with, engineers (including without limitation electrical, mechanical, heating, ventilation, civil, chemical, sanitation, telecommunications and gas engineers), mechanics, technicians, draftsmen, designers, surveyors, architects, builders, decorators, caterers, kitchen installers, and shopfitters.
20. **Advertisement.** - To adopt such means of making known the products of the Company as may seem expedient and, in particular, by advertising in the press, by circulars, by purchase and exhibition of works of art or interests, by publication of books and periodicals, and by granting prizes, rewards and donations.
21. **Other Businesses.** - To carry on all or any of the businesses of manufacturers, wholesalers, retailers, and traders, whether generally or in relation to particular goods or commodities, and to carry on all or any of the businesses of factors, debt collectors, and developers of and dealers in property, so far as incidental to or necessary for the transformation, distribution and supply of electricity.
22. **Borrowing.** - To borrow or raise money or secure or discharge any debt or obligation (whether of the Company or any other person) in such manner as the Company thinks fit and in particular (but without prejudice to the generality of the foregoing) by the creation or issue, upon such terms as to priority or otherwise as the Company thinks fit, of securities of any kind or mortgages or discharges founded or based upon all or any part of the undertaking, property, assets and rights (present and future) of the Company, or, without any such security, and advance payments with or without allowance of mark-up thereon.
23. **Bank Accounts.** - To open, operate, transfer, and close banking accounts of the Company with any bank or banks and to draw, make, accept, endorse, discount, execute, and issue promissory notes, bills of exchange, bills of lading, warrants, debentures, and other negotiable/non-negotiable or transferable/non-transferable instruments, but not to act as a finance or banking company.
24. **Guaranty and Suretyship.** - To enter into any guarantee, contract of indemnity or suretyship and, in particular (without prejudice to the generality of the foregoing), to guarantee, support or secure, with or without consideration, whether by personal obligation or by mortgaging or charging all or any part of the undertaking, property and assets (present and future), and unsubscribed capital of the Company or by both such methods or in any other manner, the performance of any contract, obligation or commitment of, and the repayment or payment of the principal amounts of and any premiums, interest, dividends, and other moneys payable on or in respect of any securities or liabilities of, any person, including (without prejudice to the generality of the foregoing) any company which is a subsidiary, an affiliate or a holding company of the Company or otherwise associated with the Company, whether or not any valuable consideration or advantage is received by the Company.

25. Partnership. - To enter into partnership, joint venture or cooperation arrangements with any person or company or other legal entity, local or foreign, carrying on or engaged in any business or transaction which the Company is authorized to carry on or engage in, or otherwise seek assistance from or assist any such person, company or legal entity.
26. Related Businesses. - To acquire by any means the whole or any part of the assets, and to undertake the whole or any part of the liabilities, of any person, natural or juridical, carrying on or proposing to carry on any business which the Company is authorized to carry on or which can be carried on in connection therewith, to acquire an interest in, amalgamate or enter into partnership or into any arrangement for sharing profits, cooperation, or mutual assistance, with any such person, to promote, form and sponsor any company or companies in furtherance of the objects herein stated, and to give or accept, for any of the acts or things aforesaid or property acquired, such consideration as the Company thinks fit, including without limitation, any shares, debentures, or other securities or rights.
27. Equity Investment. - To invest the surplus moneys of the Company not immediately required in any manner to subscribe for, purchase or otherwise acquire, and to hold, and deal with, any shares, debentures, bonds, notes, and other securities, obligations and investments of any nature whatsoever, including any options or rights in respect of them, and otherwise to invest and deal with the money and assets of the Company, but not to act as an investment company.
28. Lending. - To advance money or give credit to such persons or companies and on such terms as may seem expedient and, in particular, to customers and others having dealings with the Company, to guarantee the performance of any contract or obligation and the payment of money by the Company, and to accept securities of any person or any property or interest therein of whatever nature in payment or partial payment for any services rendered or for any sale or supply made to, or debt owing from, any such person, but not to act as a finance or banking company.
29. Trusts. - To vest any real or personal property, rights or interests acquired by or belonging to the Company in any person or company on behalf of or for the benefit of the Company, with or without any declared trust in favour of the Company, and to undertake and execute any trust the undertaking whereof may seem desirable, either gratuitously or otherwise.
30. Portfolio Investments. - Subject to such terms and conditions as may be thought advantageous, to trade its shares and to undertake markup and currency swaps, options (including traded options), swap option contracts, forward exchange contracts, futures contracts or other financial instruments allowed by law, including hedging agreements of any kind, all or any of which may be on a fixed and/or floating rate basis and/or in respect of local or foreign currency or commodities of any kind, but not to engage in the business of a stockbroker.
31. Government Permissions. - To apply for and obtain necessary consents, permissions and licenses from any Government, Provincial, Local, Foreign, Multilateral or other authorities or entities for enabling the Company to carry any of its objects into effect or for extending any of the powers of the Company or for effecting any modification of the constitution of the Company or for any other purpose which may seem expedient, and to enter into arrangements with any Government or authorities, foreign, federal,

provincial, municipal, local or otherwise public or quasi-public bodies, or with any other persons, in any place where the Company may have interests that may seem conducive to the objects of the Company or any of them and to obtain from any such Government, authorities or persons any rights, privileges and concessions which the Company may think fit to obtain, and to carry out, exercise and comply therewith.

32. **Dispute Resolution.** - To resolve disputes by negotiation, conciliation, mediation, arbitration, litigation or other means, judicial or extra-judicial, and to enter into compromise agreement with creditors, members and any other persons in respect of any difference or dispute with them and to exercise the power to sue and be sued and to initiate or oppose all actions, steps, proceedings or applications which may seem calculated directly or indirectly to benefit or prejudice, as the case may be, the interests of the Company or of its members.
33. **Employees' Funds.** - To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to such persons who are or were at any time in the employ or service of the Company, or of any company which is a holding company or a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary or affiliate company, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid, and the wives, widows, families and qualified dependents of any such persons, and also to establish, subsidize and subscribe to institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other company as aforesaid.
34. **Remuneration.** - To enter into contracts with its salaried employees, including a chief executive who, prior to his appointment as such, was not a director of the Company or of its subsidiary or holding Company, and to provide for such other financial assistance to said employees or workers under personnel rules and regulations that the Company may subsequently adopt.
35. **Commissions.** - To pay and discharge all or any expenses, costs and disbursements, and to pay commissions and to remunerate any person for services rendered or to be rendered in connection with the formation, registration, promotion and flotation of the Company and any company formed, sponsored, registered, and promoted by the Company or incidental to any negotiations between promoters preliminary to the formation of the Company, and the underwriting, placing or issue at any time of securities of the Company or of any other person plus all costs and expenses incurred in the acquisition of any property or assets, including the accomplishment of all or any formalities which the Company may think necessary or proper in connection with any of the matters aforesaid.
36. **Charitable Contributions.** - To subscribe or contribute (in cash or in kind) surplus properties to, and to promote or sponsor, any charitable, eleemosynary, scientific, educational, benevolent or useful object of a public character or any object which may in the opinion of the Company be likely, directly or indirectly, to further the interests of the Company, its employees and workers or its members.

37. Dissolution and Winding Up. - To cease carrying on or wind up any business or activity of the Company and to cancel any registration of and to wind up or procure the dissolution of the Company in any state or territory.
38. Equity Conversion. - To issue, allot and grant options over securities of the Company towards the satisfaction of any liability or obligation undertaken or agreed to be undertaken by or for the benefit of the Company, or in consideration of any obligation or for any other similar purpose.
39. International Operations. - To procure the Company to be registered or recognized in any part of the world and to do all or any of the above things in any part of the world, either as principal, agent, trustee, contractor or otherwise, alone or in collaboration with another, and either by or through agents, trustees, sub-contractors, subsidiaries or otherwise.
40. Disposal of Assets and Declaration of Dividends. - To dispose by any means of the whole or any part of the assets of the Company or of any interest therein and to distribute in specie or otherwise by way of dividends or bonus or reduction of capital all or any of the property or assets of the Company among its members, and particularly, but without prejudice to the generality of the foregoing, securities of any other company formed to take over the whole or any part of the assets or liabilities of the Company or any proceeds of sale or other disposal of any property or assets of the Company.
41. Insurance. - To insure the property, assets, and employees of the Company in any manner deemed fit by the Company, and to create any reserve fund, sinking fund, insurance fund or any other special fund whether for depreciation or for repairing, insuring, improving, extending or maintaining any of the properties of the Company or for any other purpose conducive to the interests of the Company, but not to act as an insurance company.
42. Regulations. - To make rules or regulations not inconsistent with this Memorandum and to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Memorandum and the efficient conduct of the affairs of the Company.
43. General Power. - To carry on any other businesses or activities which the Directors consider capable of being carried on directly or indirectly for the benefit of the Company and to do all such other things as may be deemed incidental or conducive to the attainment of the above objects or any of them.

Declaration. It is hereby declared that

- (a) the word "company" in this Memorandum of Association, except where used in reference to this Company, shall be deemed to include any partnership or other body of persons, whether corporate or unincorporated, and whether domiciled in Pakistan or elsewhere;
- (b) the objects specified in each of the paragraphs of this clause shall be regarded as independent objects and, accordingly, shall in no way be limited or restricted (except where otherwise expressed in such paragraphs) by reference to or inference from the terms of any other paragraph or the name of the Company, but may be carried out in as full and ample a manner and construed in as wide a

sense as if each of the said paragraphs defined the objects of a separate and distinct company;

- (c) the headings used in each of the paragraphs are for convenience only and are not intended to affect the construction thereof in any way; and,
- (d) notwithstanding anything contained in the foregoing object clauses of this Memorandum of Association, nothing herein shall be construed as empowering the Company to undertake or indulge in the business of banking or financing institution, leasing, investment, or real estate brokerage or insurance, directly or indirectly, as restricted by law or in any unlawful operations.

IV. The liability of the members is limited.

V. The authorized share capital of the Company is Rs. 50,000,000,000 (Rupees Fifty billion) divided into 5,000,000,000 (five billion) ordinary shares of Rs. 10 (Rupees Ten) each with power to increase or reduce the capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company in accordance with law; provided, however, that rights as between various classes of ordinary shares, if any, as to profits, votes and other benefits shall be strictly proportionate to the paid-up value of shares.

We, the several persons whose names and addresses are subscribed below, 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 set opposite our respective names.

Name and surname (Present and former) in full (in Block Letters)	Father's/ Husband's Name in Full	Nationality	Occupation	Residential Address in Full	Number of Shares taken by Each Subscriber	Signature
1. Ch. Sadiq Ali Mann	Ch. Rehmat Ali	Pakistani	WAPDA Service	391-Block D/2 WAPDA Town, Lahore	1	
2. Mr. Manzoor Ahmed Langrial	Ch. Ahmed Din Langrial	Pakistani	WAPDA Service	A-1, 220 KV Grid Station Wapda New Kotlakhpat, Lahore	1	
3. Mr. Javed Nizam	Muhammad Islam	Pakistani	WAPDA Service	263-Tariq Block, New Garden Town, Lahore.	1	
4. Mr. Tanzim Hussain Naqvi	Syed Taslim Hussain Naqvi	Pakistani	WAPDA Service	H. No. 56-B, WAPDA Officer's Colony, Upper Mall, Lahore	1	
5. Brig. Saeed Ahmed Rafi	Muhammad Ajaib	Pakistani	WAPDA Service	B-33, Upper Mall, WAPDA Lahore.	1	
6. Mr. Muhammad Eshaq Khan	Khan Fazal Dad Khan	Pakistani	WAPDA Service	118-A Babar Block, New Garden Town, Lahore	1	
7. Mr. Aftab Ahmad Malik	Malik Abdul Qayyum	Pakistani	WAPDA Service	H.No.27, WAPDA Officer's Colony The Mall, Lahore	1	

Total number of shares taken 7 (Seven)

Dated the _____ day of _____.

Witnesses to above signatures

(Full Name, Father's/Husband's Name)

(in Block Letters) _____

Signature _____

Occupation _____

Full Address _____

THE COMPANIES ORDINANCE, 1984
PUBLIC COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
LAHORE ELECTRIC SUPPLY COMPANY LIMITED

I. PRELIMINARY

1. TABLE "A" Not to Apply

The regulations in Table 'A' in the First Schedule to the Companies Ordinance, 1984 shall not apply to the Company except as reproduced herein.

2. Definitions

Unless the context otherwise requires, capitalized terms used in these Articles shall have the meanings set out below:-

- (a) "Articles" mean these Articles as originally framed or as from time to time altered in accordance with law.
- (b) "Board" means the group of Directors in a meeting duly called and constituted or, as the case may be, the Directors assembled at a board.
- (c) "Company" means the Lahore Electric Supply Company Limited.
- (d) "Directors" means the Directors for the time being of the Company as named in Article 49 and, subsequently, such members duly elected and registered pursuant to Sections 178 and 205, respectively .
- (e) "Month" means calendar month according to the Gregorian calendar.
- (f) "Office" means the registered office for the time being of the Company.
- (g) "Ordinance" means the Companies Ordinance, 1984, or any modification or re-enactment thereof for the time being in force.
- (h) "Ordinary Resolution" means a resolution passed at a general meeting of the Company when the votes cast (whether *viva voce*, by show of hands or by poll) in favour of a resolution by members who, being entitled to vote in person or by proxy, do so vote, exceed the number of votes, if any, cast against the resolution by members so entitled and voting.
- (i) "Register" means, unless the context otherwise requires, the register of members to be kept pursuant to Section 147 of the Ordinance.
- (j) "Seal" means the common or official seal of the Company.

(k) "Section" means a Section of the Ordinance.

(l) "Special Resolution" means the special resolution of the Company as defined in Section 2(1)(36) of the Ordinance.

3. Interpretation

In these Articles, unless the context otherwise requires:-

- (a) provisions bearing on transfer or transmission of shares, meetings, voting in person or by proxy, management, and the appointment, powers and removal of Directors and employees of the Company shall be read subject to the provisions of Section 183 relating to the power of control by a holding company over its subsidiary; the headings are for convenience only and do not constitute part of these Articles and shall not be used in construing these Articles;
- (b) the singular includes the plural and vice versa and words denoting any gender shall include all genders;
- (c) references to any Act, Ordinance, legislation, Rules or Regulations or any provision of the same shall be a reference to that Act, Ordinance, legislation, Rules or Regulations or provision, as amended, re-promulgated or superseded from time to time;
- (d) the terms "include" or "including" shall mean include or including without limitation;
- (e) expressions referring to writing shall, unless the contrary intention appears, be construed as including references to printing, lithography, photography, and other modes of representing or reproducing words in a visible form;
- (f) words importing persons shall include bodies corporate; and
- (g) words and expressions contained in these Articles shall bear the same meaning as in the Ordinance.

II. BUSINESS

4. Public Company

The Directors shall have regard to the restrictions on the commencement of business imposed by Section 146 if, and so far as, those restrictions are binding upon the Company.

III. SHARES

A. General

5. Shares Under Directors' Control

Subject to Section 183 and these Articles, the shares of the Company shall be under the control of the Directors who may allot or otherwise dispose of the same to such persons, on such terms and conditions as the Directors think prudent.

6. Amount Payable on Application

No shares shall be offered to the public for subscription except upon the term that the amount payable on application shall not be less than the full amount of the nominal amount of the share.

7. Allotment of Shares

No share shall be issued at a discount except in accordance with the provisions of the Ordinance. The Directors shall, as regards any allotment of shares, duly comply with such of the provisions of Sections 68 to 73, as may be applicable to the Company. The minimum subscription upon which the Company may proceed to allot the shares shall be Rs 10,000 (Rupees Ten Thousand).

8. Share Certificates

Every person whose name is entered as a member in the Register shall, free of charge, be entitled to receive within ninety (90) days after allotment or within forty-five (45) days of the application for registration of transfer, a certificate under Seal specifying the share or shares held by him and the amount paid-up thereon, including in particular and without limitation, such legends as the Company shall be obliged to affix to certain classes of share certificates as provided by law or as the Company shall have agreed to affix pursuant to any contractual arrangement in this respect; Provided, that, in respect of share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.

9. Certificate under Seal

The certificate of title to shares may be issued under the authority of a Director or of a committee of Directors duly authorized thereto by the Board in such manner and form as the Directors may from time to time prescribe. The Seal shall be duly affixed to every share certificate issued by the Company.

10. Issuance of Replacement Certificate

If a share certificate is defaced, lost or destroyed, it may be renewed on payment by the requesting shareholder or his representative of such fee and stamp taxes, if any, and compliance with such terms prescribed by the Directors as to evidence and indemnity and payment of expenses incurred by the Company in investigating title.

11. Joint Holders

The Company shall not be bound to register more than four persons as joint holders of any share.

12. Trusts Not Recognized

Except as required by law, no person shall be recognized by the Company as holding any share/s upon any trust, and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

13. Payment of Commission

The Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or debenture stock in the Company or procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares, debentures or debenture stock in the Company; Provided, that, if the commission in respect of shares shall be paid or payable out of capital, the statutory requirements and conditions shall be observed and complied with, and the amount or rate of commission shall not exceed such percentage on the shares, debentures or debenture stock in each case subscribed or to be subscribed, as may be determined by the Board subject to any limits required by law. The commission may be paid or satisfied, either wholly or partly, in cash or in shares, debentures or debenture stock. The Company may also on any issue of shares pay such brokerage fees as may be lawful; Provided that such brokerage fees shall not exceed such percentage of the shares, debentures or debenture stock paid-up as may be determined by the Board, subject to any limits required by law.

14. Bar on Use of Company Funds

Except to the extent and in the manner allowed by Section 95, no part of the funds of the Company shall be employed in the purchase of, or in loans upon the security of, the Company's shares.

B. TRANSFER OF SHARES

15. Transfer

The instrument of transfer of any share in the Company shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

16. Form of Transfer

Shares in the Company shall be transferred in the following form, or in any usual or common form which the Directors shall approve:-

LAHORE ELECTRIC SUPPLY COMPANY LIMITED

I/We, _____, of _____, in consideration of the sum of Rupees _____ paid to me by _____, of _____ (hereinafter called the "Transferee/s", for brevity), do hereby transfer to the Transferee/s the Ordinary/Preferred Share(s) numbered _____ to _____ inclusive, standing in my/our name in the books of the Lahore Electric Supply Company Limited, to hold unto the said Transferee, his/her/their executors, administrators and assigns, subject to the several conditions on which I/We held the same at the time of the execution hereof, and I/We, the Transferee/s, do hereby agree to take the said share (s) subject to the conditions aforesaid.

Witness our hands this _____ day of _____

Transferor

Transferee

Signature

Signature

Signed by the above-named Transferor/s and Transferee/s in the presence of:

Witnesses

Full Name, Father's/
Husband's Name

(1) _____
Signature

Nationality _____

Full Address:

Occupation _____

Full Address of
Transferee: _____

(2) _____
Signature

Full Address:

Occupation _____

17. Non- Refusal of Transfer of Shares

The Directors shall not transfer any fully paid shares unless the transfer deed is defective or invalid. The Director may decline to recognize any instrument of transfer, unless-

- (a) a fee not exceeding two rupees as may be determined by the Directors and the appropriate stamp tax is paid to the Company in respect thereof, and
- (b) the duly stamped instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

If the Directors refuse to register a transfer of shares, they shall within one Month after the date of which the transfer deed was lodged with the Company send to the transferee and the transferor notice of the refusal indicating the defect, invalidity or any ground for objection to the transferee, who shall, after removal of such defect or invalidity be entitled to re-lodge the transfer deed with the Company.

18. Closure of Register

On giving seven days' prior notice in the manner provided by the Ordinance, the Register may be closed for such period or periods not exceeding forty-five (45) days in any one year as the Directors may from time to time determine; however, the Register shall not be closed for a period longer than thirty (30) days at any given time.

C. TRANSMISSION OF SHARES

19. Transmission

The executors, administrators, heirs or nominees, as the case may be, of a deceased sole holder of a share shall be the only persons recognized by the Company as having any title to the share. In the case of a share registered in the names of two or more holders, the survivor or survivors shall upon proof of his right of succession be the only person or persons recognized by the Company as having any title to the share.

20. Election to Register or Transfer

Any person becoming entitled to a share in consequence of the death or insolvency of a member shall, upon such evidence being produced as may from time to time be required by the Directors, have the right, either to be registered as a member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or insolvent person could have made. The Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or insolvent person before the death or insolvency.

21. Rights of Person Entitled by Transmission

A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would have been entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

D. ALTERATION OF CAPITAL

22. Power to Increase Capital

The Company may, from time to time, by ordinary resolution, increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.

23. Further Issue of Capital

All further issue of shares capital shall be subject to the applicable provisions of Section 86. Thereafter, the Directors may dispose of the same in such manner as they think most beneficial to the Company.

24. Provisions Applicable to New Shares

The new shares capital shall be subject to the same provisions with reference to transfer and transmission as the original share capital.

25. Consolidation and Subdivision

The Company may, by ordinary resolution:-

- (a) consolidate and divide its share capital into shares of larger amount than its existing shares;
- (b) subdivide its existing shares or any of them into shares of smaller amount than that fixed by the Company's Memorandum of Association, subject to the provisos to Section 92, sub-section (1), clause (d); or
- (c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

26. Reduction of Share Capital

The Company may, by Special Resolution, reduce its share capital in any manner, with and subject to any incident authorized and consent required by law.

IV. MEETINGS AND PROCEEDINGS

A. GENERAL MEETINGS

27. Statutory Meeting

The statutory general meeting of the Company shall be held within the period required by Section 157.

28. Annual General Meeting

The annual general meeting shall be held in accordance with the provisions of Section 158, within eighteen (18) Months from the date of incorporation of the Company and, thereafter, once at least in every year within a period of six Months following the close of its financial year and not later than fifteen Months after the holding of its last preceding annual general meeting, as may be determined by the Directors.

29 Other Meetings

All general meetings of the Company other than the statutory meeting or an annual general meeting shall be called extraordinary general meetings.

30. Extraordinary Meetings

The Directors may whenever they think necessary, call an extraordinary general meeting. Extraordinary general meetings may also be called on such requisition, or in default, may be called by such requisition, as provided under Section 159. If at any time there are not within Pakistan sufficient Directors capable of acting to form a quorum, any Director of the Company may call an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be called by the Directors.

B. Notice and Proceedings

31. Notice of Meetings

Twenty-one days' notice at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the date and the hour of meeting and, in case of special business, the general nature of that business, shall be given in the manner provided by the Ordinance for the general meeting to such persons as are, under the Ordinance or the regulations of the Company, entitled to receive such notices from the Company.

32. Special Business

All business shall be deemed special that is transacted in an extraordinary general meeting and those transacted in an annual general meeting, with the exception of declaration of dividends, the consideration of the accounts, balance sheet and the reports of the Directors and auditors, the election of Directors, and the appointment and fixing of the remuneration of auditors.

33. Quorum

No business shall be transacted at any general meeting unless a quorum of members is present at that time when the meeting proceeds to business. Three members present personally who represent not less than twenty-five percent of the total voting power either on their own account or as proxies shall be a quorum.

34. Effect of Quorum Not Being Present

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved; In any other case, it shall stand adjourned to the same day in the next week at the same time and place, and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present, being not less than three, shall be a quorum.

35. Chairman of Meeting

The Chairman of the Board of Directors, if any, shall preside as chairman at every general meeting of the Company, but if there is no such Chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for the meeting, or is unwilling to act as chairman, any one of the Directors present may be elected to be the chairman, and if none of the Directors is present, or willing to act as chairman, the members present shall choose one of their number to be the chairman.

36. Adjournment

The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the majority of members present), adjourn the meeting from time to time but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

37. Voting

A resolution put to the vote in any general meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded. Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favor of, or against, that resolution.

38. Demand for a Poll

A poll may be demanded only in accordance with the provisions of Section 167.

39. Manner of Taking a Poll

If a poll is duly demanded, it shall be taken in accordance with the manner laid down in Section 168 and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

40. Time of Taking a Poll

A poll demanded on the election of Chairman or on a question of adjournment shall be taken at once.

41. Casting Vote

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall have and exercise a second or casting vote.

C. **Votes of Members**

42. **Right to Vote**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, 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 shall apply. On a poll, every member shall have voting rights as laid down in Section 160.

43. **Voting By Joint Holders**

In case of joint-holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint-holders. For this purpose, seniority shall be determined by the order in which the names stand in the Register.

44. **Voting; Corporation Representatives**

On a poll, votes may be given either personally or by proxy; Provided, that, no body corporate shall vote by proxy as long as a resolution of its directors in accordance with the provisions of Section 162 of the Ordinance is in force.

45. **Proxy to be in Writing**

The instrument appointing a proxy shall be in writing under the hand of the principal to his attorney duly authorized in writing. A proxy must be a member of the Company.

46. **Instrument Appointing Proxy to be Deposited**

The instrument appointing a proxy and the power-of-attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the Office of the Company not less than forty-eight (48) hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

47. **Form of Proxy**

An instrument appointing a proxy may be in the following form, or a form as near thereto as may be:

LAHORE ELECTRIC SUPPLY COMPANY LIMITED

I, _____, of _____, in the District of _____, being a member of Lahore Electric Supply Company Limited, hereby appoint _____ of _____, as my proxy to vote for me and on my behalf at the (annual/extraordinary as the case may be) general meeting of the Company to be held on the _____ day of _____ and at any adjournment thereof.

48. Revocation of Authority

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of which the proxy is given; Provided, that, no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

V. MANAGEMENT AND ADMINISTRATION

A. Board of Directors

49. Number of Directors

The number of Directors shall not be less than seven. The first Directors, to hold office until the first annual general meeting, shall be:-

- (1) Ch. Sadiq Ali Mann
- (2) Mr. Manzoor Ahmed Langrial
- (3) Mr. Javed Nizam
- (4) Mr. Tanzim Hussain Naqvi
- (5) Brig. Saeed Ahmed Rafi
- (6) Mr. Muhammad Eshaq Khan
- (7) Mr. Aftab Ahmad Malik

50. Qualification of Directors

Save as provided in Section 187, no person shall be appointed as a Director unless he is a member of the Company.

51. Chairman of the Board

The Directors may elect one of their number as the Chairman of the Board and vest in him such powers and functions as they may deem fit in relation to the management and administration of the affairs of the Company subject to their general supervision and control.

52. Chief Executive

The Directors may elect one of their number to be the Chief Executive of the Company in accordance with the provisions of Sections 198 and 199 and vest in him such powers and functions as they deem fit in relation to the management and administration of the affairs of the Company subject to their general supervision and control. The Chief Executive of the Company shall be the *ex-officio* Vice-Chairman of the Board. The

provisions of the Ordinance shall be observed regarding other matters relating to the Chief Executive.

53. Remuneration

Subject to any approval or limits required by law, the terms and conditions and remuneration of:-

- (a) Director for performing extra services, including the holding of the office of Chairman;
- (b) the Chief Executive; and
- (c) any Director for attending the meetings of the Directors or a Committee of Directors shall be determined by the Board of Directors.

54. Alternate Director

A Director may, with the approval of the Board, appoint any person (including another Director) to be his alternate Director and such an alternate Director shall be entitled to notice of meetings of the Directors and to attend and vote thereat accordingly and, generally, to exercise all the rights of such absent Director subject to any limitations in the instrument appointing him. For the purposes of the proceedings at such meetings, the provisions of these Articles shall apply as if any alternate Director (instead of his appointer) were a Director. An alternate Director shall not require any share qualification and he shall *ipso facto* vacate office as and when his appointer (a) vacates office as a Director; (b) removes the appointee from office; or (c) returns to Pakistan; Provided, that, upon each occasion upon which the appointer thereafter leaves Pakistan again, and unless the appointer shall have informed the Company to the contrary, he shall be deemed to have re-appointed the appointee as his alternate Director and no further approval of the Board shall be required unless the appointer desires to approve another person not previously approved by the Board as his alternate. If an alternate Director shall be himself a Director, his voting rights shall be cumulative but he shall not be counted as more than one for quorum purposes. Any appointment or removal under this Article shall be reflected by notice in writing under the hand of the Director making the same.

B. POWERS AND DUTIES OF DIRECTORS

55. General Management Powers

The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not by the Ordinance or by these regulations, required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Ordinance or to any of these Articles, and such regulations being not inconsistent with the aforesaid provisions, as may be prescribed by the Company in a general meeting; but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

56. Borrowing Powers

The Directors may exercise all the powers of the Company to raise money otherwise than by issue of shares and to mortgage, charge, pledge, hypothecate or otherwise create

an encumbrance on its undertaking or any part thereof and to issue debentures and other securities whether outright or as security for any obligation, liability or debt of the Company or of any third party. In exercising the aforesaid powers of the Company the Directors may, from time to time and on such terms and conditions as they think fit, raise money from banks and financial institutions and from other persons under any permitted system of financing, whether providing for payment of interest or some other form of return, and in particular the Directors may raise money on the basis of mark-up price, musharika, modaraba or any other permitted mode of financing, and without prejudice to the generally of the foregoing the Directors may exercise all or any of the powers of the Company under Section 196(2) of the Ordinance. In particular, the Directors may issue any security as defined in Section 2(1)(34) of the Ordinance or may issue any instrument or certificate representing redeemable capital as defined in 2(1)(30A) of the Ordinance or participatory redeemable capital as defined in Section 2(1)(25) of the Ordinance.

57. Duties of Directors

The Directors shall duly comply with the provisions of the Ordinance.

58. Minute Books

The Directors shall cause minutes to be made in books provided for the purpose of:-

- (a) all appointments of officers made by the Directors;
- (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
- (c) all resolutions and proceedings at all meetings of the Company and of the Directors and of committees of Directors; and every Director present at any meeting of Directors or committee of Directors shall sign his name in a book to be kept for that purpose.

C. DISQUALIFICATION OF DIRECTORS

59. Disqualification of Directors

No person shall become a Director of the Company if he suffers from any of the disabilities or disqualifications mentioned in Section 187 of the Ordinance and, if already a Director, shall cease to hold such office from the date he so becomes disqualified or disabled or:-

- (a) if removed by general or special order of the holding company;
- (b) if removed by a resolution of members as hereinafter provided; or
- (c) if by notice in writing given to the Company he resigns his office;

Provided, however, that no Director shall vacate his office by reason only of his being a member of any company which has entered into contracts with, or done any work for, the Company but such Director shall not vote in respect of any such contract or work, and if he does so vote, his vote shall not be counted.

D. PROCEEDINGS OF DIRECTORS.

60. Meetings of Directors

- (a) The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, as they deem proper. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have and exercise a second or casting vote. A Director may, and the secretary on the requisition of a Director shall, at any time, summon a meeting of Directors. Seven (7) days' notice at the least, exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given, shall be given for a meeting of Directors; Provided, that, if all the Directors entitled to attend and vote at any such meeting so agree, in writing, a meeting may be held of which less than seven (7) days' notice has been given.
- (b) A meeting of the Directors may consist of a conference between Directors, some or all of whom are in different places; Provided, that, each Director who participates is able to hear each of the other participating Directors addressing the meeting and, if he so wishes, to address each of the other participating Directors simultaneously, whether directly, by conference telephone or by any other form of communications equipment (whether in use when this Article 60(b) is adopted or developed subsequently) or by a combination of methods. A quorum shall be deemed to be present if those conditions are satisfied in respect of the minimum number and designation of Directors required to form a quorum. A meeting held in this way shall be deemed to take place at the place where the largest group of Directors is assembled or, if no such group is readily identifiable, at the place from where the Chairman participates. Any Director may, by prior notice to the Secretary, indicate that he wishes to participate in the meeting in such manner, in which event, the Directors shall procure that an appropriate conference facility is arranged.

61. Chairman of Directors' Meetings

The Chairman of the Board shall preside at all meetings of the Board but, if at any meeting the Chairman is not present within ten minutes after the time appointed for holding the same or is unwilling to act as Chairman, the Directors present may choose one of their number to be chairman of the meeting.

62. Committees

The Directors may delegate any of their powers not required to be exercised in their meeting to committees consisting of such member or members of their body as they think fit. Any committee so formed shall, in the exercise of the powers so delegated, conform to any restrictions that may be imposed on it by the Directors.

63. Chairman of Committee Meetings

A committee may elect a chairman of its meetings but, if no such chairman is elected, or if at any meeting the chairman is not present within ten minutes after the time appointed for holding the same or is unwilling to act as chairman, the members present may choose one of their number to be chairman of the meeting.

64. Proceedings of Committee Meetings

A committee may meet and adjourn as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes of the members present. In case of an equality of votes, the chairman shall have and exercise a second or casting vote.

65. Validity of Directors' Acts

All acts done in any meeting of the Directors or of a committee of Directors shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of such Directors or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director unless the said act or acts is *ultra vires* in itself.

66. Resolution in Writing

A resolution in writing circulated to all the Directors and signed by a majority of the total number of Directors or affirmed by them through fax, telex or telegram shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held.

E. ELECTION AND REMOVAL OF DIRECTORS

67. Rotation of Directors

At the first annual general meeting of the Company, all the Directors shall retire from office, and Directors shall be elected in their place in accordance with Section 178 for a term of three years.

68. Eligibility for Re-election

A retiring Director shall be eligible for re-election.

69. Election in Accordance with the Ordinance

The Directors shall comply with the provisions of Sections 174 to 178 and Sections 180 and 184 relating to the election of Directors and matters ancillary thereto.

70. Filling of Casual Vacancy

Any casual vacancy occurring in the Board of Directors may be filled by the Directors, but the person so chosen shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is chosen was last elected as Director.

71. Removal of Director

The Company may remove a Director but only in accordance with the provisions of the Ordinance.

VI. THE SEAL

72. Common Seal

The Directors shall provide a common seal of the Company which shall not be affixed to any instrument except by the authority of a resolution of the Board or by a committee of Directors authorized in that behalf by the Board. Two (2) Directors or one Director and the secretary of the Company shall sign every instrument to which the common seal is affixed.

73. Official Seal

The Directors may provide for the use in any territory, district or place not situated in Pakistan, of an official seal which shall be a facsimile of the common seal of the Company, with the addition on its face of the name of every territory, district or place where it is to be used. The provisions of Section 213 shall apply to the use of the official seal.

VII. DIVIDENDS AND RESERVES

74. Declaration of Dividends

The Company in general meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

75. Interim Dividends

The Board may from time to time direct payment to the members or to the holding company such interim dividends as appear to be justified by the distributable profits of the Company.

76. Dividends Payable Out of Profits

No dividends shall be paid otherwise than out of distributable profits of the year or any other undistributed profits. No unpaid dividend shall bear interest against the Company.

77. Dividends Payable on Amount Paid on Shares

All dividends shall be declared and paid according to the amounts paid on the shares.

78. Reserve Fund

The Directors may, before recommending any dividend, set aside out of the profits available for distribution of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting contingencies, or for equalizing dividends, or for any other purpose to which the profits of the Company may be properly applied, and pending such application may either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may, subject to the provisions of the Ordinance, from time to time think fit.

79. Profit Carried Forward

The Directors may carry forward any profits which they may think prudent not to distribute, without setting them aside as a reserve.

80. Payment of Dividends Specie

With the sanction of a resolution in a general meeting, any dividend may be paid wholly or in part by the distribution of specific assets and in particular of paid-up shares or debentures of any other company or in any one or more of such ways. The Directors may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed, in order to adjust the rights of all members, and may vest any such specific assets in trust for the members entitled to the dividend as may seem expedient to the Directors.

81. Dividends to Joint Holders

If several persons are registered as joint holders of any share, any one of them may give effectual receipt for any dividend payable on the share.

82. Notice of dividend

Notice of any dividend that may have been declared shall be given in the manner hereinafter mentioned to the persons entitled thereto. The Company may give such notice by publication in a newspaper of general circulation in the Province where the Office is situated.

83. Period for Payment of Dividends

Dividends shall be paid within the period specified in Section 251.

VIII. ACCOUNTS

84. Books of Account

The Directors shall cause to be kept proper books of account as required under Section 230.

85. Place Where Accounts Kept

The books of account shall be kept at the Office or at such other place as the Directors shall think fit and shall be open to inspection by the Directors during business hours.

86. Inspection by Members

The Directors, or their representatives, shall from time to time determine whether and to what extent and at what time and place/s and under what conditions or regulations the accounts and books or papers of the Company or any of them shall be open to the inspection of members not being Directors. No member (not being a Director) shall have any right of inspecting of any account and book or papers of the Company, except

as conferred by law or authorized by the Directors or by the Company in general meeting

87. Annual Accounts

The Directors shall as required by Sections 233 and 236 cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts and balance sheets duly audited and reports as are referred to in those sections.

88. Balance Sheet and Profit and Loss Account

A balance sheet, profit and loss account, and other reports referred to in the preceding Article shall be made out every year and laid before the Company in the annual general meeting made up to a date not earlier than six months before such meeting. The balance sheet and profit and loss account shall be accompanied by a report of the auditors of the Company and the report of Directors.

89. Copy of Accounts to be Sent to Members

A copy of the balance sheet and profit and loss account and reports of Directors and auditors shall, at least twenty-one days preceding the meeting, be sent to the persons entitled to receive notices of general meetings in the manner in which notices are to be given as hereinafter provided.

90. Compliance with the Ordinance

The Directors shall in all respects comply with the provisions of Sections 230 to 236.

91. Capitalization of Profits

The Company in general meeting may, upon the recommendation of the Directors, resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss accounts or otherwise available for distribution. The Company may then set free such sum for distribution among the members who would have been entitled thereto if distributed by way of dividend and in the same proportions, on condition that the same be not paid in cash but be applied in or towards paying up in full un-issued shares or debenture of the Company to be allotted and distributed, credited as fully paid up to and amongst such members in the proportion aforesaid. The Board of Directors shall give effect to such distribution by resolution.

92. Audit

Auditors shall be appointed and their duties regulated in accordance with Sections 252 to 255 of the Ordinance.

IX. NOTICES

93. Notice to Members, etc.

Notice shall be given by the Company to members and auditors of the Company and other persons entitled to receive notice in accordance with law.

CONFIDENTIALITY

94. Confidentiality Undertaking

Every director, manager, adviser, auditor, trustee, member of a committee, officer, agent, accountant, or other employees of the Company shall, if so required by the Directors, before entering upon his duties, sign a confidentiality undertaking in relation to all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall undertake not to reveal any of the matters which may come to his knowledge in the discharge of his duties, except when required to do so by the Directors or by any general meeting or by any a court of law of competent jurisdiction and except so far as may be necessary in order to comply with any of the provisions in these presents.

95. Members' Access to Company Premises

No member or other person (not being a Director) shall be entitled to enter upon the property of the Company or examine the Company's premises or properties without the permission of a Director, subject to Article 94, to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors will be inexpedient, in the interest of the Company and its members, to communicate.

XI. RECONSTRUCTION

96. Reconstruction

On any sale of the undertakings of the Company, the Directors or the liquidators on a winding up may, if authorized by a Special Resolution, accept fully paid shares, debentures or securities of any other company, either then existing or to be formed for the purchase in whole or in part of the property of the Company. The Directors (if the profits of the Company permit), or the liquidators (in a winding up), may distribute such shares or securities, or any other properties of the Company amongst the members without realization, or vest the same in trustees for them. A Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve. All shareholders shall be bound by any valuation or distribution so authorized, and waive all rights in relation thereto save only such statutory rights (if any) as are, in case the Company is proposed to be or is in the course of being wound up, incapable of being varied or excluded by these Articles.

XII. WINDING UP

97. Division and distribution of Assets Upon Dissolution

If the Company is wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by law, divide amongst the members in specie or kind the whole or any part of the assets of the Company (whether

they shall consist of property of same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with like sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the contributors, as the liquidator with like sanction, shall think fit; Provided, that, no member shall be compelled to accept any shares or other securities whereon there is any liability.

XIII. INDEMNITY

98. Indemnification

Every officer or agent of the Company may be indemnified out of the assets of the Company for any liability incurred by him in defending any proceedings, whether civil or criminal, arising out of his dealings in relation to the affairs of the Company, except those brought by the Company against him, in which judgement is given in his favour or in which he is acquitted, or in connection with any application under Section 488 in which relief is granted him by a court of competent jurisdiction.

XIV. ARBITRATION

99. Differences to be Referred to Arbitrator

Every intra-corporate dispute shall, as a condition precedent to any other action at law be referred, in conformity with the Arbitration Act, 1940, as amended, and its implementing rules, to the decision of an arbitrator to be appointed by the parties in dispute or, if they cannot agree upon a single arbitrator, to the decision of two arbitrators of whom one shall be appointed by each of the parties in dispute, or, in the event of the two arbitrators not agreeing, then of an umpire to be appointed by the two arbitrators, in writing, before proceeding on the reference. Such decision and arbitral award shall be final and binding on the parties. Intra-corporate disputes shall include any dispute that may arise between the Company on the one hand and any of the members, their executors, administrators or assigns on the other hand, or between members, their executors, administrators or assigns, relating to these Articles or the statutes, or anything then or thereafter done, executed, omitted or suffered in pursuance of these Articles or of the statutes or any breach or alleged breach, or otherwise relating to these Articles or to any statute affecting the Company or to any of the affairs of the Company.

We, the several persons whose names and addresses are subscribed below, are desirous of being formed into a company in pursuance of these Articles of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

Name and surname (Present and former) in full (in Block Letters)	Father's/ Husband's Name in Full	Nationality	Occupation	Residential Address in Full	Number of Shares taken by Each Subscriber	Signature
1. Ch. Sadiq Ali Mann	Ch. Rehmat Ali	Pakistani	WAPDA Service	391-Block D/2 WAPDA Town, Lahore	1	
2. Mr. Manzoor Ahmed Langrial	Ch. Ahmed Din Langrial	Pakistani	WAPDA Service	A-1, 220 KV Grid Station Wapda New Kotlakhpat, Lahore	1	
3. Mr. Javed Nizam	Muhammad Islam	Pakistani	WAPDA Service	263-Tariq Block, New Garden Town, Lahore.	1	
4. Mr. Tanzim Hussain Naqvi	Syed Taslim Hussain Naqvi	Pakistani	WAPDA Service	H. No. 56-B, WAPDA Officer's Colony, Upper Mall, Lahore	1	
5. Brig. Saeed Ahmed Rafi	Muhammad Ajaib	Pakistani	WAPDA Service	B-33, Upper Mall, WAPDA Lahore.	1	
6. Mr. Muhammad Eshaq Khan	Khan Fazal Dad Khan	Pakistani	WAPDA Service	118-A Babar Block, New Garden Town, Lahore	1	
7. Mr. Aftab Ahmad Malik	Malik Abdul Qayyum	Pakistani	WAPDA Service	H.No.27, WAPDA Officer's Colony The Mall, Lahore	1	

Total number of shares taken 7 (Seven)

Dated the _____ day of _____

Witnesses to above signatures

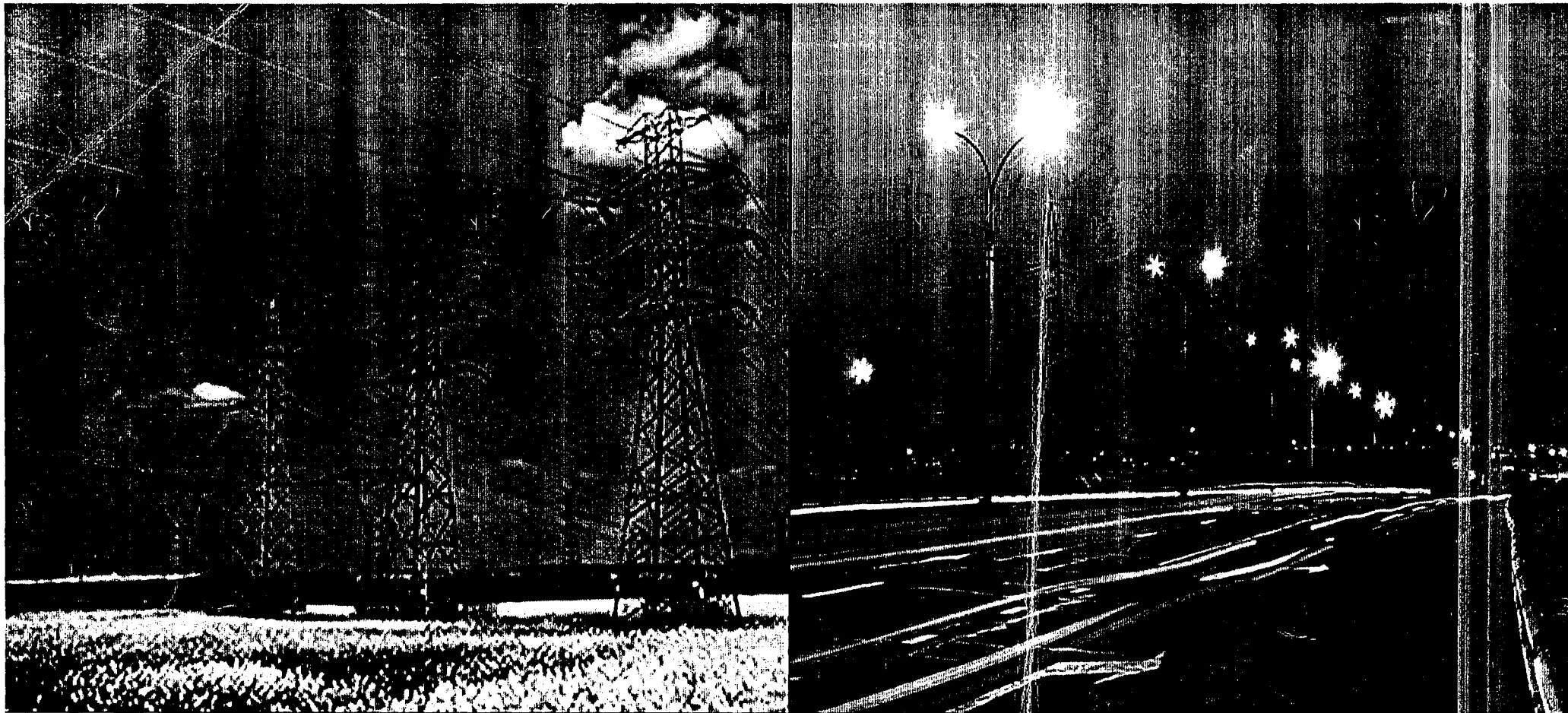
(Full Name, Father's/Husband's Name)

(in Block Letters) _____

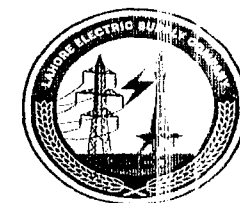
Signature _____

Occupation _____

Full Address _____



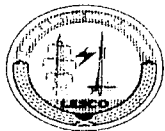
Lahore Electric Supply Company Limited



PROGRESS REPORT

DEC-2022

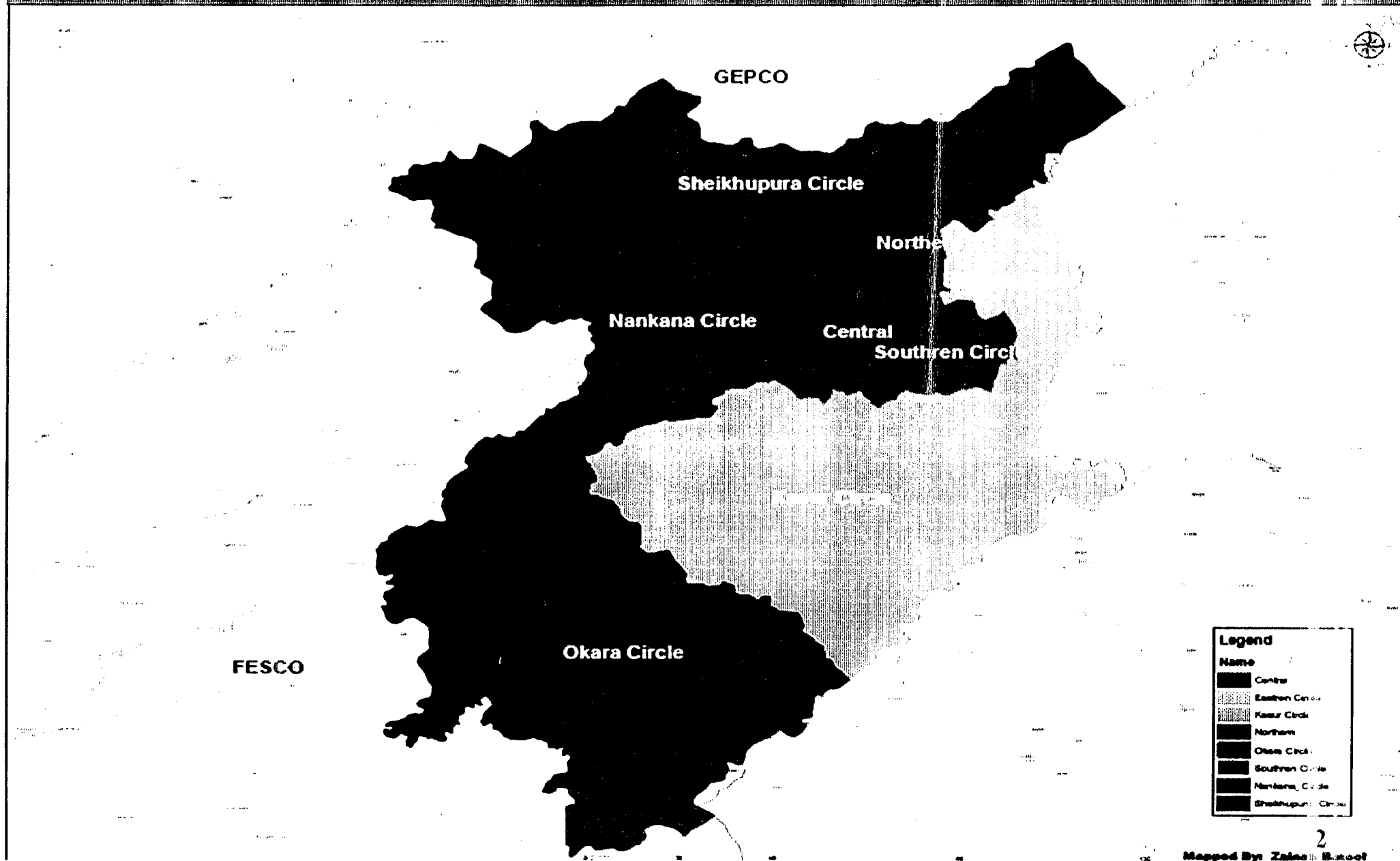
CEO

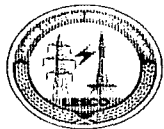


EXISTING AREA OF JURISDICTION UNDER LESCO (GIS MAP)



LESKO BOUNDARY GEOGRAPHICALLY MAPPED





TARIFF WISE CONNECTIONS DEC-2022



Consumer Type	Domestic	Com.	General Services	Ind.	T/well	Bulk	Street Light	Others	Total
Tariff	01 (A-1)	04 (A-2)	66 (A-3)	B-1 to B-4	49 /46	C-1 / C-2/C-3	G	H, etc	
Active	4657578	525113	18432	64896	50739	229	1780	163	5318930
% Age	90.26	75.43	95.55	71.83	73.41	50.44	64.47	60.15	88.08
Disc	502584	171050	858	25454	18374	225	981	108	719634
% Age	9.74	24.57	4.45	28.17	26.59	49.56	35.53	39.85	11.92
Total	5160162	696163	19290	90350	69113	454	2761	271	6038564
% of Total Consumers	85.45	11.53	0.32	1.50	1.14	0.01	0.05	0.004	100.0

BREAKUP OF INDUSTRIAL CONSUMERS			
Tariff	Active	Disctd.	Total
B-4	40	6	46
B-3	893	359	1252
B-2	15685	3625	19310
B-1	48256	21325	69581
Temp.	22	139	161
TOTAL	64896	25454	90350

BREAKUP OF BULK CONSUMERS			
Tariff	Active	Disctd.	Total
C-3	13	-	13
C-2	81	14	95
C-1	132	198	330
Temp.	3	13	16
TOTAL	229	225	454

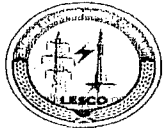


LESCO TECHNICAL OVERVIEW

ENDING DEC-2022

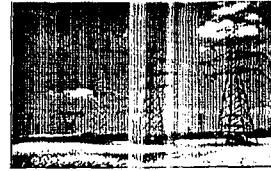


TOTAL LESCO OWNED GRID STATIONS	121	NO.
LESCO GRID STATIONS FEEDING LAHORE RING (INCLUDED IN 121)	73	NO.
NTDC GRID STATIONS FEEDING LESCO	10	NO.
GRID FEEDING INDIVIDUAL CONSUMERS	58	NO.
IPPS FEEDING LESCO	11	NO.
SMALL HYDEL POWER STATIONS FEEDING LESCO	2	NO.
PEAK DEMAND LESCO (Dated. 27-06-2022 at 4:00 PM)	5960	M.W
NO OF 11 KV FEEDERS IN LESCO	2098	NO.
LENGTH OF TRANSMISSION LINE	3165.53	K.M
TOTAL MVA CAPACITY	13705.50	MVA
LENGTH OF HT LINE ENDING DEC-22	31785	K.M
LENGTH OF LT LINE ENDING DEC-22	15548	K.M
TOTAL INSTALLED TRANSFORMERS (ENDING 12/2022)	130342	NO.s
TRANSFORMER INSTALLED IN 07/2022 to 12/2022	2864	NO.s
TRANSFORMERS INSTALLED (DEC-22)	423	No.s
SAP(ELR+DOP) (H.T/L.T) BUDGET GRANT FOR 2022-23	3227	M.Rs.



LESCO COMMERCIAL OVERVIEW

ENDING DEC-2022



DESCRIPTION			DEC-22	DEC-21
MONTHLY LOSSES	(132 KV)	% AGE	0.5	0.4
MONTHLY LOSSES	(11 KV)	% AGE	6.1	6.3
MONTHLY LOSSES	(T & D)	% AGE	6.5	6.7
PROGRESSIVE LOSSES	(132 KV)	% AGE	0.8	0.6
PROGRESSIVE LOSSES	(11 KV)	% AGE	9.9	10.5
PROGRESSIVE LOSSES	(T & D)	% AGE	10.6	11.0
RECEIVABLE		MRs.	181940	143828
MONTHLY ASSESSMENT	(w.o.subsidy)	MRs.	47774	44169
MONTHLY COMPUTED ASSESSMENT	(w.o.subsidy)	MRs.	48662	38357
MONTHLY REALIZATION	(w.o.subsidy)	MRs.	49884	40277
TOTAL PAYMENT	(MONTHLY)	% AGE	104	91
COMPUTED PAYMENT	(MONTHLY)	% AGE	103	105
PROGRESSIVE ASSESMENT	(w.o.subsidy)	MRs.	448715	288988
PROGRESSIVE COMPUTED ASSESSMENT	(w.o.subsidy)	MRs.	456981	285816
PROGRESSIVE REALIZATION	(w.o.subsidy)	MRs.	429949	282002
TOTAL PAYMENT	(PROGRESSIVE)	% AGE	96	98
COMPUTED PAYMENT	(PROGRESSIVE)	% AGE	94	99
AVERAGE SALE RATE FOR DEC-22	(without Subsidy)	Per/Unit	25.162	27.603
AVERAGE SALE RATE FOR DEC-22	(without Subsidy/Taxes)	Per/Unit	31.884	28.714

Energy (MKWh) Consumption Pattern

Year																
	Dom	GR	Com	GR	Sind	GR	MLInd	GR	Agr	GR	Bulk	GR	P/L	GR	Total	GR
2016-17	8167	13.0	1578	12.6	512	-3.9	5661	-11.0	1197	-0.5	572	11.3	95	-3.1	17782	2.5
2017-18	9029	10.6	1792	13.6	550	7.4	7037	24.3	1260	5.2	660.91	15.5	119	25.3	20448	15.0
2018-19	9370	3.8	1685	-6.0	591	7.5	7562	7.5	1147	-8.9	667	0.9	110	-7.6	21132	3.3
2019-20	9806	4.7	1563	-7.2	532	-10.0	6850	-9.4	1116	-2.7	627	-6.0	117	6.4	20611	-2.5
2020-21	10357	5.6	1662	6.3	601	13.0	7750	13.1	1188	6.5	654	4.3	140	19.7	22352	8.4
2021-22	11243	8.6	1868	12.4	571	-5.0	9201	18.7	1328	11.8	720	10.1	139	-0.7	25071	12.2

Energy Sale (source: MIS)

Demand (MW) Pattern

Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Max
2016-17	3047	3052	2923	2764	1972	2327	1829	2211	2263	2723	3015	3582	3582
2017-18	3677	3632	3559	3200	2301	2306	2284	2339	2729	3376	3575	3822	3822
2018-19	3871	3848	3766	3123	2392	2034	2119	2352	2474	3500	4001	4270	4270
2019-20	4573	4251	4262	3173	2550	2437	2480	2255	2275	2826	3359	4189	4573
2020-21	4325	4446	4184	3621	2581	2731	2596	2620	3004	3761	4142	4359	4446
2021-22	4477	4549	4261	3740	2862	3229	3095	2960	3197	4475	4414	5180	5,180

Recorded Peak Demand at 11KV (source: PDC)

Future Demand & Energy Consumption

Category Wise Sale (MKWh)							
FY	Dom	Com	Public Light	Industry	Agri	Bulk	Total
2022-23	11728	1817	139	10984	1348	897	26913

FY	SALE (MKWh)	Demand (MW)
2021-22	25071	5205
2022-23	26913	5578
2023-24	28393	5844
2024-25	29438	6067
2025-26	30808	6329
2026-27	32152	6589
2027-28	33777	6901
2028-29	35411	7229
2029-30	36890	7528
2030-31	38438	7833
2031-32	40138	8165

Projected No. of Consumers

Category No. of Consumers Addition						
FY	Dom	Com	Industry	Agri	Other	Total
2022-23	297,444	20,490	2,110	2,315	2,748	325107
Consumer as on June 2022						5887248
Projected Consumer 2023						6212355

Indicative Procurement Requirement of LESCO

FY	Peak Demand (MW) at 132KV	Obligation % as per MCC	Capacity Obligation (MW)		Firm Capacity of LESCO (MW)	Surplus Capacity (MW)
2021-22	5210	100	5210	Ex-Post	5,362	150
2022-23	5578	100	6302	Ex-Ante	7,412	1,110
2023-24	5844	100	6603		7,116	511
2024-25	6067	100	6855		7,324	468
2025-26	6329	80	5720		7,847	2,125
2026-27	6589	60	4467		7,876	3,409

Source: Forecasted Peak Demand as per PMS 2021-22

Future Firm Capacity of LESCO as per IGCEP 2021 (provided by CPPA-G)

Capacity Obligation VS Firm Capacity of LESCO

