NATIONAL ENGINEERING SERVICES PAKISTAN (PVT) LIMITED

STATEMENT OF CORPORATE INTENT FOR FY 2026-2027

PREAMBLE:

State-Owned Enterprise (Governance and Operations) Act 2023, (referred to as "SOE-Act 2023"), of Majlis-e-Shoora (Parliament) received the presidential assent on the 30th January, 2023 and published for general information to provide for governance and operation of the management and financial efficiency of State-Owned Enterprises owned and controlled by the Federal Government.

In accordance with the Section 8(4) of the SOE Act 2023, the Board of every State-Owed Enterprise shall at the start of each financial year, adopt and cause to have published a Statement of Corporate Intent ("SCI") for the State-Owned Enterprise or the group comprising the State-Owned Enterprise and its subsidiaries (if any), in respect of that year and the following two financial years in the manner and form set out in Schedule-III.

In compliance with the aforementioned SOE Act, the NESPAK's Statement of Corporate Intent for FY 2026-2027 is provided hereunder;

Schedule-III
Statement of Corporate Intent
(as per Section 8(4) of State-Owned Enterprise Act-2023)

1. **Name of State-Owned Enterprise/SOE:**
   National Engineering Services Pakistan (Pvt.) Limited, ("The NESPAK")

2. **Incorporated/established on:**
   On 20th Day of March, 1973

3. **Subsidiaries included in this statement of corporate intent:**
   Details of NESPAK's subsidiaries are attached as **Annexure-A.**

4. **Description of the main Business of the NESPAK:**

   (a) To carry on primarily the business of consultants, advisers, Structural Engineers, Builders, Architects, Contractors, Job contractors, Designers, Decorators, Furnishers with regard to construction, development, improvement of Dams, Buildings, Roads, Bridges, Tunnels and airfields, runways, buildings, aviation fields, hangers and work of every description connected therewith, in general, and to act as Consultants, Professional Advisers and Agents; and, act as Estimators, Valuers, Appraisers, Surveyors, Town planners, Reinforced Concrete Specialists, and any other Civil Engineering and Architectural work of any kind whatsoever, anywhere in the world.

   (b) To plan, study, design, and supervise the construction of earth fill, rock fill and Concrete storage Dams, Spillways, Outlet structures. Diversion wand barrages, Canal head works, Canals, Canal Falls, Distribution works, Cross drainage works, etc.

   (c) To plan, study, design and supervise the construction of Hydroelectric, Thermal, Gas and Atomic Energy Projects.

(d) To plan, study, design and supervise the construction of flood reservoirs, flood embankments, floods channels etc.

(e) To plan, study, design and supervise the construction of land reclamation projects.

(f) To plan, study, design and supervise the construction of water supply and sewerage projects.

(g) To plan, study, design and supervise the construction of Navigation Canals, locks and other auxiliary works.

(h) Overall planning of Towns, to plan, investigate, design and supervise the construction of all types of buildings, factories, overhead tanks, etc. etc.

(i) To plan, study, design, and supervise the construction of Highways, Bridges, and Culverts.

(j) To plan, study, design, and supervise the construction of airports, and air terminals.

(k) To plan, study, design, and supervise the construction of ports and harbors and all works related to them.

(l) To render technical assistance to foreign countries in connection with water resources development and utilization.

(m) To carry on the business of mechanical engineers, electrical engineers, consultants, advisers, sanitary and water engineers, and to carry out the civil, electrical, and mechanical maintenance of buildings, installations, and properties of all kinds.

(n) And as mentioned in Company's memorandum of association.

5. Summary of the Business goals of the NESPAK:

NESPAK shall pursue the following strategic business goals:

- **Sustainable Revenue Growth**

  Achieve consistent growth in revenue and profitability through portfolio diversification and improved operational efficiency.

- **International Market Expansion**

  Increase international business presence in the Middle East, Africa, Central Asia, and other emerging markets.

- **Digital Transformation**

  Accelerate adoption of Building Information Modeling (BIM), GIS, Artificial Intelligence, and other smart engineering technologies.

- **Human Capital Development**

Strengthen organizational capabilities through professional development, succession planning, and talent retention.

- **Client Excellence**

  Enhance client satisfaction through quality services, innovation, and timely project delivery.

- **Sustainability**

  Integrate sustainability principles into business operations, decision-making, and project delivery to create long-term environmental, social, and economic value.

- **Governance and Compliance**

  Ensure compliance with SOE Act, Companies Act, PPRA Rules, and all applicable statutory requirements.

6. Summary of the Performance Measures and Benchmarks against NESPAK's Business goals and its primary objective:

Key Performance Measures and Benchmarks for NESPAK business goals are as follows;

a) Financial Performance
Measures

- Revenue Growth
- Net Profit Margins
- New Projects Acquisitions
- Cash Flow Management

Benchmarks:

- As given in enclosed **Annexure-B.**

b) International Business Growth

Measures:

- Foreign Revenue
- Number of International Projects
- Strategic Partnership

Benchmarks:

- As given in enclosed **Annexure-C.**

c) Project Delivery Excellence

Measures:

- Timely Completion
- Budget Adherence

- Quality Compliance

Benchmarks:

- Maintain schedule adherence on NESPAK-controlled project deliverables; report variance with explanatory notes where delays are attributable to client or third-party factors
- Cost Variance less Than 10%
- 100% closure of major quality non-conformities within agreed corrective action timelines

d) Human Resource Development

Measures:

- Employee Training Hours
- Professional Certifications
- Succession Planning

Benchmarks:

- Minimum 40 Training Hours per Employee
- Establish baseline count of certified professionals in FY 2026-27; certify minimum 25 additional professionals during the year across priority disciplines
- Succession Plans for Critical Positions

e) Digital Transformation

Measures:

- BIM Utilization
- Digital Workflow Automation
- Technology Investments

Benchmarks:

- BIM implementation in all new mega projects where contractual scope and client requirements permit
- Establish digital documentation baseline in FY 2026-27 and set a defined improvement target for FY 2027-28
- Annual Technology Investment Plan Implemented

f) ESG and Sustainability

Measures

- Green Project Initiatives

- Environmental Compliance
- CSR Activities

Benchmarks

- ESG Framework Implemented
- Environmental Assessments for All Major Projects
- Annual CSR Program Execution

g) Governance Excellence

Measures

- Internal Audit Compliance
- Regulatory Compliance
- Board Governance Indicators

Benchmarks

- 100% resolution of major internal audit observations within agreed timelines
- Full Compliance with SOE Requirements
- Bi-annually Performance Reporting to Board

7. Summary of the strategies of the NESPAK, for achieving its business goals and primary objective:

NESPAK is focusing on several key areas to enhance growth, sustainability and competitiveness. Here are some strategies on short-, medium- and long-term basis for achieving business goals:

i. **Diversification of Service Portfolio**
Expand consultancy services in renewable energy, climate resilience, smart cities, digital engineering, and sustainability advisory.

ii. **International Business Development**
Establish strategic alliances and strengthen business development activities in target international markets.

iii. **Digital Engineering Transformation**
Implement BIM, GIS, AI-enabled tools, and integrated project management systems across all major business units.

iv. **Human Capital Excellence**
Develop technical leadership, succession pipelines, and performance-based talent management systems.

v. **Operational Excellence**
Enhance project controls, cost management, quality assurance, and knowledge management practices.

vi. **Focus on Sustainability**
Integrate sustainability principles into business operations and project delivery to promote environmental responsibility and long-term value creation.

vii. **Innovation and Research**

Promote technical publications, knowledge sharing, and collaboration with academic institutions and professional bodies. Innovation infrastructure will be developed in a phased manner as organizational capacity permits.

viii. **Risk Management**

Implement enterprise-wide risk management mechanisms to identify, assess, and mitigate strategic and operational risks.

ix. **Governance Enhancement**

Strengthen transparency, accountability, and compliance through robust governance frameworks and Board oversight.

8. The current or anticipated borrowing of the NESPAK, including borrowing by a subsidiary:

Currently, there is no specific borrowing by NESPAK. However, NESPAK issues guarantees through commercial banks for acquiring mobilization advance on its consultancy projects. NESPAK also not intend to make any borrowings in near future.

9. The accounting policies that the NESPAK will apply for financial records and reporting:

Accounting policies applied on financial records and reporting for the last audited accounts for financial year ended June 30, 2022 is attached as **Annexure-D,** and the same shall be applied as updated in the preparation of financial statements for the year ended June 30, 2027.

10. Summary indicative balance sheet and profit and loss statement for the NESPAK:

An extract of the un-audited balance sheet and draft profit and loss statement for the year ended on June 30, 2027, and for the following two financials i.e. FY 2027-28 and FY 2028-29 are attached as **Annexure-E.**

11. Consolidated summary indicative balance sheet and profit and loss statement of NESPAK and its subsidiaries as a group:

An extract of the consolidated un-audited balance sheet and profit and loss statement for the year ended June 30, 2027, and following two financial years, is attached as **Annexure-F.**

12. The proposed dividend declaration and distribution policy of the NESPAK:

The proposed dividend for FY 2026-27 will be recommended by the Audit Committee to the Board of Directors NESPAK upon completion of the audit for each financial year.

13. Description of any public service obligations and their impact on the forecasted financial outcomes of the NESPAK:

NESPAK do not intend to provide any public service obligation during the year ended June 30, 2027.

14. Any other matter directed to be included in this statement by the Federal Government:

NIL

ANNEXURE - A

NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED

NESPAK's Subsidiaries

The Company has following subsidiaries:

	Direct Share Holding
NESPAK UK Limited	100%
NESPAK and Partners LLC, Muscat, Oman	65%
NESPAK, ECC, Riyadh, KSA	49%
NESPAK, W.L.L., Doha, Qatar	49%

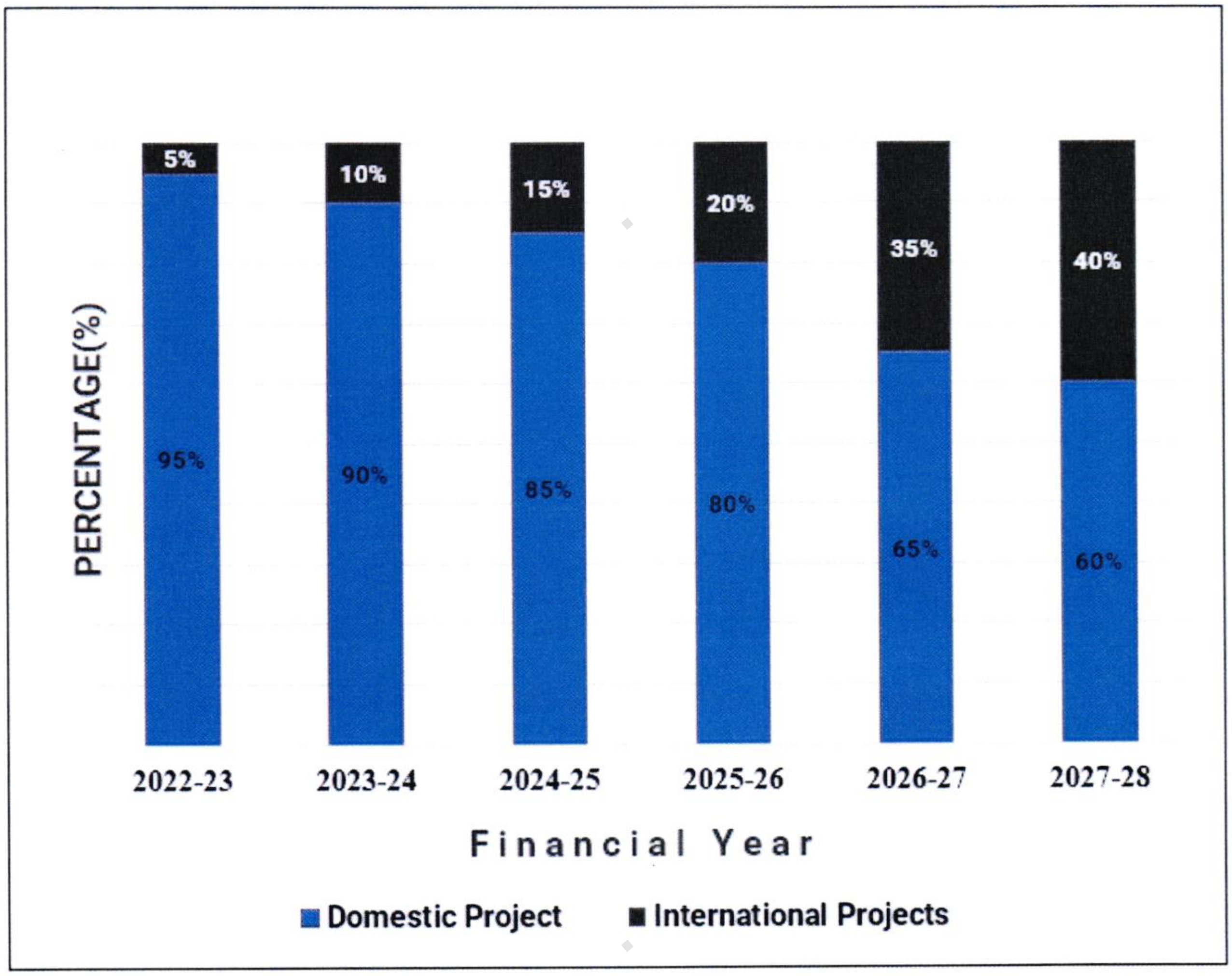
10.2 Financial Highlights – NESPAK

Financial Highlights (Rupees in thousand)									
Financial Year	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**
Profit Margin	8%	1%	5%	6%	14%	16%	18%	20%	21%
EBIT/Revenue	14%	7%	11%	18%	24%	30%	33%	37%	39%
Net Profit/Revenue	17%	10%	8%	13%	20%	26%	29%	32%	35%

ANNEX - B

Annexure-C

Extracted from Approved Business plan for FY (2023-2028)



Projected Business Share - (Domestic & International)

ANNEXURE - D

1 THE COMPANY AND ITS OPERATIONS

National Engineering Services Pakistan (Private) Limited (the Company) was incorporated in 1973 under the Companies Act, 1913 (now Companies Act, 2017). The Company is wholly controlled and owned by the Ministry of Energy (Power Division), Government of Pakistan (GOP). The principal activity of the Company is providing engineering consultancy services in Pakistan and abroad.

1.1 Geographical location - NESPAK

The geographical locations and addresses of major business units of the Company are as follows:

Business unit	Geographical location and address
Registered office	1-C, Block N, Model Town Extension, Lahore.
Regional offices:	
Lahore	IEEEP Building, 17-C-1, Civic Centre, Faisal Town, Lahore.
Islamabad	NESPAK House, Sector G-5/2, Islamabad.
Karachi	13th Floor, NICL Building, Abbasi Shaheed Road, Sharah-e-Faisal, Karachi.
Peshawar	House no. 24, Sector B-2, Phase-V, Hayatabad, Peshawar.
Quetta	18-19/B, Street no. 2, Phase-III, Shahbaz Town, Quetta Cantt.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise:

i) International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act); and

ii) Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ from the IFRS, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that certain employee benefits are recognized on the basis mentioned in Note 4.10 and short term investments at fair value through profit or loss.

These are separate financial statements of the Company. The Company is not consolidating its subsidiaries as the Securities and Exchange Commission of Pakistan (SECP) has granted exemption through the letter dated 24-11-05 with reference number RD-237(I) 2005-3237 to the Company from consolidation and investment in subsidiaries is recorded at cost net of impairment if any. while investment in associates is measured at equity method.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee (PKR), which is the Company's functional currency. All values presented in PKR have been rounded to the nearest thousand of rupees, unless when stated otherwise.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to use certain critical accounting estimates. It also requires management to exercise its judgment

Annexure E

NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED
PROJECTED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2027,2028 and 2029

	2029	2028	2027
	--- (Rupees in thousand) ---		
ASSETS			
NON CURRENT ASSETS			
Property and equipment	1,579,890	1,466,255	1,345,805
Intangible assets	2,935	2,706	2,478
Investment properties	69,210	72,285	75,460
Investment in subsidiaries	2,960	2,960	2,960
Investment in associates	250,162	246,037	242,085
Long term loans and advances	1,190	1,266	1,319
Long term deposits	426,114	414,307	398,870
	2,332,461	2,205,816	2,068,978
CURRENT ASSETS			
Stationery stores	14,507	14,328	14,020
Trade debts	19,112,199	17,651,539	16,184,624
Contract assets	895,114	804,597	715,197
Loans and advances	307,423	299,195	289,497
Deposits and prepayments	147,873	142,254	135,505
Interest accrued	42,729	50,269	55,241
Other receivables	511,269	483,470	455,889
Short term investments	4,107,966	4,005,427	3,898,226
Tax refunds due from government - net	1,559,553	1,440,696	1,324,778
Cash and bank balances	2,323,124	2,183,387	2,028,228
	29,021,757	27,075,161	25,101,204
TOTAL ASSETS	31,354,218	29,280,977	27,170,182
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	5,000	5,000	5,000
Issued, subscribed and paid up share capital	5,000	5,000	5,000
Revenue reserves			
General reserve	11,557,516	11,557,516	11,557,516
Accumulated Profit/(Loss)	10,488,312	8,327,663	6,280,120
	22,050,828	19,890,179	17,842,636
NON CURRENT LIABILITIES			
Lease liabilities	45,076	69,348	70,763
Employees retirement and other long term benefits	770,409	751,985	737,240
	815,485	821,333	808,003
CURRENT LIABILITIES			
Trade and other payables	7,510,234	7,327,058	6,966,488
Current portion of lease liabilities	16,301	15,306	15,780
Contract liabilities	961,370	1,227,101	1,537,275
	8,487,905	8,569,465	8,519,543
TOTAL EQUITY AND LIABILITIES	31,354,218	29,280,977	27,170,182

Annexure F F

NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED
PROJECTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2027, 2028 and 2029

	2029	2028	2027
	--- (Rupees in thousand) ---		
ASSETS			
NON CURRENT ASSETS			
Property and equipment	1,754,640	1,591,510	1,467,506
Intangible assets	2,981	2,706	2,478
Investment properties	69,210	72,285	75,460
Rentational receivables	79,829	77,204	73,774
Investment in associates	250,162	246,037	242,085
Long term loans and advances	1,190	1,266	1,319
Long term deposits	419,550	410,318	398,870
	2,577,562	2,401,326	2,261,492
CURRENT ASSETS			
Stationery stores	14,575	14,328	14,020
Trade debts	24,013,678	21,196,106	18,450,600
Contract assets	903,241	804,597	715,197
Loans and advances	328,493	313,597	296,154
Deposits and prepayments	913,309	857,302	810,534
Rentational receivables	90,179	88,497	85,936
Interest accrued	46,475	50,269	55,241
Other receivables	676,895	618,790	541,808
Short term investments	4,428,631	4,168,427	3,998,226
Tax refunds due from government - net	1,631,588	1,440,696	1,324,778
Cash and bank balances	3,836,068	3,386,636	2,958,228
	36,883,132	32,939,245	29,250,721
TOTAL ASSETS	39,460,694	35,340,573	31,512,214
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	5,000	5,000	5,000
Issued, subscribed and paid up share capital	5,000	5,000	5,000
Revenue reserves			
Retained earnings	18,359,855	14,205,854	10,360,738
Other reserves	11,557,516	11,557,516	11,557,516
	29,922,371	25,768,370	21,923,254
NON CURRENT LIABILITIES			
Lease liabilities	45,076	69,348	70,763
Employees retirement and other long term benefits	761,270	751,985	737,240
	806,346	821,333	808,003
CURRENT LIABILITIES			
Trade and other payables	7,767,912	7,500,389	7,220,138
Current portion of lease liabilities	16,301	15,306	15,780
Provision for Zakat	8,395	8,074	7,765
Contract liabilities	939,370	1,227,101	1,537,275
	8,731,978	8,750,871	8,780,957
TOTAL EQUITY AND LIABILITIES	39,460,694	35,340,573	31,512,214

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