engro powergen qadirpur

our footprint

Annual Report 2014

about the cover

This year's theme features iconology that spans the length and breadth of principles of power. After all, Engro Powergen Qadirpur is proud to be a pioneer in an effective green power initiative in the country today. And, to honour this achievement, our report highlights both our green power solution and our commitment to help curb the energy crisis within the country in an ecological and sustainable way.

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Board of Directors

Aliuddin Ansari - Chairman
Syed Mohammad Ali - Chief Executive Officer
Aliya Yusuf
Javed Akbar
Ruhail Mohammad
Shabbir Hashmi
Shahid Hamid Pracha
Vaqar Zakaria

Company Secretary

Faryal Mazhar Habib

Chief Financial Officer

Atif Kaludi

Corporate Audit Manager

Jaseem Ahmed Khan

Bankers / Development Finance Institution (DFI)

Allied Bank Ltd.
Bank Alfalah Ltd.
Bank Al Habib Ltd.
Burj Bank Ltd.
Habib Metropolitan Bank Ltd.
Habibsons Bank Ltd. London
Industrial and Commercial Bank of China Ltd.
National Bank of Pakistan
NIB Bank Ltd.
Pak Kuwait Investment Company (Pvt) Ltd.
Soneri Bank Ltd.
The Bank of Punjab

Auditors

A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road
Karachi-74000, Pakistan
Telephone: +92(21) 32426682-6 / 32426711-5
Fax: +92(21) 32415007 / 32427938

Registered Office

4th Floor, The Harbor Front Building,
HC - 3, Marine Drive, Block 4, Clifton,
Karachi-75600, Pakistan
PABX: +92(21) 35297501 - 10
UAN: +111 211 211

Website

www.engropowergen.com

Plant Site

Engro Powergen Qadirpur Plant Site
Deh Belo Sanghari, Taluka, District Ghotki

Share Registrar

FAMCO Associates (Private) Limited
8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S.,
Shahra-e-Faisal, Karachi
Telephone: +92(21)34380101-5
Fax: +92(21) 34380106

our history

At the turn of the century, Pakistan was anticipated to face severe and debilitating power shortages in the near future. We decided to take up the challenge and contribute to reducing the energy shortfall in the country. The search for a viable long-term power project led to something extraordinary as vision and ingenuity came together to find the answer to the challenge.

For several years employees of Engro while travelling on the National Highway from Sukkur to Daharki, passed the Qadirpur gas field. Located 600 km from Karachi, the Qadirpur gas field is amongst Pakistan's largest gas reserves. From the highway they could see a huge flare of permeate gas. This flare, which is the by-product of the gas purification process, consisted mainly of Methane (60%), Carbon Dioxide (31%), Nitrogen (8%), Hydrogen Sulfide (320ppm), and about 1% of other hydrocarbons. The sulphur content made it unfit for household consumption. Our team was finally struck with the idea that energy could be harnessed from this waste gas. Use of permeate gas for electricity generation would also reduce carbon dioxide emissions produced when the gas is flared, hence its utilization resulted in a 'green solution' falling in line with Engro's philosophy. And so that short journey from Sukkur to Daharki became the stepping stone for our journey into the power sector.

A team was immediately formed to work on the feasibility of a permeate gas power plant. The project team's diligence & perseverance was finally rewarded when construction on a 217 MW combined cycle power plant was started in 2008. On 27th March 2010, the spark of an idea conceived in one team's imagination became reality and Engro Powergen Qadirpur declared commencement of commercial operations. Our Plant was the first power plant to be commissioned under the 2002 power policy and was completed in record time after letter of intent (LOI) application. Our expertise coupled with relentless determination resulted in the Plant achieving commercial operations three months before the agreed schedule date.

The electricity generated through the Plant is transmitted to the National Transmission and Dispatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007 which is valid for a period of 25 years from the Commercial Operations Date.

The project is unique as it converts low-BTU, high sulphur content permeate gas, which was earlier being wasted and flared, into much needed electric power. The Plant is a combined cycle plant, with 1+1+1 configuration; i.e. one gas turbine, one heat recovery steam generator (HRSG), and one steam turbine. The Plant uses permeate gas as its primary fuel source and HSD as backup fuel. The unique fuel usage, which was previously being flared, makes Engro Powergen Qadirpur Limited one of the lowest opportunity cost thermal power plants in the country.

The Plant has a huge social impact as it helps provide non-stop electricity supply to areas that face severe load shedding and employment to the locals.

vision statement

To ensure affordable energy and reliable operations thereby creating value for all stakeholders.

mission statement

Plant operations and maintenance in a manner resulting in continuous supply to national grid by harnessing human talent and local resources giving high priority to health, safety and environment in a positive, sustainable and affordable way.

our corporate objectives 2014

Maintain highest workplace safety standards

Continue with our commitment towards education, health and infrastructure in areas in which we operate

Continue to benchmark performance against acclaimed environmental practices as per World Bank and National Environmental Quality Standards

Ensure reliability and sustainability of operations and business processes

Benchmarking of plant processes with reputable power industries globally

Develop and retain talent

our milestones

January 2005
Proposal submitted to PPIB for setting up permeate gas power plant

September 2005
Permeate gas allocation from Qadirpur Gas field approved

February 2006
Enrgo Energy (Private) Limited was incorporated

July 2007
Tariff determined by National Electric Power Regulatory Authority (NEPRA)

October 2007
Power Purchase Agreement (PPA) and Implementation Agreement (IA) signed

April 2008
Gas Supply Agreement (GSA) signed with Sui Northern Gas Pipelines Limited (SNGPL) and financial close achieved

October 2008
International Finance Corporation (IFC) Equity Injection

March 2010
Commercial Operations Date (COD) achieved 3 months before the planned date

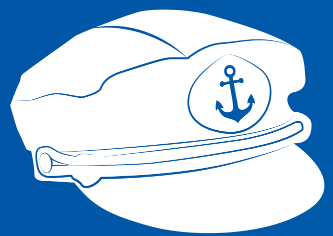
November 2010
Engro Energy (Private) Limited renamed as Enrgo Powergen Qadirpur Limited (EPQL)

October & December 2014
Listing on Karachi Stock Exchange(KSE) and Islamabad Stock Exchange (ISE)

our core values

At Engro, we support our leadership culture through unique systems and policies, which ensure open communication, foster an environment of employee and partner privacy, and guarantee the well-being and safety of our employees.

Our core values form the basis of everything we do at Engro: from formal decision making to how we conduct our business to spot awards and recognition. At Engro, we never forget what we stand for. Following are our core values:



Ethics & Integrity

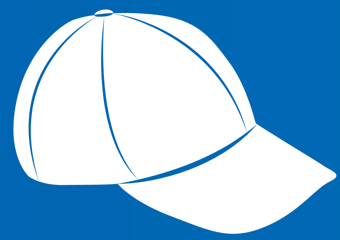
We do care how results are achieved and will demonstrate honest and ethical behavior in all our activities. Choosing the course of highest integrity is our intent and we will establish and maintain the highest professional and personal standards. A well-founded reputation for scrupulous dealing is itself a priceless asset.

Health, Safety & Environment

We will manage and utilize resources and operations in such a way that the safety and health of our people, neighbors, customers and visitors is ensured. We believe our safety, health and environmental responsibilities extend beyond protection and enhancement of our own facilities.

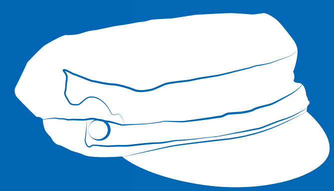
Innovation & Risk Taking

Success requires us to continually strive to produce breakthrough ideas that result in improved solutions and services. We encourage challenges to the status quo and seek organizational environments in which ideas are generated, nurtured and developed. Engro appreciates employees for well thought out risks taken in all realms of business and for the results achieved due to them, acknowledging the fact that not all risks will result in success.



Our People

We strongly believe in the dignity and value of people. We must consistently treat each other with respect and strive to create an organizational environment in which individuals are fairly treated, encouraged and empowered to contribute, grow and develop themselves and help to develop each other. We do not tolerate any form of harassment or discrimination.



Community & Society

We believe that a successful business creates much bigger economic impact and value in the community, which dwarfs any philanthropic contribution. Hence, at Engro, sustainable business development is to be anchored in commitment to engage with key stakeholders in the community and society.

our natural governance

board of directors

Left to Right:

Javed Akbar, Syed Mohammad Ali, Shahid Hamid Pracha, Aliuddin Ansari, Shabbir Hashmi, Ruhail Mohammad, Vaqar Zakaria
Aliya Yusuf (not in the picture)

directors' profiles

Aliuddin Ansari
Chairman

Aliuddin Ansari is the President & Chief Executive Officer of Engro Corporation since May 2012. He is a graduate of Business Administration with a specialization in Finance & Investments.

Ali started his career as an Investment Manager at Bank of America in London which later became Worldinvest after a management buyout. Prior to joining Engro, he has also worked as CEO Pakistan and later as COO Emerging Europe for Credit Lyonnais Securities Asia (CLSA). He has also worked as CEO AKD Securities and was instrumental in launching Online Trading, Venture Capital and Private Equity investments. In 2006 he partnered with an Oil & Gas company to form Dewan Drilling, Pakistan's first independent drilling company, which he led as its CEO before joining Engro.

Ali is a member of the Board of Directors of Engro Corporation Limited and the Chairman of Engro Corporation's subsidiaries along with being a member on the Board of Sindh Engro Coal Mining Company, Dewan Drilling Limited, Pakistan Chemical & Energy Sector Skill Development Company, Pakistan Business Council. He has chaired a number of SECP committees, NCCPL and also served on the Boards of the Karachi Stock Exchange, Dawood Hercules Corporation Limited, Hubco, Lucky Cement and Al Meezan Investment Management amongst others. He joined the EPQL Board in 2012.

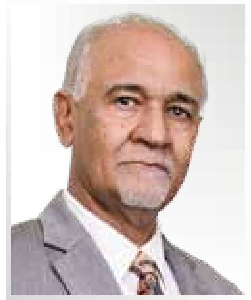
Syed Mohammad Ali
Chief Executive Officer

Syed Mohammad Ali is the Chief Executive Officer of Engro Powergen Qadirpur Limited since November 2011. Previously he had held various key assignments of Engro Corporation Limited. He joined Engro Fertilizers Limited in the year 2000 and has worked in various technical and managerial capacities. He was also involved in the enVen project of setting up the world's largest fertilizer plant in Daharki.

He is a director on the Board of Engro Powergen Qadirpur Limited, Engro Powergen Limited, Laraib Energy Limited, HUBCO and GEL Utility. Prior to his joining Engro, he has also worked at Fauji Fertilizers Limited and ICI Pakistan Limited. Ali has done his bachelor's in Electrical Engineering from UET Lahore in 1995. He joined the EPQL Board in 2012.

Aliya Yusuf
Director

Aliya Yusuf is a Partner at the law firm Orr Dignam & Co. and is based at the Firm's Karachi office. She is an Advocate of the High Court of Sindh and a Barrister from Gray's Inn. As with other Partners of the Firm, she deals with a wide range of corporate, financial and commercial matters. Her focus areas are M&A (including privatization) and project work, joint ventures and in the energy, pharmaceutical and communication sectors and real estate development. She is a graduate of the University of Cambridge. She joined the EPQL Board in 2008.



Javed Akbar
Director

Javed Akbar has undergraduate and post-graduate qualification in Chemical Engineering from the United Kingdom, and has over 40 years of experience in fertilizer and chemical business with Exxon, Engro and Vopak. He has managed Exxon and Engro fertilizer plants and their expansions in Pakistan, worked in Exxon's Chemical Technology divisions in USA and Canada, and served as Human Resources Manager in Exxon Pakistan. He was part of the buyout team when Exxon divested its stake in Engro.

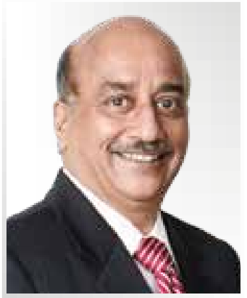
Prior to his retirement in 2006, he was Chief Executive of Engro Vopak Terminal Limited, a joint venture between Engro and Royal Vopak of Holland. After his retirement, he established a consulting company specializing in analyzing and forecasting petroleum, petrochemical and energy industry trends and providing strategic insight. He is on the boards of Dawood Hercules Corporation Limited, DH Fertilizer Limited, Engro Fertilizers Limited, Engro Powergen Limited, Engro Powergen Qadirpur Limited, Engro Vopak Terminal Limited, and Javed Akbar Associates (Private) Limited. He also serves on the panel of Energy Experts Group and environmental experts of Sindh Environmental Protection Agency. He joined the EPQL Board in 2010.

Ruhail Mohammad
Director

Ruhail Mohammad is currently the Chief Executive Officer of Engro Fertilizers Limited. Prior to his current position, he was the Chief Financial Officer of Engro Corporation Limited and also the Chief Executive Officer of Engro Powergen Limited. He holds an MBA degree in Finance from the Institute of Business Administration Karachi, and is also a Chartered Financial Analyst (USA).

Ruhail has 25 years of Financial & Commercial experience and prior to becoming CEO has worked in areas such as treasury, commodity & currency trading, derivatives, merger & acquisitions, risk management, strategy & financial planning. He has worked in these areas in Pakistan, UAE and Europe.

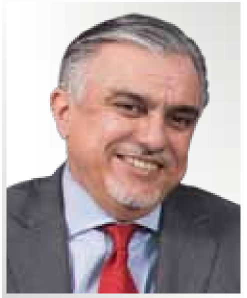
He is on the Board of Engro Corporation Limited and its various subsidiaries. In addition, he is also on the Boards of Hub Power Company Limited, Sindh Board of Investment and Pakhtunkhwa Energy Development Organization. He joined the EPQL Board in 2006.



Shabbir Hashmi
Director

Shabbir Hashmi is an engineer from DCET, Pakistan and holds an MBA from J.F. Kennedy University, USA. He has more than 25 years of project finance and private equity experience. Until recently he led the regional operations of Actis Capital (formerly CDC Group Plc) for Pakistan and Bangladesh. Prior to joining Actis he worked for 8 years with the World Bank and USAID specializing in the energy sector. He is also Chairman of Cyan Limited.

He has been serving as an independent Director on the EPQL Board since 2010.



Shahid Hamid Pracha
Director

Shahid Pracha chairs the Board of DH Fertilizers Limited, Dawood Lawrencepur Limited, Tenaga Generasi Limited and Reon Limited. In addition to Engro Powergen Qadirpur Limited, he is a Director on the Boards of Engro Corporation Limited, Engro Fertilizers Limited, Hub Power Company Limited, Engro Powergen Limited and e2e Business Enterprises (Private) Limited. He recently retired as Chief Executive of Dawood Hercules Corporation Limited and has also served as the CEO of The Dawood Foundation, the philanthropic arm of the Dawood Hercules Group. Whilst in that role, he was concurrently the first CEO of The Karachi Education Initiative, the sponsoring entity of the Karachi School for Business & Leadership.

He is a graduate electrical engineer from the University of Salford, UK and prior to joining the Dawood Hercules Group, spent a major part of his career with ICI Plc's Pakistan operations in a variety of senior roles including a period of international secondment with the parent company in the UK. He joined the EPQL Board in 2010.

Vaqar Zakaria
Director

Vaqar Zakaria has over 35 years' experience in energy and environmental management in Pakistan and in the region. His professional focus has been on business policy and strategy evaluation, planning of energy production and distribution systems, energy pricing, demand forecasting, and environmental assessment of energy projects. With private sector firms, he has been extensively involved in power, and oil and gas infrastructure projects, including conceptual planning, engineering and project management.

He has assisted the Planning Commission, energy ministries, state owned utilities, the World Bank, the Asian Development Bank, and the private sector in the development of energy infrastructure, policies to promote investment in the energy sector, and in formulating short- and long-term energy plans.

He played a key role in setting up Hagler Bailly Pakistan in 1990, where he continues to oversee all organizational matters. He has also been instrumental in establishing the Himalayan Wildlife Project, an NGO active in setting up national parks and assisting the communities and government in management of the protected areas. He holds Bachelor's and Master's degrees in Chemical Engineering from the Massachusetts Institute of Technology (MIT), USA. He joined the EPQL Board in 2008.

board committees

Board Audit Committee

The committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control & risk management and the audit process. It has the power to call for information from management and to consult directly with the external auditors or their advisors as considered appropriate.

The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee report to the Board.

The Committee met five times during 2014.

Committee Members
Aliya Yusuf - Chairperson*
Jaseem Ahmed Khan – Secretary
Shabbir Hashmi – Member
Shahid Hamid Pracha – Member

Board Compensation Committee

The committee meets multiple times through the year to review and recommend all elements of the Compensation, Organization and Employee Development policies relating to employees, including senior executives, and to approve all matters related to salary plans, employee development plans, executive appraisals, and succession planning.

The committee met twice physically, and once on circulation.

Committee Members
Aliudddin Ansari – Chairman
Sarah Aziz – Secretary
Aliya Yusuf - Member
Shamsuddin A. Shaikh - Member
Syed Mohammad Ali - Member
Vaqar Zakaria - Member

** Appointed as Chairperson subsequent to year ended December 31, 2014.*

functional committees

These committees act at the operational level in an advisory capacity to the Chief Executive, providing recommendations relating to business and employee matters.

Management Committee (MANCOM)

MANCOM is headed by the CEO and includes the functional heads of all departments. The committee meets to discuss Company's performance and business related matters.

Committee Members
Syed Mohammad Ali – Chairman
Farooq Nazim Shah – Secretary
Atif Kaludi - Member
Farman Ahmad Khan Lodhi - Member
Raja Ashfaq Ahmed – Member
Syed Shahzad Nabi – Member

Committee for Organizational and Employee Development (COED)

The COED is responsible for the review of Compensation, Organization, Training and Development matters of all employees. It is an advisory body to the CEO for employee related matters.

Committee Members
Syed Mohammad Ali – Chairman
Sarah Aziz – Secretary
Atif Kaludi – Member
Farman Ahmed Khan Lodhi – Member
Syed Shahzad Nabi – Member

internal control framework

Responsibility

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board, whilst maintaining its overall responsibility for managing risk within the Company, has delegated the detailed design and operation of the system of internal controls to the Chief Executive Officer.

Framework

The Company maintains an established control framework comprising clear structures, authority limits, and accountabilities, well understood policies and procedures and budgeting for review processes. All policies and control procedures are documented in manuals. The Board establishes corporate strategy and the Company's business objectives. Divisional management integrates these objectives into divisional business strategies with supporting financial objectives.

Review

The Board meets quarterly to consider the Company's financial performance, financial and operating budgets and forecasts, business growth and development plans, capital expenditure proposals and other key performance indicators.

The Board Audit Committee receives reports on the system of internal financial controls from the external and internal auditors and reviews the process for monitoring the effectiveness of internal controls.

There is a company-wide policy governing appraisal and approval of investment expenditure and asset disposals. Post completion reviews are performed on all material investment expenditure.

Audit

Engro Powergen Qadirpur has an Internal Audit function. The Board Audit Committee annually reviews the appropriateness of resources and authority of this function. The Head of Internal Audit functionally reports to the Board Audit Committee. The Board Audit Committee approves the audit program, based on an annual risk assessment of the operating areas. The Internal Audit function carries out reviews on the financial, operational and compliance controls and reports on findings to the Board Audit Committee, Chief Executive and the divisional management.

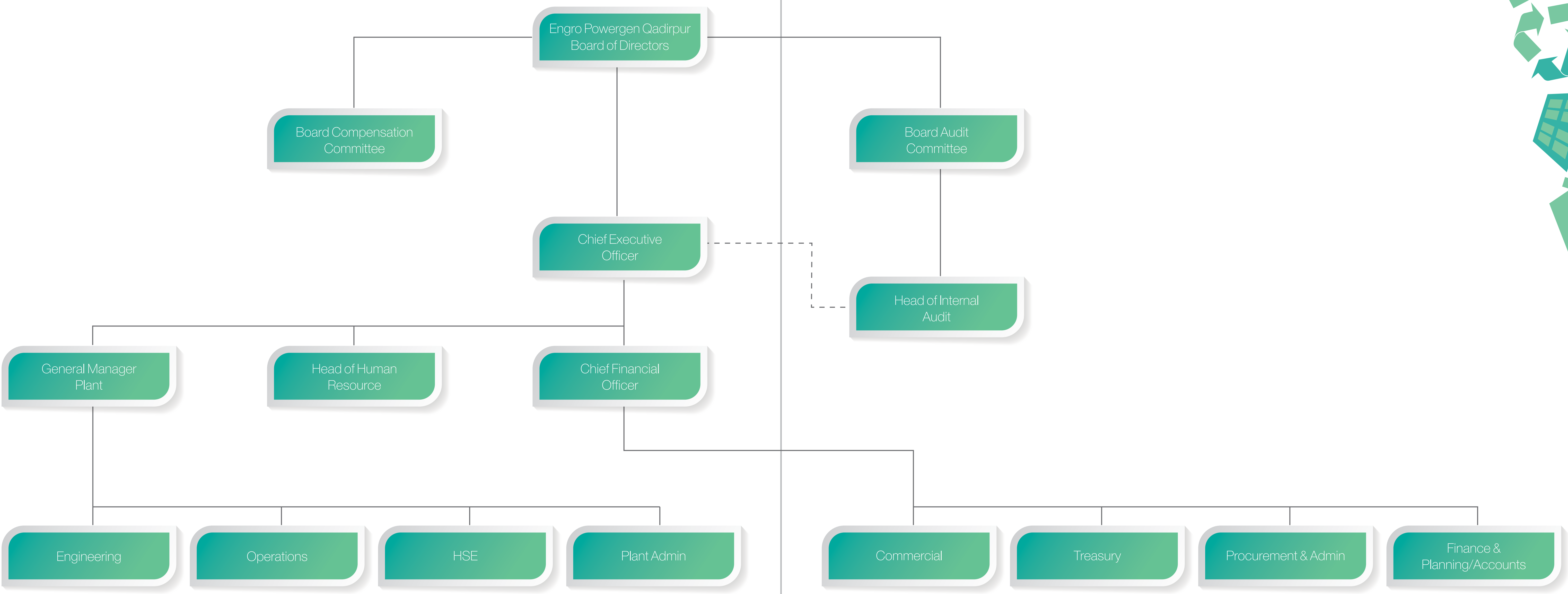
Directors

As at December 31, 2014 the Board comprised of one executive Director, four independent Directors and three non-executive Directors of whom two are executives in other Engro companies, who have the collective responsibility for ensuring that the affairs of Engro Powergen Qadirpur Limited are managed competently and with integrity.

A non-executive Director, Mr. Aliuddin Ansari, chairs the Board and the Chief Executive Officer is Syed Mohammad Ali. Biographical details of the Directors are given earlier in this report. A Board of Directors' meeting calendar is issued annually that schedules the matters reserved for discussion and approval. The Board met six times this year and discussed matters relating to inter alia long term planning, giving consideration both to the opportunities and risks of future strategy.

All Board members are given appropriate documentation in advance of each Board meeting. This normally includes a detailed analysis on the business and full papers on matters where the Board will be required to make a decision or give its approval.

organogram


Engro Powergen Qadirpur Board of Directors
Board Compensation Committee
Board Audit Committee
Chief Executive Officer
Head of Internal Audit
General Manager Plant
Head of Human Resource
Chief Financial Officer
Engineering
Operations
HSE
Plant Admin
Commercial
Treasury
Procurement & Admin
Finance & Planning/Accounts

statement of compliance with the code of corporate governance

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in Regulation No. 35 of Listing Regulations of the Karachi and Islamabad Stock Exchanges for the period October 27, 2014 (i.e. the date of listing) to December 31, 2014, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. As at December 31, 2014 the Board included the following members:

Category	Name
Independent Directors	Aliya Yusuf Javed Akbar Shabbir Hashmi Vaqar Zakaria
Executive Director / CEO	Syed Mohammad Ali
Non-Executive Directors	Aliuddin Ansari Ruhail Mohammad Shahid Hamid Pracha

   The independent directors meet the criteria of independence under clause i (b) of the CCG. Of the non-executive directors, Aliuddin Ansari and Ruhail Mohammad are executives in other Engro Group companies.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI, or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the year.

5. The Company has prepared a "Code of Conduct" comprising of Ethics and Business Practices policies and has ensured that appropriate steps have been taken to disseminate it through the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and the meeting fees payable to the non- executive directors, have been taken by the Board.

8. All meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Three of the directors attended the directors training course conducted by the Pakistan Institute of Corporate Governance (PICG) this year. Three other directors have already completed this course earlier and one of the directors is exempted from taking the director's training course.

10. There has been no new appointment at the CFO and Company Secretary positions, however, during the year, the Board has approved the appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment.

11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of three members, of whom two are independent directors and one is a non-executive director. The Chairman of the Committee as at December 31, 2014 was a non-executive director. The Company has been listed towards the end of the year and no Board Audit Committee meeting has been held since the Company has been listed. Further, subsequent to year end, an independent director has been appointed as the Chairman of the Committee.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee i.e. the Board Compensation Committee. It comprises of four members, of whom two are independent directors and one is a non- executive director and one is executive director. The Chairman of the Committee is a non-executive director.

18. The Board has set up an effective internal audit function manned by suitably qualified and experienced personnel that are involved in the internal audit function on a full time basis.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The "closed period", prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Aliuddin Ansari
Chairman

Syed Mohammad Ali
Chief Executive Officer

our power pledge

directors’ report

CEO's message

We believe that the creation of unique and environmentally viable solutions to meet the energy crisis will lead to sustained market share growth across all dimensions of our business.

Engro Powergen Qadirpur once again demonstrated its operational strength in 2014 by achieving a Billable Availability of 99.9% compared to 83.1% in 2013. The lower availability in 2013 was caused due to a unique machinery failure, which was rectified with the help of both internal and foreign experts within a short duration of 76 days. Sales revenue of the Company stood at Rs.12 billion compared to Rs.8.7 billion last year, while earnings per share is Rs. 6.24 compared to Rs. 4.50 last year. Apart from the financial performance resulting directly from reliable plant operations, we have also successfully concluded the outstanding insurance claim of Rs. 516 million relating to the 2013 machinery failure.

We aim to continuously improve upon our operational and financial gains. We believe that the creation of unique and environmentally viable solutions to meet the energy crisis will lead to sustained market share growth across all dimensions of our business and eventually help us deliver superior customer and shareholder value – a trend already visible in our successful IPO that truly reflects the strength of our Company and the subsequent reputation and investor confidence it inspires.

This year, we continued with our tradition of investing in communities around Qadirpur plant site through various education, health and sustainability initiatives.

With a clear focus on sustainability and environment, we are continuously seeking eco-friendly solutions to Pakistan's energy needs. In 2014, EPQL installed solar lights in surrounding villages that has greatly helped in solving the electricity shortage in the area.

Simultaneously, we continued to focus on our single most important asset: our people. This year, we rolled out targeted initiatives aimed at identifying and developing unique needs of individual employees. A series of initiatives under the umbrella of "We Care", communicating to employees that they are fundamental to the Company's growth and are our enduring advantage, were also launched.

Maintaining highest workplace safety standards remains a key goal for us, and we are proud to announce that we achieved zero Total Recordable Injury Rate (TRIR) with 0.78 million man-hours without Lost Workday Injury (LWI) this year.

As the Company marches forward with the aim of bringing sustainable and cost-effective solutions to overcome the Country's energy needs, I am hopeful that the determination and passion of our people will enable us to realize this vision.

Syed Mohammad Ali
Chief Executive Officer

operational highlights

39%
Increase in Revenue from last year

29%
Increase in Net Electrical Output (NEO) from last year

1,722 gwh
Net Electrical Output (NEO) produced in 2014

99.9%
Billable Capacity Factor 2014

92.6%
Load Factor 2014

6x
Over subscription of Private placement and 2 times over subscription of Public offer

key figures

(Amounts in Rupees)

	2014	2013
Sales Revenue	12,041 m	8,665 m
Gross Profit	2,702 m	1,652 m
Profit after Tax	2,021 m	1,458 m
Total Assets	19,029 m	19,033 m
Total Equity	6,509 m	5,523 m
EBITDA	3,308 m	2,638 m
Cash flow from Operations	1,849 m	6,336 m
Capex	192 m	232 m
Earnings per Share	6.24	4.50

directors' review

The Directors are pleased to present the audited financial statements and a review of the Company's performance for the year ended December 31, 2014.

Principal Activity

Engro Powergen Qadirpur Limited (EPQL) was established with the primary objective to undertake the business of power generation and sale. The Company setup a 217.3 MW combined cycle power plant near Qadirpur, District Ghotki and commenced commercial operations on March 27, 2010. The project is unique as it converts permeate gas (low-BTU and high sulphur content gas) which was previously being wasted and flared, into much needed electricity. This unique fuel usage makes Engro Powergen Qadirpur Limited one of the lowest opportunity cost thermal power plants in the country. Electricity generated is transmitted to the National Transmission and Despatch Company (NTDC) under the Power Purchase Agreement (PPA) signed on October 26, 2007 which is valid for a period of 25 years from the date of commencement of commercial operations.

Listing of Company shares on KSE & ISE

The Company is a subsidiary of Engro Powergen Limited (EPL), which in turn is a wholly owned subsidiary of Engro Corporation Limited (ECL). During the current year, EPL and ECL respectively divested 18% and 100% of their shareholdings in EPQL. This offer aggregated to 80.95 million shares and represented 25% of the total shareholding of the Company. These shares were offered to institutional investors and general public at a price of Rs. 30.02 per share. Private placement and general public offer for sale were oversubscribed by 6 and 2 times respectively which demonstrates investor confidence in the Company going forward.

The Company was formally listed on the Karachi Stock Exchange (KSE) and Islamabad Stock Exchange (ISE) on October 27, 2014 and December 29, 2014 respectively.

25% shareholding divested in 2014

Market Review[1]

The power sector of Pakistan is primarily operated through the National Transmission and Dispatch Company (NTDC) which is responsible for electricity distribution across Pakistan except for Karachi (and its surrounding areas) which is supplied by K-Electric. Currently there are around 35 Independent Power Producers (IPPs) contributing more than 40% of total electricity generation in the country.

Domestic users are the largest consumers of electricity, consuming approximately 46%; followed by the industrial sector 30%, agriculture 10%, commercial sector 8% and others 6% respectively.

The domestic power industry is unable to generate enough electricity to meet the Country's needs resulting in a demand-supply deficit of around 5,000 MW at peak demand levels.

Circular Debt

Circular debt has been a persistent problem in the domestic energy sector and a cause of concern for the whole power sector. The underlying issues fueling circular debt are expensive generation mix and high transmission & dispatch losses. The Government of Pakistan announced a bailout of PKR 480 billion in June 2013 to help address the issue but due to the above factors circular debt has re-emerged. Consequently, the buildup of receivables throughout 2014 forced IPPs including EPQL to call upon the sovereign guarantee for settlement of outstanding dues in November 2014. This guarantee call was withdrawn subsequently by IPPs after the Government of Pakistan agreed to settle all outstanding capacity payments and gave positive assurance for settlement of outstanding interest payments by April 2015.

[1] *Source: NEPRA State of Industry Report 2013*

Operational Overview

The Company improved upon its operational performance for the year ended December 31, 2014 and demonstrated a billable available capacity factor of 99.9% compared to 83.1% last year. It dispatched a total net electrical output of 1,722 GWh to the National Grid which represents an increase of 29% from last year; demonstrating a load factor of 92.6% compared to 71.7% in 2013. Last year the plant went into a forced outage, from October 12, 2013 to December 27, 2013, due to fault on the gas turbine generator rotor. Utilizing its own technical expertise, in addition to engaging foreign experts, the Company carried out first of its kind rotor repair on site and successfully brought the Plant back online after 76 days. Owing to its comprehensive risk management strategy, the Company was able to minimize operational loss and recover repair cost of existing rotor as well as cost of new rotor through its insurance coverage thus minimizing impact on Company's profitability. With the Plant functioning smoothly thereafter, better operational performance in 2014 translated into higher profitability for the Company.

The Plant also successfully completed planned Combustion Inspection in 2014. This yearly maintenance activity was completed well within the planned time allowing the Plant to come back online well before schedule.

29% increase in Net Electrical Output in 2014

Financial Review

Sales revenue for the year 2014 was PKR 12,041 million compared to PKR 8,665 million last year. Similarly gross profit for the year 2014 was PKR 2,702 million against PKR 1,652 million last year. The increase in sales revenue and gross profit is attributed to higher plant availability in the current year.

Other income this year was recorded at PKR 154 million, which mainly represents reimbursement for procurement of new rotor through insurance coverage.

During the year, two senior lender installments aggregating US$ 16.8 million (principal repayment US$ 13.4 million) were paid. As a result, the total foreign loan now stands at US$ 92 million against US$ 105 million as on December 31, 2013.

Overdues from PEPCO stood at PKR 1,210 million as on December 31, 2014 vs PKR 1,204 million as on December 31, 2013. Similarly overdue amount payable to SNGPL on December 31, 2014 was PKR 232 million vs PKR 928 million in 2013.

The Company earned a net profit of PKR 2,021 million for 2014 as compared to PKR 1,458 million last year. Earnings per share are of PKR 6.24 for 2014 as compared to PKR 4.50 last year.

64% increase in Gross Profit compared to 2013

Gas Scenario

The Company has a Gas Supply Agreement (GSA) with Sui Northern Gas Pipelines Limited (SNGPL), for supply of 75 MMCFD permeate gas from the Qadirpur Gas Field, for the term of the project. Due to the unique nature of fuel supply the Company faces a significantly lower risk of gas curtailment. Although the existing source of gas supply from the Qadirpur gas field may deplete over the life of the project, the Company is isolated from the effects of gas depletion as its agreements allow it to comingle fuel i.e. operate the Plant on both gas and HSD.

Further under the terms of the Implementation Agreement (IA), the Government of Pakistan is obligated to reimburse the Company for fuel conversion costs and subsequent operations on alternate fuel as a gas depletion mitigation option.

Social Investments

The Company continued with its tradition of investing in communities around Qadirpur Plant site. The main focus was on increasing the reach of the Company's livelihood programs which consist of various skills development initiatives. The Technical Training College (TTC) in Daharki, an independent concern which Engro helped establish, is pivotal to Company's skills development program. TTC offers 3 year Diploma in Associated Engineering (DAE) in chemical and mechanical technologies and shorter-term vocational training programs providing opportunity to local youth to meet the industry demand. This year 80 students were inducted in the DAE program, taking total strength of TTC to more than 200 students.

Under the Company's education program, one primary girls' school and two co-education primary schools are being supported in three villages in Qadirpur. These are the only operational schools in the area, and educate over 400 children each year. This year Engro partnered with Pakistan Poverty Alleviation Fund (PPAF) and Indus Resource Centre (IRC) to enhance the quality of the schools and their operational capabilities.

As part of improving the health of people in communities residing in Qadirpur area, the Company operates a mobile clinic in nearby villages. This mobile clinic treated more than 3,000 patients in 2014 alone. Another initiative undertaken by the Company was the eye camp activity conducted in partnership with Al-Shifa Eye Trust. The camp was held at the Govt. Primary School, Rasheed Arain Village – a small village near Ghotki District where more than a thousand families benefited from the eye camp activity.

With a clear focus on sustainability and environment, the Company installed twenty two solar lights in the villages of Jumma Arbani and Abbas Sanghar. This project has proven to be a beneficial investment for the community, as the well-lit streets are much safer for pedestrians and commuters at night.

400+ children benefiting each year through our education programs

Our People

At EPQL, our employees are not only our most important asset they are also our single most important investment into our future and remain crucial to our long term organizational development and growth.

Recognizing that our people make all the difference, we strive to consistently attract, hire and retain Pakistan's brightest and best talent, so that together we can combine our strengths and skills to build a successful partnership that can help us sustain our competitive edge and continue our legacy of excellence.

Our focused set up continues to provide employment to over 100 employees from diverse backgrounds that are provided with unmatched career guidance and mentoring so as to position them as strong working professionals equipped with the knowledge set to solve the modern day complex business challenges.

We believe that from all our initiatives and policies our most significant achievement by far lies in the creation of a highly passionate and dynamic team that plays a critical role in contributing to our bottom line growth with its relentless pursuit for excellence, and an inherent drive for success.

Health, Safety & Environment

Like every other year, we have continued to keep our HSE management systems and processes in line with international best practices. In 2014 all HSE systems and processes – including DuPont Safety standards were regularly assessed and audited internally and by third parties. This year we also launched the DuPont OHIH system with plans to externally validate our systems via an external audit in 2015. During 2014, EPQL achieved a commendable HSE record of zero Total Recordable Injury Rate (TRIR) with 0.78 million man-hours without Lost Workday Injury (LWI).

We are also cognizant of our duty to protecting the environment and preserving it for now and generations to come. Consequently, we go the extra mile to prevent wastage of natural resources and make a conscious effort to protect the environment that hosts us. We continue to constantly monitor our effluent discharges and ensure that we operate within desirable limits. Quarterly testing of effluents and emissions were conducted through Environmental Protection Agency (EPA) approved third party consultants and the results were found satisfactory. Moreover, the Sindh Environmental Protection Agency (SEPA) audited the site in October 2014 and gave a satisfactory report.

0 Total Recordable Injury Rate (TRIR)

Near Term Outlook

The Plant is expected to maintain a high dispatch rate due to its higher rank in PEPCO's merit order. Despite assurances from Government of Pakistan regarding settlement of outstanding dues, in the absence of any concrete measures to address its root cause, circular debt will remain a challenge for the industry going forward in the short-term.

EPQL plans to undertake its first major turnaround activity in 2015 and is expected to complete the activity within available allowance of 60 days under the Power Purchase Agreement.

Going forward the Company will continue to maintain its focus on plant and equipment reliability and other performance improvement initiatives, thereby ensuring uninterrupted power supply to the national grid for the benefit of all stakeholders.

Key Shareholding & Shares Traded

As at December 31, 2014 major shareholder of the Company is Engro Powergen Ltd. A statement of the general pattern of shareholding along with pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework and the statement of purchase and sale of shares by Directors and their spouses and minor children is shown later in this report.

Auditors

The existing auditors, Messrs A.F. Ferguson & Co, Chartered Accountants retire and being eligible, have offered themselves for re-appointment. The Board Audit Committee recommends their appointment as auditors for the year ending December 31, 2015.

Dividend

During the year, the Company announced two interim dividends of PKR 1.54 per share and PKR 1.50 per share on May 16, 2014 and November 17, 2014 respectively.

Retirement Benefit Funds

The Company maintains plans that provide post-employment and retirement benefits for its employees. These include defined contribution (DC) gratuity fund, defined benefit (DB) gratuity fund and DC provident fund. The Engro Corporation gratuity funds and Engro Corporation provident fund are managed by the ultimate parent company, Engro Corporation Limited, for its own employees and those of its subsidiaries including Engro Powergen Qadirpur Limited. The EPQL DB gratuity fund is maintained by the Company itself.

The above mentioned funds are recognized by the tax authorities. The latest actuarial valuation of EPQL DB gratuity fund was carried out as on December 31, 2014 and the financial statements have been audited upto June 30, 2014. In case of Engro Corporation provident fund and Engro Corporation gratuity funds audited accounts are available for June 30, 2014 and December 31, 2013 respectively.

	Engro Corporation Provident Fund[2] (Rs. in million)	Engro Corporation Gratuity Funds[2] (Rs. in million)	EPQL DB Gratuity Fund (Rs. in million)
Audited upto	30-Jun-14	31-Dec-13	30-Jun-14
Net assets as per last audited financial statements	2,037	1,217	2
DSCs/PIBs/RICs/SSCs	1,191	895	-
TFCs	291	47	1
Quoted Shares	228	177	-
Bank Deposits/T-Bills	151	52	4
Receivables	230	92	1
Payables	54	46	4
Total	2,037	1,217	2

[2] *Amounts include balances of other Engro subsidiaries and is centrally managed by Engro Corporation Limited*

Statement of Directors' Responsibilities

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the SECP Code of Corporate Governance for the following:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of accounts of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable prudent judgment.

4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departures there from have been adequately disclosed.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There are no significant doubts upon the Company's ability to continue as a going concern.

7. There is no material departure from the best practices of corporate governance, as detailed in the listing regulations.

8. Six Directors have attended the directors training course conducted by the Pakistan Institute of Corporate Governance while one director is exempted from such training.

Board Meetings and Attendance

In 2014, the Board of Directors held 6 meetings. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended
Aliuddin Ansari	5/6
Aliya Yusuf	5/6
Javed Akbar	6/6
Ruhail Mohammad	5/6
Shabbir Hashmi	6/6
Shahid Hamid Pracha	5/6
Syed Mohammad Ali	6/6
Vaqar Zakaria	6/6

In 2014, the Board Audit Committee held 5 meetings. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended
Aliya Yusuf	5/5
Shabbir Hashmi	5/5
Shahid Hamid Pracha	4/5

In 2014, the Board Compensation Committee held 2 meetings. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended
Aliuddin Ansari	2/2
Aliya Yusuf	1/2
Syed Mohammad Ali	2/2
Vaqar Zakaria	2/2

Aliuddin Ansari
Chairman

Syed Mohammad Ali
Chief Executive Officer

horizontal analysis

Balance Sheet

(Amounts in thousands)	2014 Rs.	14 Vs. 13 %	2013 Rs.	13 Vs. 12 %	2012 Rs.	12 Vs. 11 %	2011 Rs.	11 Vs. 10 %	2010 Rs.
EQUITY AND LIABILITIES									
EQUITY									
Share capital	3,238,000	-	3,238,000	-	3,238,000	0	3,236,000	1	3,200,000
Share premium	80,777	-	80,777	-	80,777	2	79,120	40	56,510
Maintenance reserve	227,182	-	227,182	-	227,182	9	207,975	-	207,975
Hedging reserve	(50,109)	100	-	-	-	-	-	-	-
Unappropriated profits	3,013,096	52	1,976,627	(38)	3,212,299	103	1,584,037	120	720,246
Remeasurement of retirement benefit obligation - actuarial gain	373	(48)	723	100	-	-	-	-	-
Employee share option compensation reserve	-	-	-	-	-	(100)	2,381	(72)	8,363
Total equity	6,509,319	18	5,523,309	(18)	6,758,258	32	5,109,513	22	4,193,094
NON-CURRENT LIABILITIES									
Borrowings	7,713,518	(20)	9,586,454	(5)	10,133,340	(3)	10,463,697	(5)	10,963,929
CURRENT LIABILITIES									
Creditors, accrued and other liabilities	1,355,368	(15)	1,591,890	(59)	3,841,314	297	966,770	57	617,238
Accrued interest / mark up	27,149	(35)	41,792	(44)	74,990	(15)	88,130	8	81,802
Current portion of borrowings	1,459,451	4	1,405,632	18	1,194,923	17	1,017,798	13	901,921
Short-term borrowings	1,961,029	122	882,469	(63)	2,362,476	(20)	2,963,504	59	1,860,286
Retirement and other service benefits obligation	2,796	75	1,598	100	-	(100)	1,846	(19)	2,267
Total current liabilities	4,805,793	22	3,923,381	(48)	7,473,703	48	5,038,048	45	3,463,514
TOTAL EQUITY AND LIABILITIES	19,028,630	(0)	19,033,144	(22)	24,365,301	18	20,611,258	11	18,620,537
ASSETS									
NON-CURRENT ASSETS									
Property, plant and equipment	14,217,020	(7)	15,233,998	3	14,860,750	3	14,445,804	1	14,267,895
Intangible assets	81,585	(3)	83,967	(10)	93,098	(11)	104,540	(10)	116,580
Long term deposits	2,491	-	2,491	-	2,491	-	2,491	-	2,491
Long term loans and advances	28,214	67	16,941	29	13,153	23	10,699	79	5,963
Total non-current assets	14,329,310	(7)	15,337,397	2	14,969,492	3	14,563,534	1	14,392,929
CURRENT ASSETS									
Inventories	383,460	5	366,431	(2)	375,073	(12)	424,240	(10)	471,270
Stores and spares	386,426	5	367,678	29	285,222	6	268,247	(32)	395,267
Trade debts	2,192,805	485	476,333	(95)	7,300,126	64	4,442,256	50	2,965,430
Short-term investments	56,000	100	-	-	-	-	-	(100)	1,000
Loans, advances, deposits, prepayments and other receivables	1,628,013	(27)	2,223,730	70	1,306,758	118	600,539	122	270,697
Taxes recoverable	49,915	14	43,901	54	28,430	17	24,251	47	16,543
Others	-	-	-	-	-	(100)	986	381	205
Balances with banks	2,701	(99)	217,674	117	100,200	(65)	287,205	168	107,196
Total current assets	4,699,320	27	3,695,747	(61)	9,395,809	55	6,047,724	43	4,227,608
TOTAL ASSETS	19,028,630	(0)	19,033,144	(22)	24,365,301	18	20,611,258	11	18,620,537

Note: Commercial operations commenced from March 27, 2010

vertical analysis

Balance Sheet

(Amounts in thousands)	2014 Rs.	%	2013 Rs.	%	2012 Rs.	%	2011 Rs.	%	2010 Rs.
EQUITY AND LIABILITIES									
EQUITY									
Share capital	3,238,000	17	3,238,000	17	3,238,000	13	3,236,000	16	3,200,000
Share premium	80,777	0	80,777	0	80,777	0	79,120	0	56,510
Maintenance reserve	227,182	1	227,182	1	227,182	1	207,975	1	207,975
Hedging reserve	(50,109)	(0)	-	-	-	-	-	-	-
Unappropriated profits	3,013,096	16	1,976,627	10	3,212,299	13	1,584,037	8	720,246
Remeasurement of retirement benefit obligation - actuarial gain	373	0	723	0	-	-	-	-	-
Employee share option compensation reserve	-	-	-	-	-	-	2,381	0	8,363
Total equity	6,509,319	34	5,523,309	29	6,758,258	28	5,109,513	25	4,193,094
NON-CURRENT LIABILITIES									
Borrowings	7,713,518	41	9,586,454	50	10,133,340	42	10,463,697	51	10,963,929
CURRENT LIABILITIES									
Creditors, accrued and other liabilities	1,355,368	7	1,591,890	8	3,841,314	16	966,770	5	617,238
Accrued interest / mark up	27,149	0	41,792	0	74,990	0	88,130	0	81,802
Current portion of borrowings	1,459,451	8	1,405,632	7	1,194,923	5	1,017,798	5	901,921
Short-term borrowings	1,961,029	10	882,469	5	2,362,476	10	2,963,504	14	1,860,286
Retirement and other service benefits obligation	2,796	0	1,598	0	-	-	1,846	0	2,267
Total liabilities	4,805,793	25	3,923,381	21	7,473,703	31	5,038,048	24	3,463,514
TOTAL EQUITY AND LIABILITIES	19,028,630	100	19,033,144	100	24,365,301	100	20,611,258	100	18,620,537
ASSETS									
NON-CURRENT ASSETS									
Property, plant and equipment	14,217,020	75	15,233,998	80	14,860,750	61	14,445,804	70	14,267,895
Intangible assets	81,585	0	83,967	0	93,098	0	104,540	1	116,580
Long term deposits	2,491	0	2,491	0	2,491	0	2,491	0	2,491
Long term loans and advances	28,214	0	16,941	0	13,153	0	10,699	0	5,963
Total non-current assets	14,329,310	75	15,337,397	81	14,969,492	61	14,563,534	71	14,392,929
CURRENT ASSETS									
Inventories	383,460	2	366,431	2	375,073	2	424,240	2	471,270
Stores and spares	386,426	2	367,678	2	285,222	1	268,247	1	395,267
Trade debts	2,192,805	12	476,333	3	7,300,126	30	4,442,256	22	2,965,430
Short-term investments	56,000	0	-	-	-	-	-	-	1,000
Loans, advances, deposits, prepayments and other receivables	1,628,013	9	2,223,730	12	1,306,758	5	600,539	3	270,697
Taxes recoverable	49,915	0	43,901	0	28,430	0	24,251	0	16,543
Others	-	-	-	-	-	-	986	0	205
Balances with banks	2,701	0	217,674	1	100,200	0	287,205	1	107,196
Total current assets	4,699,320	25	3,695,747	19	9,395,809	39	6,047,724	29	4,227,608
TOTAL ASSETS	19,028,630	100	19,033,144	100	24,365,301	100	20,611,258	100	18,620,537

Note: Commercial operations commenced from March 27, 2010

horizontal and vertical analyses

Profit and Loss Account

(Amounts in thousands)	2014 Rs.	14 Vs. 13 %	2013 Rs.	13 Vs. 12 %	2012 Rs.	12 Vs. 11 %	2011 Rs.	11 Vs. 10 %	2010 Rs.
Horizontal Analysis									
Sales	12,041,151	39	8,665,433	(26)	11,665,605	40	8,338,210	46	5,727,336
Cost of Sales	(9,338,838)	33	(7,013,708)	(22)	(9,032,855)	49	(6,049,861)	47	(4,120,394)
Gross profit	2,702,313	64	1,651,725	(37)	2,632,750	15	2,288,349	42	1,606,942
Administrative Expenses	(168,289)	31	(127,990)	4	(122,562)	33	(92,467)	24	(74,531)
Other expenses	(87,541)	100	-	(100)	(3,844)	100	-	-	-
Other income	153,695	(63)	410,430	12,181	3,342	(83)	19,974	76	11,337
Profit from operations	2,600,178	34	1,934,165	(23)	2,509,686	13	2,215,856	44	1,543,748
Finance cost	(579,295)	22	(475,688)	18	(404,272)	(6)	(429,250)	(1)	(432,056)
Profit before taxation	2,020,883	39	1,458,477	(31)	2,105,414	18	1,786,606	61	1,111,692
Taxation	(62)	(53)	(133)	(97)	(4,695)	606	(665)	2	(650)
Profit for the year	2,020,821	39	1,458,344	(31)	2,100,719	18	1,785,941	61	1,111,042
	2014 Rs.	%	2013 Rs.	%	2012 Rs.	%	2011 Rs.	%	2010 Rs.
Vertical Analysis									
Sales	12,041,151	100	8,665,433	100	11,665,605	100	8,338,210	100	5,727,336
Cost of Sales	(9,338,838)	(78)	(7,013,708)	(81)	(9,032,855)	(77)	(6,049,861)	(73)	(4,120,394)
Gross profit	2,702,313	22	1,651,725	19	2,632,750	23	2,288,349	27	1,606,942
Administrative expenses	(168,289)	(1)	(127,990)	(1)	(122,562)	(1)	(92,467)	(1)	(74,531)
Other expenses	(87,541)	(1)	-	-	(3,844)	(0)	-	-	-
Other income	153,695	1	410,430	5	3,342	0	19,974	0	11,337
Profit from operations	2,600,178	22	1,934,165	22	2,509,686	22	2,215,856	27	1,543,748
Finance cost	(579,295)	(5)	(475,688)	(5)	(404,272)	(3)	(429,250)	(5)	(432,056)
Profit before taxation	2,020,883	17	1,458,477	17	2,105,414	18	1,786,606	21	1,111,692
Taxation	(62)	(0)	(133)	(0)	(4,695)	(0)	(665)	(0)	(650)
Profit for the year	2,020,821	17	1,458,344	17	2,100,719	18	1,785,941	21	1,111,042

Note: Commercial operations commenced from March 27, 2010

summary

(Amounts in thousand)	2014	2013	2012	2011	2010
Summary of Balance Sheet					
Share capital	3,238,000	3,238,000	3,238,000	3,236,000	3,200,000
Maintenance reserve	227,182	227,182	227,182	207,975	207,975
Shareholders' funds / equity	6,509,319	5,523,309	6,758,258	5,109,513	4,193,094
Long term borrowings	9,172,969	10,992,086	11,328,263	11,481,495	11,865,850
Capital employed	15,682,288	16,515,395	18,086,521	16,591,008	16,058,944
Property,plant & equipment	14,217,020	15,233,998	14,860,750	14,445,804	14,267,895
Long term assets	14,329,310	15,337,397	14,969,492	14,563,534	14,392,929
Net current assets (liabilities) / working capital	1,352,978	1,177,998	3,117,029	2,027,474	1,666,015
Summary of Profit and Loss					
Sales	12,041,151	8,665,433	11,665,605	8,338,210	5,727,336
Gross profit	2,702,313	1,651,725	2,632,750	2,288,349	1,606,942
Profit from operations	2,600,178	1,934,165	2,509,686	2,215,856	1,543,748
Profit before taxation	2,020,883	1,458,477	2,105,414	1,786,606	1,111,692
Profit for the year	2,020,821	1,458,344	2,100,719	1,785,941	1,111,042
Summary of Cash Flows					
Net cash flow from operating activities	1,849,382	6,335,625	2,834,539	1,566,821	(2,188,637)
Net cash flow from investing activities	(172,011)	(120,821)	(77,558)	(16,044)	(403,282)
Net cash flow from financing activities	(2,914,904)	(5,117,323)	(2,342,958)	(1,973,986)	(118,851)
Changes in cash & cash equivalents	(1,237,533)	1,097,481	414,023	(423,209)	(2,710,770)
Cash & cash equivalents at year end	(1,902,328)	(664,795)	(1,762,276)	(2,176,299)	(1,753,090)
Summary of Actual Production					
Maximum generation possible (MWh)	1,860,135	1,861,134	1,881,296	1,889,200	1,454,790
Declared capacity billable (MWh)	1,859,061	1,546,652	1,891,214	1,890,500	1,382,360
Net electrical output (MWh)	1,721,959	1,333,619	1,767,038	1,665,400	1,200,592

Note: Commercial operations commenced from March 27, 2010

ratios of last five years

(Ratios)		2014	2013	2012	2011	2010
Profitability Ratios:						
Gross profit margin	(%)	22%	19%	23%	27%	28%
Net profit margin	(%)	17%	17%	18%	21%	19%
Net income to equity ratio	(%)	31%	26%	31%	35%	26%
Liquidity Ratios:						
Current ratio	(Times)	0.98	0.94	1.26	1.20	1.22
Quick / acid test ratio	(Times)	0.90	0.85	1.21	1.12	1.08
Activity / Turnover Ratio:						
Total assets turnover ratio	(Times)	0.63	0.46	0.48	0.40	0.31
Investment / Market Ratios:						
Earnings per share	(PKR)	6.24	4.50	6.49	5.58	3.47
Price earnings ratio	(Times)	6.59	N/A	N/A	N/A	N/A
Dividend payout ratio	(%)	49%	137%	55%	51%	-
Dividend cover ratio	(Times)	2.05	0.73	1.83	1.95	-
Market value per share at						
the end of the year	(PKR)	41.15	N/A	N/A	N/A	N/A
high during the year	(PKR)	44.55	N/A	N/A	N/A	N/A
low during the year	(PKR)	38.21	N/A	N/A	N/A	N/A
Breakup value per share	(PKR)	20.10	17.06	20.87	15.79	13.10
Cash dividend	(PKR per share)	3.04	6.17	3.55	2.86	-
Capital Structure Ratios:						
Weighted average cost of debt	(%)	3%	4%	4%	4%	3%
Debt to equity ratio	(Times)	1.41	1.99	1.68	2.25	2.83
Interest cover ratio	(Times)	7.64	4.70	5.48	5.28	4.33

Note: Commercial operations commenced from March 27, 2010

comments on analysis

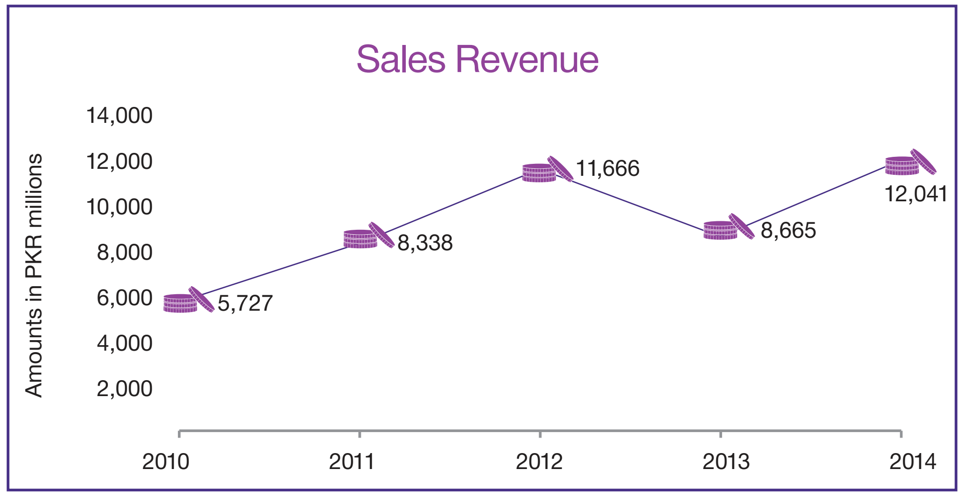
The gross profit margin of the Company improved significantly from last year due to a higher billable capacity factor throughout the year.

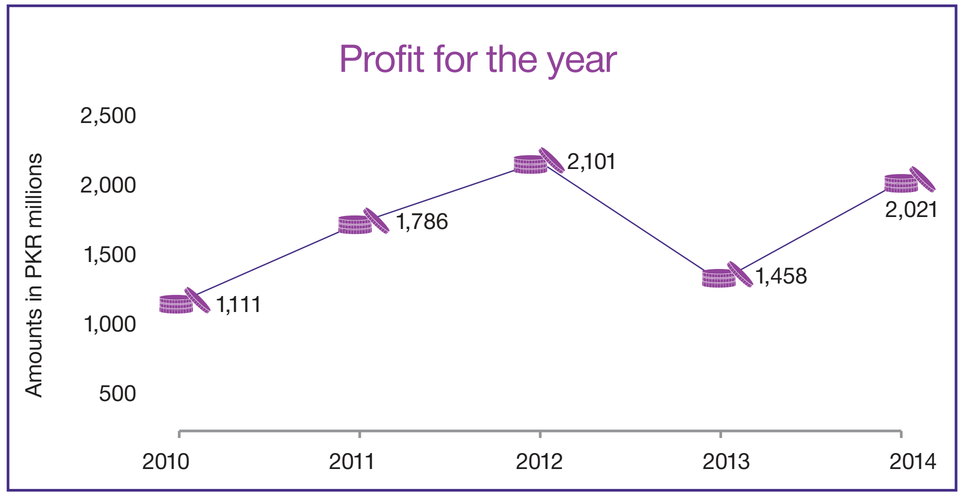
Improved gross profit margins lead to higher returns on equity compared with last year. Last year returns on equity were lower due to an outage resulting from machinery failure.

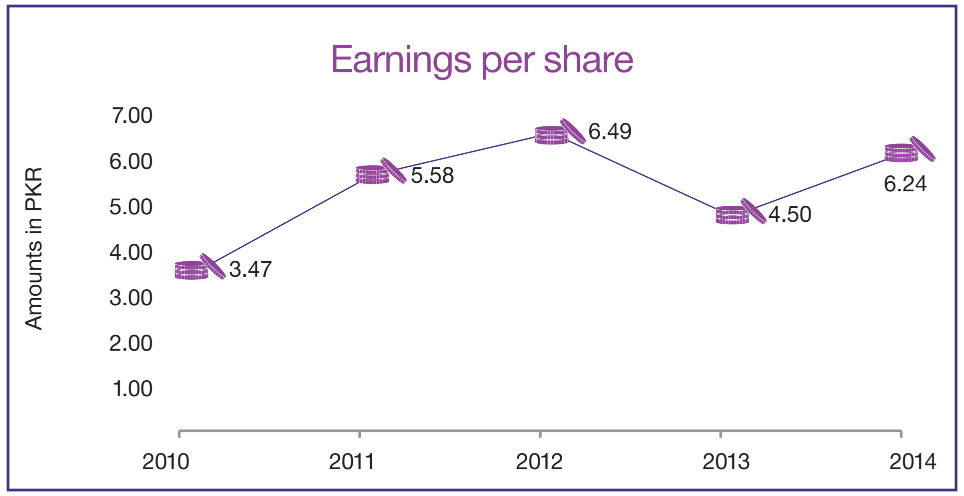
Significant improvement in profitability resulted in an increase in breakup value per share of the company from 17.06 last year to 20.10 as at December 31, 2014.

On the back of stable operational performance, interest coverage ratio improved to around 8 during the year, demonstrating the company's strong ability to fulfill its commitments towards its lenders.

snapshots

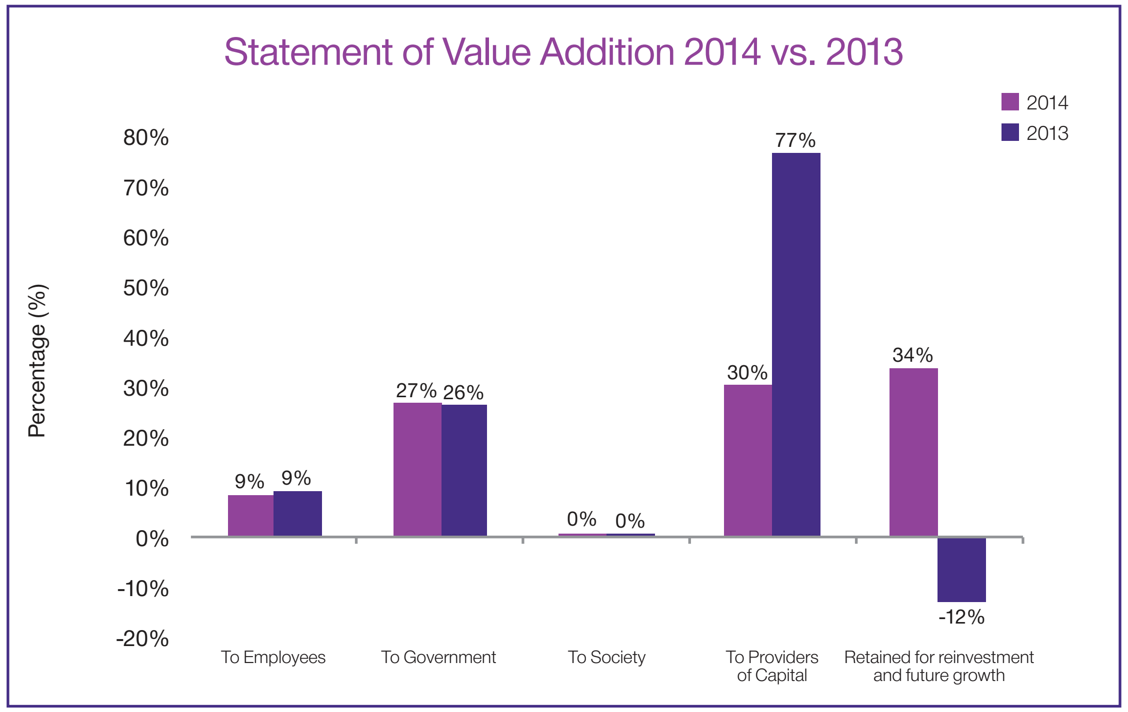






statement of value addition and distribution

(Rupees in thousands)	2014	2013
Wealth Generated		
Total revenue inclusive of sales tax and other income	13,571,720	10,167,783
Bought-in-raw material and services	(8,423,931)	(6,042,714)
	5,147,789	4,125,069
Wealth Distributed		
To Employees		
Salaries, benefits and other costs	440,250	376,739
To Government		
Income tax and sales tax	1,376,936	1,092,053
To Society		
Donation towards education, health, environment and natural disaster	22,705	18,902
To Providers of Capital		
Dividend to shareholders	984,352	2,694,016
Mark-up/interest expense on borrowed money	579,295	475,688
	1,563,647	3,169,704
Retained for reinvestment and future growth		
Depreciation, amortization and retained profit (net of dividends paid)	1,744,251	(532,329)
	5,147,789	4,125,069



engaging stakeholders

EPQL understands the importance of stakeholder engagement and recognizes that there is no better way to ensure that our Company remains a responsible corporate citizen having a positive impact on all of our stakeholders.

We engage with our stakeholders both formally and informally, periodically and regularly.

EPQL's stakeholders include:

Investors, lenders and shareholders

Investors and shareholders are engaged through our Annual General Meeting as well as our Corporate Reports (quarterly, half yearly & annual reports), which include comprehensive information on both financial and non-financial matters related to the Company. Further, analyst briefings are conducted on quarterly basis, while disclosures to the stock exchanges on strategic events are made as and when required.

Customers

Our primary customer is National Transmission and Dispatch Company (NTDC). We are in continuous contact dialogue with our customer through regular meetings and correspondences on business issues.

Suppliers

Our suppliers are engaged through periodic formal and informal meetings/conferences. We regularly provide them with technical assistance related to their business, to benefit both the industry and the economy in which we operate.

Host communities (local to our facilities and throughout Pakistan)

We consider ourselves responsible for our host communities and hold regular interaction in order to understand how we can improve our relationship. The Company is extremely active in health, education, livelihood and environmental projects for the betterment of these communities.

Employees

EPQL concentrates on employee engagement as it is key to performance. A survey is carried out at regular intervals to assess the levels of engagement and motivation at the workplace and based on feedback, areas of weakness are improved and strengths held stable.

Government

Moving beyond regulatory compliances, we continue to engage with the government and regulators in public policy lobbying and policy reforms at local, provincial and federal level. EPQL's management frequently engages with government officials on various matters including energy crisis, alternative power, local community development and infrastructure related issues.

Regulators

The Company complies with regulatory requirements and in this regard maintains close coordination with relevant regulators including the National Electric Power Regulatory Authority (NEPRA), stock exchanges, tax authorities and Securities and Exchange Commission of Pakistan (SECP).

Media

EPQL engages with the print and visual media through regular press releases on key achievements and disclosures. Throughout the year the company schedules regular media interactions via briefings on quarter and year-end results; through plant visits; and through informal conversations throughout the year on the Company's news and updates.

certifications

Green Office Certification

The EPQL head office has been certified by WWF as a Green Office. Three (3) indicators were audited for the said purpose: paper reduction, energy conservation and waste reduction, which were all found to be satisfactory by WWF.

DuPont Certification

DuPont's Process Safety system has been acknowledged as one of the top safety management systems worldwide. EPQL plant site achieved a DuPont rating of 3.58 making it the only Engro subsidiary to achieve this certification within 2.5 years of commencement of commercial operations.

5-S Certification

EPQL has been awarded the 5-S Certification for Warehouse Management by National Productivity Organization (NPO), Ministry of Industries, Government of Pakistan.

our eco friendly figures

financial statements

pwc A. F. FERGUSON & CO.

review report to the members on statement of compliance with best practices of code of corporate governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Engro Powergen Qadirpur Limited (the Company) for the period October 27, 2014 (i.e. the date of listing) to December 31, 2014 to comply with Regulation No. 35 of Chapter XI contained in the Listing Regulations of Karachi and Islamabad Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code of Corporate Governance.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the Karachi and Islamabad Stock Exchanges require the Company to place before the Board of Directors, for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the period October 27, 2014 (i.e. the date of listing) to December 31, 2014.

Chartered Accountants
Karachi
Date: February 25, 2015

Engagement Partner: Waqas A. Sheikh

pwc A. F. FERGUSON & CO.

auditors' report to the members

We have audited the annexed balance sheet of Engro Powergen Qadirpur Limited as at December 31, 2014 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

 (i) the balance sheet and profit and loss account, together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

 (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

 (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2014 and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended; and

(d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants
Karachi
Date: February 25, 2015

Engagement Partner: Waqas A. Sheikh

balance sheet
as at december 31, 2014

(Amounts in thousand)

Assets

	Note	2014 Rupees	2013 Rupees
Non-current assets			
Property, plant and equipment	4	14,217,020	15,233,998
Intangible assets	5	81,585	83,967
Long term deposits		2,491	2,491
Long term loans and advances	7	28,214	16,941
		14,329,310	15,337,397
Current assets			
Inventories	8	383,460	366,431
Stores and spares	9	386,426	367,678
Trade debts	10	2,192,805	476,333
Short term investments	11	56,000	-
Loans, advances, deposits, prepayments and other receivables	12	1,628,013	2,223,730
Taxes recoverable		49,915	43,901
Balances with banks	13	2,701	217,674
		4,699,320	3,695,747
Total Assets		19,028,630	19,033,144

Aliuddin Ansari
Chairman

Syed Mohammad Ali
Chief Executive Officer

(Amounts in thousand)

Equity and Liabilities

	Note	2014 Rupees	2013 Rupees
Equity			
Share capital	14	3,238,000	3,238,000
Share premium		80,777	80,777
Maintenance reserve	15	227,182	227,182
Hedging reserve	16	(50,109)	-
Unappropriated profit		3,013,096	1,976,627
Remeasurement of retirement benefit obligation - Actuarial gain	30	373	723
Total equity		6,509,319	5,523,309
Liabilities			
Non-current liabilities			
Borrowings	17	7,713,518	9,586,454
Current liabilities			
Creditors, accrued and other liabilities	18	1,355,368	1,591,890
Accrued interest / mark-up		27,149	41,792
Current portion of long term borrowings	17	1,459,451	1,405,632
Short term borrowings	19	1,961,029	882,469
Retirement and other service benefits obligations	30	2,796	1,598
		4,805,793	3,923,381
Total liabilities		12,519,311	13,509,835
Contingencies and Commitments	20		
Total Equity and Liabilities		19,028,630	19,033,144

The annexed notes from 1 to 40 form an integral part of these financial statements.

Aliuddin Ansari
Chairman

Syed Mohammad Ali
Chief Executive Officer

profit and loss account
for the year ended december 31, 2014

(Amounts in thousand except for earnings per share)

	Note	2014	2013
		Rupees	
Sales	21	12,041,151	8,665,433
Cost of sales	22	(9,338,838)	(7,013,708)
Gross profit		2,702,313	1,651,725
Administrative expenses	23	(168,289)	(127,990)
Other expenses	24	(87,541)	-
Other income	25	153,695	410,430
Profit from operations		2,600,178	1,934,165
Finance cost	26	(579,295)	(475,688)
Workers' profits participation fund and Workers' welfare fund	27	-	-
Profit before taxation		2,020,883	1,458,477
Taxation	28	(62)	(133)
Profit for the year		2,020,821	1,458,344
Earnings per share - basic and diluted	29	6.24	4.50

The annexed notes from 1 to 40 form an integral part of these financial statements.

Aliuddin Ansari
Chairman

Syed Mohammad Ali
Chief Executive Officer

statement of comprehensive income
for the year ended december 31, 2014

(Amounts in thousand)

	2014	2013
	Rupees	
Profit for the year	2,020,821	1,458,344
Other comprehensive income / (loss):		
Item that may be reclassified subsequently to profit or loss		
Hedging reserve - loss for the year	(52,576)	-
Less: Reclassified to profit and loss	2,467	-
	(50,109)	-
Item that will not be reclassified to profit or loss		
Remeasurement of retirement benefit obligation - Actuarial gain	(350)	723
Total comprehensive income for the year	1,970,362	1,459,067

The annexed notes from 1 to 40 form an integral part of these financial statements.

Aliuddin Ansari
Chairman

Syed Mohammad Ali
Chief Executive Officer

statement of changes in equity for the year ended december 31, 2014

(Amounts in thousand)

	Share capital	Reserves: Capital: Share premium	Reserves: Capital: Maintenance reserve (note 16)	Reserves: Revenue: Un appropriated profit	Reserves: Revenue: Remeasurement of retirement benefit obligation - Actuarial gain	Hedging reserve	Total
	Rupees						
Balance as at January 1, 2013	3,238,000	80,777	227,182	3,212,299	-	-	6,758,258
Total comprehensive income for the year	-	-	-	1,458,344	723	-	1,459,067
Transactions with owners							
Final dividend for the year ended December 31, 2012 @ Rs. 2.15 per share	-	-	-	(696,170)	-	-	(696,170)
Interim dividend @ Rs. 6.17 per share	-	-	-	(1,997,846)	-	-	(1,997,846)
	-	-	-	(2,694,016)	-	-	(2,694,016)
Balance as at December 31, 2013	3,238,000	80,777	227,182	1,976,627	723	-	5,523,309
Total comprehensive income for the year	-	-	-	2,020,821	(350)	(50,109)	1,970,362
Transactions with owners							
1st Interim dividend @ Rs. 1.54 per share	-	-	-	(498,652)	-	-	(498,652)
2nd Interim dividend @ Rs. 1.50 per share	-	-	-	(485,700)	-	-	(485,700)
	-	-	-	(984,352)	-	-	(984,352)
Balance as at December 31, 2014	3,238,000	80,777	227,182	3,013,096	373	(50,109)	6,509,319

The annexed notes from 1 to 40 form an integral part of these financial statements.

Aliuddin Ansari
Chairman

Syed Mohammad Ali
Chief Executive Officer

statement of cash flows for the year ended december 31, 2014

(Amounts in thousand)

	Note	2014	2013
		Rupees	
Cash Flows From Operating Activities			
Cash generated from operations	31	1,866,731	6,355,017
Taxes paid		(6,076)	(15,604)
Long term loans and advances - net		(11,273)	(3,788)
Net cash generated from operating activities		1,849,382	6,335,625
Cash Flows From Investing Activities			
Purchase of property, plant and equipment and intangibles		(191,632)	(231,888)
Sale proceeds from disposal of property, plant and equipment		7,195	90,403
Investments made during the year		(1,050,000)	(3,680,000)
Proceeds from encashment of short term investments		1,062,426	3,700,664
Net cash used in investing activities		(172,011)	(120,821)
Cash Flows From Financing Activities			
Repayments of long term borrowing		(1,379,678)	(1,261,061)
Repayment of short term finance		-	(500,000)
Finance cost paid		(550,874)	(662,246)
Dividends paid		(984,352)	(2,694,016)
Net cash used in financing activities		(2,914,904)	(5,117,323)
Net (decrease) / increase in cash and cash equivalents		(1,237,533)	1,097,481
Cash and cash equivalents at beginning of the year		(664,795)	(1,762,276)
Cash and cash equivalents at end of the year	32	(1,902,328)	(664,795)

The annexed notes from 1 to 40 form an integral part of these financial statements.

Aliuddin Ansari
Chairman

Syed Mohammad Ali
Chief Executive Officer

notes to the financial statements
for the year ended december 31, 2014

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 The Company was incorporated in Pakistan, as an unlisted public company, on February 28, 2006 under the Companies Ordinance, 1984. The Company is a subsidiary of Engro Powergen Limited, which in turn is a wholly owned subsidiary of Engro Corporation Limited. The Company's registered office is located at 4th floor, Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.

1.2 The Company was established with the primary objective to undertake the business of power generation and sale. The Company has a 217.3 MW combine cycle power plant and commenced commercial operations on March 27, 2010. The electricity generated is transmitted to the National Transmission and Despatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007. This agreement is for a period of 25 years.

1.3 During current year, Engro Powergen Limited and Engro Corporation Limited, as approved by their respective Board of Directors, made an offer aggregating to 25% of the total shareholding in the Company, totalling to 80,950,000 shares of Rs. 10 each, to institutional investors and general public through private placement and offer for sale. The Karachi Stock Exchange (KSE) has approved the Company's application and the Company was formally listed on the KSE on October 27, 2014. Further, on December 29, 2014, and the Company got listed on the Islamabad Stock Exchange as well.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 These financial statements have been prepared under the historical cost convention as modified by remeasurement of certain financial assets and financial liabilities, including derivative financial instruments, at fair value and recognition of certain staff retirement and other service benefits at present value.

2.1.2 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved financial reporting standards as applicable in Pakistan. Approved financial reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance and the requirements of the said directives have been followed.

2.1.3 The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(Amounts in thousand)

2.1.4 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments to published standards and interpretations effective in 2014

The following amendments to published standards are mandatory for the financial year beginning January 1, 2014 and are relevant for the Company:

- IAS 32 (Amendment), 'Financial instruments: Presentation'. This amendment updates the application guidance in IAS-32 ' Financial Instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The amendment clarifies that right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The Company's current accounting treatment is in line with this amendment.

- IAS 36 (Amendment) 'Impairment of assets'. The amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. This amendment may only affect the disclosures in the Company's financial statements.

- IFRIC 21 'Levies'. This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Company's current accounting treatment is materially in line with this amendment.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2014 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

b) Standards, amendments to published standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to published standards are not effective for the financial year beginning on January 1, 2014 and have not been early adopted by the Company:

- IFRS 13 'Fair value measurement' (effective for periods beginning on or after January 1, 2015). The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Company is yet to assess the full impact of the standard, however, initial indicators are that it is unlikely that standard will have any significant impact on the Company's financial statements.

- IAS 19 (Amendment) 'Employee benefits' (effective for annual periods beginning on or after July 1, 2014). The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognize the benefit of those contributions over employee's working lives. It is unlikely that the standard will have any significant impact on the Company's financial statements.

Amendments to following standards as a result of annual improvements to International Financial Reporting Standards issued by IASB:

- IFRS 7 'Financial instruments: Disclosures' (effective for annual periods beginning on or after July 1, 2016). Interim financial statements – the amendment clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34. This amendment is retrospective. It is unlikely that the standard will have any significant impact on the Company's financial statements.

- IAS 19 'Employee benefits' (effective for annual periods beginning on or after July 1, 2016). The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented. It is unlikely that the standard will have any significant impact on the Company's financial statements.

- IAS 24 'Related party disclosures' (effective for annual periods beginning on or after July 1, 2014) The standard has been amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. It is unlikely that the standard will have any significant impact on the Company's financial statements.

- IAS 34 'Interim financial reporting' (effective for annual periods beginning on or after July 1, 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective. It is unlikely that the standard will have any significant impact on the Company's financial statements.

  There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

2.2 Property, plant and equipment

Except for freehold land, capital work in progress and capital spares, all assets are stated at cost less accumulated depreciation and impairment, if any. Freehold land and capital spares are stated at cost. Capital work in progress is stated at cost less impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs. Self constructed assets include the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, costs of dismantling and removing the items and restoring of the site on which they are located and exchange losses as referred to in note 6. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Major components of an item of property, plant and equipment having different useful lives are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss.

Disposal of assets is recognised when significant risk and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals or retirement of an asset are recognised in profit or loss.

Depreciation is charged to profit or loss using the straight line method whereby the cost of an operating asset less its estimated residual value

(Amounts in thousand)

is written off over its estimated useful life at rates given in note 4.1. Depreciation on additions is charged from the month following the month in which the asset is available for use and on disposals upto the month the asset was in use.

Assets residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

2.3 Intangible assets

a) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense in profit or loss when incurred. Costs directly attributable to identifiable software having probable economic benefits exceeding one year, are recognised as intangible assets. Direct costs include purchase costs (license fee) and related overheads.

Expenditure which enhances or extends the performance of the software programme beyond its original specification and useful life is capitalised.

Software costs and license fees capitalised as intangible assets are amortised to profit or loss from the date of use on a straight-line basis over a period of 4 years.

b) Right to use infrastructure facilities

Costs representing the right to use various infrastructure facilities are stated at historical cost. These costs are amortised to profit or loss over a period of 25 years.

2.4 Impairment of non-financial assets

Property, plant and equipment's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.5 Financial assets

2.5.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Company's loans and receivable comprise trade debts, loans, advances, other receivables and cash and cash equivalent in the balance sheet.

c) Held to maturity financial assets

Held to maturity financial assets are non derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity. There were no held to maturity financial assets at the balance sheet date.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting date. There were no 'available-for-sale' financial assets at the balance sheet date.

2.5.2 Recognition and measurement

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed to profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are subsequently carried at amortised cost.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognised in profit or loss.

Gains and losses except impairment losses and foreign exchange gain and losses arising from changes in fair value of assets classified as available-for-sale are recognised in other comprehensive income until the financial asset is derecognised. When securities classified as available-for-sale are sold, the accumulated gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

Interest on available-for-sale assets calculated using the effective interest method is recognised in profit or loss. Dividends on available for sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for assets carried at amortised cost, the loss is recognised in profit or loss. For available-for-sale financial assets, the cumulative loss is reclassified from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available for sale are not reversed.

2.6 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument at their fair value and in the case of a financial liability carried at fair value through profit or loss, the transaction cost incurred thereagainst is also charged

to profit or loss. After initial recognition financial liabilities are measured at amortized cost using the effective interest method except financial liabilities at fair value through profit or loss which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

2.7 Offsetting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Derivative financial instruments

Derivatives, except a derivative that is a financial guarantee contract or a designated and effective hedging instrument, are classified as a financial asset or liability measured at fair value through profit or loss. Derivative financial instruments are initially recognised at fair value on the date derivative contract is entered into and subsequently re-measured at their fair value. Derivatives are carried as assets where fair value is positive and as liabilities where fair value is negative.

Fair value of derivatives embedded in financial instruments or non-derivative host contracts are separated from the host contract if the risks and economic characteristics of the embedded derivative are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

If the fair value of an embedded derivative that is required to be separated cannot be reliably measured, the entire combined contract is measured at fair value through profit or loss.

Changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss together with any changes in the fair value of the hedged asset or liability.

Changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income to the extent that the hedge is effective. The gain or loss relating to the ineffective portion is recognised in profit or loss on an on going basis. The Company assesses whether each derivative continues to be highly effective in offsetting changes in cash flows of hedged items. If and when a derivative is no longer expected to be highly effective, cash flow hedge accounting is discontinued. Amount recognised in other comprehensive income in relation to cash flow hedge on borrowing repayments is reclassified to profit and loss account when the exchange (gain) / loss capitalised in property, plant and equipment affects the profit and loss account.

However, for the reasons explained in note 6 derivatives embedded in the Power Purchase Agreement (PPA), have not been separated from the host contract and accordingly have not been recognised in these financial statements.

2.9 Inventory of fuel oil

This is valued at the lower of cost and net realisable value. Cost is determined using the weighted average method.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(Amounts in thousand)

2.10 Stores and spares

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the balance sheet date. For items which are slow moving and/ or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated residual value.

The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if any.

2.11 Trade debts

Trade debts are initially measured at fair value and subsequently at amortised cost using the effective interest rate method less provision for impairment. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written-off.

2.12 Cash and cash equivalents

Cash and cash equivalent in the statement of cash flows includes cash in hand and in transit, balances with banks on current, deposit and saving accounts, other short term highly liquid investments with original maturities of three months or less and short term borrowings other than term finance.

2.13 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is amortised over the period of the borrowings.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.15 Creditors, accrued and other liabilities

These are recognised initially at fair value and subsequently measured at amortised cost. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

Creditors, accrued and other liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses. Provisions are reviewed at each balance sheet date and adjusted to

(Amounts in thousand)

reflect current best estimate.

2.17 Taxation

The Company's profits and gains from power generation are exempt from tax under clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company is also exempt from minimum tax on turnover under clause 11 A of part IV of the Second Schedule to the Income Tax Ordinance, 2001. However, the Company's income from other sources is subject to taxation.

2.18 Retirement and other service benefits obligations

2.18.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Ultimate Holding Company - Engro Corporation Limited, of the Company operates a defined contribution provident fund for the Company's permanent employees. Monthly contributions are made both by the Company and employees to the fund at the rate of 10% of basic salary. Till last year the Company maintained its own provident fund, however during the year, the Company has transferred the assets and liabilities of its provident fund to the defined contribution provident fund maintained and operated by its Ultimate Holding Company - Engro Corporation Limited, and has closed its own provident fund.

2.18.2 Defined benefit plans

The Company operates a defined benefit funded gratuity scheme for its management and non-management employees.

A defined benefit plan is a post-employment benefit plan, other than the defined contribution plan under which the Company has an obligation to provide the agreed benefits to its entitled employees. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the projected unit credit method, related details of which are given in note 30. Actuarial valuation requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

The Company gave an option to its permanent employees to transfer from defined benefit gratuity fund to defined contribution gratuity fund maintained and operated by the Ultimate Holding Company - Engro Corporation Limited. The balances of employees who have opted for transfer have been transferred to the defined contribution gratuity fund maintained by the Holding Company (note 30).

2.18.3 Compensated absences

The Company accounts for compensated absences on the basis of unavailed leave balance of each employee at the end of the reporting period.

2.19 Foreign currency transactions and translation

These financial statements are presented in Pakistan Rupees, which is Company's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except as referred to in note 2.22 and note 6.

2.20 Revenue recognition on supply of electricity

Revenue from the sale of electricity to National Transmission and Despatch Company (NTDC), the sole customer of the Company, is recorded on the following basis:

- Capacity revenue is recognised based on the capacity made available to NTDC; and
- Energy revenue is recognised based on the Net Electrical Output (NEO) delivered to NTDC.

Capacity and Energy revenue is recognised based on the rates determined under the mechanism laid down in the PPA.

2.21 Interest on bank deposits and delayed payment income

Interest income on bank deposits and delayed payment income on overdue trade receivables is recognised on accrual basis.

2.22 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

2.23 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

2.24 Transactions with related parties

Sales, purchases and other transactions with related parties are carried out on terms and conditions agreed between the parties.

2.25 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(Amounts in thousand)

3.1 Property, plant and equipment and intangible assets

The Company reviews appropriateness of the rate of depreciation / amortisation, useful life and residual value used in the calculation of depreciation / amortisation. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

3.2 Inventory of fuel oil and stores and spares

The Company reviews the net realisable value of inventory of fuel oil and stores and spares to assess any diminution in the respective carrying value. Net realisable value is determined with reference to estimated selling price less estimated expenditure required to make the sales.

4 PROPERTY, PLANT AND EQUIPMENT

	2014	2013
	Rupees	
Operating assets, at net book value (note 4.1)	13,132,059	14,206,132
Capital work-in-progress (note 4.3)	63,510	106,293
Capital spares (note 4.4)	1,021,451	921,573
	14,217,020	15,233,998

(Amounts in thousand)

4.1 Operating assets

	Freehold land	Plant & machinery	Buildings & civil works	Furniture, fixtures and equipments	Vehicles	Total
	Rupees					
As at January 1, 2013						
Cost	83,127	12,694,318	2,415,323	43,208	167,593	15,403,569
Accumulated depreciation	-	(1,247,387)	(205,520)	(21,030)	(52,979)	(1,526,916)
Net book value	83,127	11,446,931	2,209,803	22,178	114,614	13,876,653
Year ended December 31, 2013						
Opening net book value	83,127	11,446,931	2,209,803	22,178	114,614	13,876,653
Additions to operating assets:						
- Transfers from capital work-in-progress (note 4.3)	-	125,001	2,001	58,319	-	185,321
- Capitalization of exchange loss (note 6)	-	922,426	-	-	-	922,426
Disposals						
Cost	-	(88,878)	-	(103)	(25,566)	(114,547)
Accumulated depreciation	-	13,126	-	32	14,535	27,693
	-	(75,752)	-	(71)	(11,031)	(86,854)
Depreciation charge (note 4.2)	-	(591,168)	(74,835)	(13,649)	(11,762)	(691,414)
Net book value	83,127	11,827,438	2,136,969	66,777	91,821	14,206,132
As at January 1, 2014						
Cost	83,127	13,652,867	2,417,324	101,424	142,027	16,396,769
Accumulated depreciation	-	(1,825,429)	(280,355)	(34,647)	(50,206)	(2,190,637)
Net book value	83,127	11,827,438	2,136,969	66,777	91,821	14,206,132
Year ended December 31, 2014						
Opening net book value	83,127	11,827,438	2,136,969	66,777	91,821	14,206,132
Additions to operating assets:						
- Transfers from capital work-in-progress (note 4.3)	-	30,291	2,222	2,908	-	35,421
- Transfers from capital spares (note 4.4)	-	94,742	-	-	-	94,742
- Capitalization adjustment for exchange gain (note 6)	-	(500,137)	-	-	-	(500,137)
Disposals (note 4.1.1)						
Cost	-	-	-	(75)	(14,009)	(14,084)
Accumulated depreciation	-	-	-	75	10,936	11,011
	-	-	-	-	(3,073)	(3,073)
Depreciation charge (note 4.2)	-	(602,746)	(74,878)	(15,697)	(7,705)	(701,026)
Net book value	83,127	10,849,588	2,064,313	53,988	81,043	13,132,059
As at December 31, 2014						
Cost	83,127	13,277,763	2,419,546	104,257	128,018	16,012,711
Accumulated depreciation	-	(2,428,175)	(355,233)	(50,269)	(46,975)	(2,880,652)
Net book value	83,127	10,849,588	2,064,313	53,988	81,043	13,132,059
Annual rate of depreciation		4% - 16%	2.5% - 8%	15% - 25%	19% - 23%	

4.1.1 The details of assets disposed off during the year are as follows:

Sold to	Mode of disposal	Cost	Accumulated depreciation	Net book value	Sale proceeds
		Rupees			
Office equipments					
Adamjee Insurance Co. Ltd	Insurance claim	75	75	-	57
Vehicles					
Adamjee Insurance Co. Ltd	Insurance claim	1,155	1,039	116	750
Mr. Muhammad Dawood	Sale through bid	2,120	1,591	529	1,950
Mr. Adam Khan	"	2,244	2,020	224	1,546
Mr. Amir Jan	"	1,620	1,458	162	850
Mr. Sohail Ahmed	Under Company's policy	2,083	1,225	858	858
Mr. Waqar Ahmed Khan	"	1,427	1,077	350	350
Mr. Shahab Qadir	"	1,902	1,428	474	474
Mr. Mojiz Mansoor	"	1,458	1,098	360	360
		14,009	10,936	3,073	7,138
2014		14,084	11,011	3,073	7,195
2013		114,547	27,693	86,854	90,403

4.2 The depreciation charge for the year has been allocated as follows:

	2014	2013
	Rupees	
Cost of sales (note 22)	696,048	685,190
Administrative expenses (note 23)	4,978	6,224
	701,026	691,414

(Amounts in thousand)

4.3 Capital work in progress

	Plant & machinery	Building & civil works	Furniture, fixture & equipment	Intangibles	Total
	Rupees				
Year ended December 31, 2013					
Balance as at January 1, 2013	5,130	816	48,198	3,014	57,158
Additions / reclassifications during the year	209,896	1,604	11,006	14,748	237,254
Transferred to intangibles (note 5)	-	-	-	(2,798)	(2,798)
Transferred to operating assets (note 4.1)	(125,001)	(2,001)	(58,319)	-	(185,321)
Balance as at December 31, 2013	90,025	419	885	14,964	106,293
Year ended December 31, 2014					
Balance as at January 1, 2014	90,025	419	885	14,964	106,293
Additions / reclassifications during the year	119,790	25,407	25,061	(2,624)	167,634
Transferred to intangibles (note 5)	-	-	-	(4,374)	(4,374)
Transferred to operating assets (note 4.1)	(30,291)	(2,222)	(2,908)	-	(35,421)
Transferred to capital spares assets (note 4.4)	(170,622)	-	-	-	(170,622)
Balance as at December 31, 2014	8,902	23,604	23,038	7,966	63,510

4.4 Capital spares

	2014	2013
	Rupees	
Balance at the beginning of year	921,573	926,939
Add:		
Additions / (reclassification)	23,998	(5,366)
Transfers from Capital work in progress - Net (note 4.3)	170,622	-
Less:		
Transfers to Operating assets - Net (notes 4.1 and 4.4.1)	94,742	-
Balance at the end of year	1,021,451	921,573

(Amounts in thousand)

4.4.1 This represents cost of capital spares transferred to operating assets amounting to Rs. 276,028 less net book value of those spares which were replaced and transferred to capital spares amounting to Rs. 181,286.

4.4.2 These include capital spares issued for refurbishment / returned for replacement to third parties amounting to Rs. 87,844 (2013: Rs. 238,404).

5. Intangible Assets

	Computer software	Right to use infra-structure facilities (note 5.2)	Total
	Rupees		
As at January 1, 2013			
Cost	33,594	96,627	130,221
Accumulated amortisation	(23,515)	(13,608)	(37,123)
Net book value	10,079	83,019	93,098
Year ended December 31, 2013			
Opening net book value	10,079	83,019	93,098
Additions during the year (note 4.3)	2,798	-	2,798
Amortisation for the year (note 5.1)	(8,064)	(3,865)	(11,929)
Closing net book value	4,813	79,154	83,967
As at January 1, 2014			
Cost	36,392	96,627	133,019
Accumulated amortisation	(31,579)	(17,473)	(49,052)
Net book value	4,813	79,154	83,967
Year ended December 31, 2014			
Opening net book value	4,813	79,154	83,967
Additions during the year (note 4.3)	4,374	-	4,374
Amortisation for the year (note 5.1)	(2,891)	(3,865)	(6,756)
Closing net book value	6,296	75,289	81,585
As at December 31, 2014			
Cost	40,766	96,627	137,393
Accumulated amortisation	(34,470)	(21,338)	(55,808)
Net book value	6,296	75,289	81,585

5.1 Amortisation charge for the year has been allocated as follows:

	2014	2013
	Rupees	
Cost of sales (note 22)	5,086	7,191
Administrative expenses (note 23)	1,670	4,738
	6,756	11,929

(Amounts in thousand)

5.2 The Company, instead of constructing its own facilities and in order to realise economies of scale, has opted to obtain right to use Engro Fertilizers Limited's (an associated undertaking) various infrastructure facilities. This entitles the employees of the Company to full use of the Engro Fertilizers Limited's facilities, which are adjacent to the Company's Housing Colony in Dharki. The amount paid by the Company is being amortised over 25 years.

6. EMBEDDED DERIVATIVES

The Company's tariff, like other power companies, comprises of various price components with indexations falling within the ambit of embedded derivatives. Such embedded derivative as per International Accounting Standard (IAS) 39, 'Financial Instrument: Recognition and Measurement' need to be separated from the host contract and accounted for as derivative if economic characteristics and risks of the embedded derivatives are not closely related to the host contract.

The Company, had sought clarification from the Institute of Chartered Accountants of Pakistan (ICAP) in respect of the indexations pertaining to (i) US$/PKR exchange rate (applicable to Company's price components of debt, return on equity, return on equity during construction); and (ii) US CPI & US$/PKR exchange rate (applicable to Company's price components of fixed and variable operations and maintenance – foreign) whether these derivatives were closely or not closely related to the host contract.

In addition, the Company had also requested ICAP to prescribe a definite basis or guidelines for the valuation of such embedded derivatives considering the subjectivity involved therein if these were considered to be not closely related to the host contract. Further, as indexation of US$/PKR exchange rate related to debt component being not recognised separately as embedded derivative, the Company taking cognizance of the 'matching principle' requested the Securities and Exchange Commission of Pakistan (SECP) to allow deferment of recognising exchange loss on translation of borrowings under IAS 21 - Foreign Currency Transactions in the profit or loss till the clarification sought on the recognition of the foreign currency indexations from ICAP had been received.

On January 16, 2012, SECP vide SRO 24 (I) 2012 had granted waivers to all IPPs from the requirement of IFRIC 4 " Determining whether an arrangement contains a lease" and IFRIC 12 " Service Concession Agreements". Further, SECP through the aforementioned SRO has also allowed the IPPs to continue capitalising the exchange differences, and not to recognise embedded derivatives under IAS 39 where these are not closely related to the host contract. However, in the case of such derivatives, for periods beginning on or after January 1, 2013, the companies are required to give "Additional Disclosure" as if the accounting for embedded derivatives had been adopted in preparing the financial statements.

In view of the above SRO, the Company has capitalised exchange loss aggregating to Rs. 2,162,634 (2013: Rs. 2,662,771) as at December 31, 2014, which includes exchange gain of Rs. 500,137 pertaining to current year (2013: exchange loss of Rs. 922,426) in property, plant and equipment (note 4.1).

(Amounts in thousand)

6.1 Additional Disclosure under SRO 24 (1) 2012

If the Company were to follow IAS 39 and had accounted for embedded derivatives and had not capitalised the exchange loss on translation of foreign currency borrowing, the effect on the financial statements line items would be as follows:

	(Increase) / Decrease	Increase / (Decrease)	Increase / (Decrease)
	Unappropriated profit	Property, plant and equipment	Derivative financial assets (liability)
	Rupees		
As at January 1, 2013	(3,887,945)	(1,636,612)	5,524,557
For the year ended December 31, 2013			
- Recognition of exchange loss	825,514	(825,514)	-
- Change in fair value of derivatives	3,820,881	-	(3,820,881)
	4,646,395	(825,514)	(3,820,881)
As at December 31, 2013	758,450	(2,462,126)	1,703,676
For the year ended December 31, 2014			
- Recognition of exchange loss	(477,404)	477,404	-
- Change in fair value of derivatives	1,928,239	-	(1,928,239)
	1,450,835	477,404	(1,928,239)
As at December 31, 2014	2,209,285	(1,984,722)	(224,563)

7. LONG TERM LOANS AND ADVANCES

	2014	2013
	Rupees	
Executives (notes 7.1 and 7.2)	37,006	26,781
Less: Current portion shown under current assets (note 12)	(8,792)	(9,840)
Balance as at end of the year	28,214	16,941

7.1 Reconciliation of the carrying amount of loans and advances

	2014	2013
Balance as at beginning of the year	26,781	23,179
Add: Disbursements	19,542	17,567
Less: Repayments/Amortisation	(9,317)	(13,965)
Balance as at end of the year	37,006	26,781

(Amounts in thousand)

7.2 Loans and advances include interest free investment loan plan to executives amounting to Rs. 25,947 (2013: Rs. 18,926) repayable in equal monthly instalments over a three year period or in one lump sum at the end of such period. It also includes advances amounting to Rs. 11,059 (2013: Rs. 7,855) for car earn out assistance, house rent, long term incentive and compensation car, as per Company policy.

7.3 The maximum amount outstanding at the end of any month amounted to Rs. 42,207 (2013: Rs. 24,625).

8. INVENTORIES

This comprises of High Speed Diesel (HSD) inventory required to be maintained for operating the power plant in case supply of gas is unavailable to the Company. As per clause (b) of section 5.14 of the Power Purchase Agreement (PPA), the Company is required to maintain HSD at a level sufficient for operating the power plant at full load for seven days. However, due to non payment of dues in full by NTDC, the Company is maintaining HSD inventory at a level sufficient for operating the power plant at full load for around five days.

9. STORES AND SPARES

	2014	2013
	Rupees	
Consumable stores	44,501	37,504
Spares (note 9.1)	341,925	330,174
	386,426	367,678

9.1 These include spares issued for refurbishment / returned for replacement to third parties amounting to Rs. 396 (2013: Rs. 18,747).

10. TRADE DEBTS - secured

	2014	2013
	Rupees	
Considered good	2,192,805	476,333

10.1 Trade debts, including delayed payment charges (note 12.1), are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and as such are considered good.

10.2 Trade debts include:
- Rs. 1,866,538 (2013: Rs. 151,445) which is neither past due nor impaired; and
- Rs. 326,267 (2013: Rs. 324,888) which is overdue but not impaired. The overdue receivables carry mark-up at the rate of KIBOR plus 4.5% per annum. These receivables are overdue by upto 3 months.

10.3 During the year the Company, along with several other IPPs, sent notices to the Private Power Infrastructure Board (PPIB) - Government of Pakistan under the sovereign guarantee over outstanding dues. However, subsequent to the year end on January 13, 2015 guarantee call was withdrawn by the Company, as partial payments were released by NTDC. Further, NTDC has given assurance to clear all oustanding dues by April 30, 2015.

11. SHORT TERM INVESTMENTS – held to maturity

The Company has invested Rs. 50,000 (2013: Nil) in Certificate of investment having maturity of three months, carrying return at the rate of 9.75 % per annum, in respect of maintenance reserve (note 15).

The Company has also placed Rs. 6,000 (2013: Nil) in term deposit with a bank having a maturity of three months, carrying return at the rate of 8.4 % per annum.

(Amounts in thousand)

12. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - considered good

	2014	2013
	Rupees	
Current portion of long term loans and advances to executives and other employees - considered good (note 7)	8,792	9,840
Advances and deposits	7,626	19,452
Prepayments	51,415	63,852
Delayed payment charges (notes 12.1 and 12.2)	900,725	729,986
Sales tax refundable	-	30,043
Receivable from associated undertakings:		
- Engro Powergen Limited	11,401	8,821
- Engro Polymer & Chemicals Limited	53	6
- Engro Corporation Limited	-	442
- Sindh Engro Coal Mining Company Limited	-	906
Others (note 12.3)	-	590,870
Insurance claim receivable (note 25.1)	304,360	372,743
Reimbursable cost from NEPRA in respect of:		
- Workers' profits participation fund (note 12.4)	173,979	267,525
- Workers' welfare fund (note 18.3)	169,662	129,244
	1,628,013	2,223,730

12.1 This represents mark-up on overdue trade debts, as referred to in note 10.2, of which Rs. 883,765 (2013: Rs. 684,508) is overdue.

12.2 The aging of over due delayed payment charges is as follows:

	2014	2013
	Rupees	
Upto 3 months	96,476	40,929
3 to 6 months	34,177	580,029
More than 6 months	753,112	63,550
	883,765	684,508

12.3 In 2013, the Company was required to pay for a minimum quantity of gas as agreed under section 3.3 of the Gas Supply Agreement (GSA) with SNGPL. The amount paid has been adjusted against gas purchased subsequent to the payment made, as per the terms of the GSA.

12.4 This includes invoiced amount of Rs. 72,924 (2013: Rs. 194,601).

13. BALANCES WITH BANKS

	2014	2013
	Rupees	
Deposit accounts:		
- Foreign currency (note 13.1)	2,701	2,816
- Local currency (notes 13.2 and 13.3)	-	214,858
	2,701	217,674

(Amounts in thousand)

13.1 Foreign currency deposits carry return at the rate of 0.2% (2013: 0.25%) per annum.

13.2 Local currency deposits carry return at the rate of 7.25% (2013: 7%) per annum.

13.3 Last year amount includes Rs. 50,606 in respect of maintenance reserve (note 15).

14 SHARE CAPITAL

Authorised capital

2014	2013		2014	2013
Number of shares			Rupees	
330,000,000	330,000,000	Ordinary shares of Rs. 10 each	3,300,000	3,300,000

Issued, subscribed and paid-up capital

2014	2013		2014	2013
Number of shares			Rupees	
323,800,000	323,800,000	Ordinary shares of Rs. 10 each, fully paid in cash	3,238,000	3,238,000

14.1 As stated in note 1.3, during the year, Engro Corporation Limited and Engro Powergen Limited disposed of their 100% and 18% shareholding in the Company, respectively. Accordingly, as at December 31, 2014 Engro Powergen Limited held 223,050,000 (2013: 272,000,000) ordinary shares of the Company.

15. MAINTENANCE RESERVE

In accordance with the Power Purchase Agreement (PPA), the Company is required to establish and maintain a separate reserve fund (the Fund) with a depository institution for payment of major maintenance expenses. Any interest income resulting from the depository arrangements of the Fund is to remain in the Fund to the extent of any short fall from the contractual limit.

Under the PPA, 1/24th of the annual operating and maintenance budget of the Power Plant less fuel expenses is required to be deposited into the Fund on each capacity payment date until such reserve equals to nine such deposits. After the second agreement year and thereafter the Fund may be re-established at such other level that the Company and NTDC mutually agree.

In 2012 the Company, due to uncertain cash flows resulting from delayed payments by NTDC has, as per flexibility available under the PPA, reduced the amount deposited in a schedule bank to Rs. 50,000, which has been invested in investment certificate as at December 31, 2014 (note 11). Till such time the amount is deposited again to the required level, the Company has unutilized short term financing available to meet any unexpected maintenance requirement that may arise in the foreseeable future.

16. HEDGING RESERVE

During the year, the Company entered into exchange rate forward agreements with its bank for amounts aggregating to USD 13,361 to manage exchange rate exposure on repayments of its long term borrowing (note 17) and has incurred a loss of Rs. 52,576 on these covers. Under the aforementioned agreements the Company would pay respective rate agreed at the initiation of the respective agreement on settlement date.

(Amounts in thousand)

17. BORROWINGS, secured

	2014	2013
	Rupees	
Long term borrowing	9,172,969	10,992,086
Less: Current portion shown under current liabilities	1,459,451	1,405,632
	7,713,518	9,586,454

17.1 The Company entered into a financing agreement with a consortium comprising of international financial institutions amounting to US$ 144,000. The finance carries markup at the rate of six months LIBOR plus 3% payable semi-annually over a period of twelve years. The principal is repayable in twenty semi-annual instalments commencing from December 15, 2010. As at December 31, 2014, the outstanding balance of the borrowing was US$ 91,564 (2013: US$ 105,015).

The borrowing is secured by an equitable mortgage on the immovable property and the hypothecation of current and future assets of the Company, except receivables from NTDC in respect of Energy Purchase Price. Further, the Company has also extended a letter of credit in favour of the senior lenders, as referred to in note 20.

18. CREDITORS, ACCRUED AND OTHER LIABILITIES

	2014	2013
	Rupees	
Creditors	24,560	294,178
Accrued liabilities (note 18.1)	1,039,178	1,142,526
Security deposits	1,936	566
Payable to associated undertakings:		
- Retirement benefit fund	3,733	3,923
- Sindh Engro Coal Mining Company Limited	682	-
- Engro Fertilizers Limited	92	-
- Engro Corporation Limited	275	-
Provision against sales tax recoverable	3,810	3,810
Provision for insurance settlement (note 25.1)	84,976	-
Provision against HSD tariff adjustments	-	5,000
Sales tax payable	7,118	-
Withholding tax payable	8,291	4,719
Workers' profits participation fund (note 18.2)	11,055	7,924
Workers' welfare fund (note 18.3)	169,662	129,244
	1,355,368	1,591,890

18.1 Includes accrual in respect of gas charges amounting to Rs. 598,206 (2013: Rs. 94,116).

18.2 Workers' profits participation fund

	2014	2013
	Rupees	
Payable at the beginning of the year	7,924	104,730
Add:		
Allocation for the year (note 27)	101,044	72,924
	108,968	177,654
Less:		
- Interest (note 26.1)	299	1,621
- Payment made during the year	(98,212)	(171,351)
Payable at the end of the year	11,055	7,924

(Amounts in thousand)

	2014	2013
	Rupees	
18.3 Workers' welfare fund		
Payable at the beginning of the year	129,244	100,074
Add: Allocation for the year (note 27)	40,418	29,170
Payable at the end of the year	169,662	129,244

19. SHORT TERM BORROWINGS, secured

	2014	2013
	Rupees	
Running finance utilized under mark-up arrangements	1,961,029	882,469

The Company has Working Capital/Running Finance Facility Agreements with Allied Bank Limited, NIB Bank Limited, KASB Bank Limited, The Bank of Punjab, Habib Metropolitan Bank Limited, Soneri Bank Limited and Bank Al-Falah. In addition, the Company also has a Term Loan Agreement with Pak Kuwait Investment Company for a period of one year.

The available facilities under these mark-up arrangements aggregates to Rs. 4,350,000 (2013: Rs.3,150,000). The facilities carry mark-up at the rate of 3 months KIBOR plus 1.5% (2013: 3 months KIBOR plus 2%). The facilities are secured by (i) lien over Energy Purchase Price (EPP) account and charge over present and future receivables from the Power Purchaser in respect of EPP; and (ii) first charge over current assets of the Company and subordinated charge over present and future plant, machinery, equipments and other movable assets and immovable properties of the Company. The use of these facilities are restricted for payments of operations and maintenance cost of the Power Plant and payments to fuel suppliers against purchase of fuel.

20. CONTINGENCIES AND COMMITMENTS

	2014	2013
	Rupees	
Contingent liabilities - guarantees (note 20.1)	2,496,126	2,496,126
Commitments in respect of :		
- letter of credit in favour of Company's senior lendors (note 17.1)	806,972	843,872
- others	121,928	133,271
	928,900	977,143

20.1 Represents bank guarantee given to Sui Northern Gas Pipelines Limited (SNGPL) representing an amount equivalent to three months contractual quantities of gas in accordance with the terms of Gas Supply Agreement (GSA) between the Company and the SNGPL.

20.2 A Corporate Guarantee amounting to US$ 10,000 has been issued by Engro Corporation Limited in favour of the Company's bank to secure the repayment of foreign loan installment to its senior lenders.

20.3 Gas Infrastructure Development Cess (GIDC), which was enacted under the GIDC Act, 2011 on December 15, 2011, was not charged during 2013 by SNGPL, subsequent to the decision of the Peshawar High Court, which had declared the levy of GIDC as unconstitutional. However, on December 30, 2013 the Honourable Supreme Court suspended the earlier decision of the Peshawar High Court. As a result, SNGPL has invoiced to the Company the entire GIDC for the year ended December 31, 2013 amounting to Rs. 1,462,315 during the current year.

(Amounts in thousand)

The Company filed a writ petition against imposition of GIDC before the Lahore High Court, based on which interim relief was granted for the period till December 31, 2013. Accordingly, SNGPL has charged GIDC on invoices for the period subsequent to December 31, 2013. The Company has also included GIDC in invoices raised by it for the period subsequent to December 31, 2013, which have been accepted by the NTDC.

On August 22, 2014, the Honourable Supreme Court, declared the entire levy of GIDC as unconstitutional against which review petition of the Federal Government is pending. Later, on September 24, 2014, the President of Pakistan promulgated GIDC Ordinance, 2014, which overrides the previous judgements of any court and levied the cess as per GIDC Act, 2011. However, subsequent to the year end, on January 5, 2015 the implementation of GIDC Ordinance has been deferred for 120 days by the National Assembly of Pakistan.

During the year, SNGPL has charged GIDC amounting to Rs. 1,869,781 which includes GIDC for the year ended December 31, 2013 amounting to Rs. 1,462,315, GIDC for August and September 2014 and delayed payment charges thereon. In October 2014, the Company filed a writ petition before the Lahore High Court against the demand of SNGPL to restrain it from taking any coercive measures against the Company for recoveries and has obtained stay on the same. Accordingly, in subsequent period GIDC invoice for August and September 2014 was also setaside by SNGPL. Based on advice of its legal advisor, the Company is of the view that the ultimate decision of this matter will be in its favour. However, GIDC, if charged, will be recovered by the Company as pass-through item from NTDC under the approved tariff.

21. SALES

	2014	2013
	Rupees	
Capacity purchase price	3,389,454	2,712,852
Energy purchase price (note 21.1)	8,651,697	5,952,581
	12,041,151	8,665,433

21.1 Energy purchase price is exclusive of sales tax of Rs. 1,376,764 (2013: Rs. 962,055) for current year sales invoices and Nil (2013: Rs. 129,730) in respect of prior period sales invoiced during the current year.

22. COST OF SALES

	2014	2013
	Rupees	
Gas and fuel oil consumed	7,911,726	5,443,490
Depreciation (note 4.2)	696,048	685,190
Amortisation (note 5.1)	5,086	7,191
Salaries, wages and staff welfare (note 22.1)	355,796	316,660
Insurance	142,982	130,591
Traveling expenses	16,593	10,485
Repairs and maintenance	57,968	295,474
Purchased services (note 22.2)	23,179	17,143
Legal and professional services	8,502	1,199
Stores and spares consumed	27,179	30,065
Security	29,433	23,295
Communication and other office expenses	64,346	52,925
	9,338,838	7,013,708

22.1 Salaries, wages and staff welfare include Rs. 12,367 (2013: Rs. 12,264) in respect of staff retirement benefits.

22.2 This represents charges for services rendered by Engro Corporation Limited, Engro Fertilizers Limited and other associated undertakings, under respective service agreements.

(Amounts in thousand)

	2014	2013
	Rupees	

23. ADMINISTRATIVE EXPENSES

	2014	2013
Salaries, wages and staff welfare (note 23.1)	84,454	60,079
Legal and professional services	10,432	6,988
Purchased services (note 23.2)	13,679	6,842
Communication and other office expenses	20,380	17,320
Contributions for corporate social responsibilities(note 23.3)	22,705	18,902
Depreciation (note 4.2)	4,978	6,224
Amortisation (note 5.1)	1,670	4,738
Traveling expenses	7,931	5,074
Auditors' remuneration (note 23.4)	2,060	1,823
	168,289	127,990

23.1 Salaries, wages and staff welfare include Rs. 4,106 (2013: Rs. 2,442) in respect of staff retirement benefits.

23.2 This represents charges for services rendered by Engro Corporation Limited, Engro Fertilizers Limited and other associated undertakings, under respective service agreements.

23.3 This includes Rs. 8,500 (2013: Rs. 11,100) paid to Engro Foundation and Rs. 6,720 (2013: Rs. 5,440) paid to Engro Corporation Limited for reimbursement of salaries of Engro Corporation Limited employees rendering services to Engro Foundation.

23.4 Auditors' remuneration

	2014	2013
	Rupees	
Fee for:		
- annual statutory audit	315	275
- half yearly special audit / review	500	75
- other assurance services	195	349
- taxation services	745	800
- audit of retirement benefit funds	150	250
- review of compliance with the Code of Corporate Governance	55	-
Reimbursement of expenses	100	74
	2,060	1,823

24. OTHER EXPENSES

	2014	2013
Exchange loss	99	-
Reclassification of hedge to profit and loss account	2,467	-
Provision for insurance settlement (note 25.1)	84,975	-
	87,541	-

(Amounts in thousand)

	2014	2013
	Rupees	

25. OTHER INCOME

	2014	2013
Financial assets:		
Gain on redemption of investments	12,426	20,664
Gain on forward contracts	-	5,664
Exchange gain	-	41
Non financial assets:		
Insurance claim (note 25.1)	137,147	380,512
Gain on disposal of property, plant and equipment	4,122	3,549
	153,695	410,430

25.1 Last year, on October 12, 2013, the Company's power plant was shut down due to breakdown in a machinery which was critical to the operations of the plant. After a series of repair activities the plant operations were resumed on December 27, 2013. The cost of new equipment, repair expenditure due to machinery breakdown and loss of profit due to business interruption are covered under the Company's insurance policy. The insurance company principally agreed for the settlement of repairs expenditure, cost of new equipment and business interruption loss suffered by the Company, upon submission of the claim alongwith necessary supports. Accordingly, as at December 31, 2013, the Company recorded receivable of Rs. 380,512 from the insurance company in respect of repairs expenditure and loss due to business interruption.

During the year, the Company purchased the new equipment i.e. Gas Turbine Gen Rotor. The cost (net off deductibles) of the equipment has been principally agreed to be reimbursed by the insurance company amounting to Rs. 137,147 which has been recognised as insurance claim receivable. The Company has filed the insurance claim alongwith supporting documents with the insurance company, which has been approved. Further, the Company has recognised a provision for settlement of claim (notes 18 and 24), in respect of old equipment to be returned to the insurance company under the concept of subrogation.

As at December 31, 2014, the Company has received partial settlement of Rs. 205,530 against the insurance claim and the remaining amount of Rs. 304,360 is expected to be received by the Company in first half of the ensuing year.

	2014	2013
	Rupees	

26. FINANCE COST

	2014	2013
Interest / markup on:		
- long term borrowing	340,462	411,280
- short term borrowings	195,769	217,768
Financial / bank charges (note 26.1)	220,359	469,518
	756,590	1,098,566
Less:		
Interest income on bank deposits	(6,169)	(19,497)
Delayed payment charges - overdue trade debts	(171,126)	(603,381)
	579,295	475,688

26.1 Includes interest of Rs. 299 (2013: Rs. 1,621) on payments due to Workers' profits participation fund.

(Amounts in thousand except for earnings per share)

27. WORKERS' PROFITS PARTICIPATION FUND AND WORKERS' WELFARE FUND

	2014	2013
	Rupees	
Provision for :		
- Workers' profits participation fund	101,044	72,924
- Workers' welfare fund	40,418	29,170
	141,462	102,094
Recoverable from NTDC	(141,462)	(102,094)
	-	-

27.1 The Company is required to pay 5% of its profit to the Workers' profits participation fund and 2% of its profit to the Workers' welfare fund. However, such payment will not effect the Company's overall profitability as these are recoverable from NTDC as pass through items under the terms of the Power Purchase Agreement (PPA). The Company is currently contesting the applicability of Workers' Welfare Fund on its income at the Sindh High Court and Appellate Tribunal Inland Revenue.

28. TAXATION - current

	2014	2013
	Rupees	
For the year (note 28.1)	62	133

28.1 Represents minimum tax at the rate of 1% (2013: 1%) on interest on bank deposits in accordance with section 113 of the Income Tax Ordinance, 2001.

28.2 Reconciliation of tax charge for the period is as follows:

	2014	2013
	Rupees	
Profit before taxation	2,020,883	1,458,477
Tax calculated at the applicable rate of 33% (2013: 34%)	666,891	495,882
Effect of exempt income (note 2.17)	(660,755)	(489,253)
Minimum tax on interest on bank deposits	62	133
Effect of losses utilised against income from other sources	(6,136)	(6,629)
Tax charge for the year	62	133

28.3 As at December 31, 2014 the Company has losses available for carry forward amounting to Rs. 2,888,628 (2013: Rs. 3,084,660) representing unabsorbed tax depreciation.

29. EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2014	2013
Profit for the year	2,020,821	1,458,344
	Number of shares	
Weighted average number of ordinary shares (in thousand)	323,800	323,800
	Rupees	
Earnings per share - basic and diluted	6.24	4.50

(Amounts in thousand)

30. RETIREMENT AND OTHER SERVICE BENEFITS OBLIGATIONS

30.1 Defined benefit plan

The latest actuarial valuation of the defined benefit plans in respect of funded defined benefit gratuity scheme was carried out as at December 31, 2014, using the Projected Unit Credit Method. Details of the defined benefit plan are as follows:

	2014	2013
	Rupees	
30.1.1 Balance sheet reconciliation		
Present value of defined benefit obligation	3,627	500
Fair value of plan assets	(809)	(1,393)
Deficit / (Surplus)	2,818	(893)
Receivable from other Engro group funds	(22)	(56)
Payable to outgoing members	-	2,547
Net liability at end of the year	2,796	1,598
30.1.2 Movement in net liability recognized		
Net liability at beginning of the year	1,598	-
Expense recognised	848	2,321
Remeasurements recognised in Other comprehensive income	350	(723)
Net liability at end of the year	2,796	1,598
30.1.3 Cost charged for the year		
Current service cost	697	1,708
Net interest cost	151	221
Recognition of past service cost	-	392
	848	2,321
30.1.4 Remeasurements recognised in Other Comprehensive Income (OCI)		
On defined benefit obligation	1,091	(1,887)
On fair value of plan assets	(741)	1,339
Total remeasurement gain / (loss) recognised in OCI	350	(548)

30.1.5 The Company's obligation has been settled in respect of employees who have opted for the transfer option as stated in note 2.18.2. The obligations of these employees as at June 30, 2013 alongwith the matching plan assets have been transferred to defined contribution gratuity fund maintained and operated by the Ultimate Holding Company - Engro Corporation Limited.

(Amounts in thousand)

30.1.6 Principal actuarial assumptions used in the actuarial valuation are as follows:

	2014	2013
	%	
Discount rate	11.3	13.0
Expected per annum rate of return on plan assets	13.3	13.0
Expected per annum rate of increase in future salaries	11.3	13.0

	2014	2013
	Rupees	
30.1.7 Actual return on plan assets	151	534

30.1.8 Expected future cost for the year ending December 31, 2015 is Rs. 1,109.

30.2 Defined contribution plan

30.2.1 Nil (2013: Rs. 10,071) has been charged in respect of defined contribution Provident Fund maintained by the Company.

30.2.2 During the year, the Company has made contribution of Rs. 17,020 to the defined contribution plan i.e. Provident Fund maintained and operated by Ultimate Holding Company - Engro Corporation Limited (note 2.18.1).

31. CASH GENERATED FROM OPERATIONS

	2014	2013
	Rupees	
Profit before taxation	2,020,883	1,458,477
Adjustment for non-cash charges and other items:		
- Depreciation (note 4.2)	701,026	691,414
- Amortisation (note 5.1)	6,756	11,929
- Gain on disposal of property, plant and equipment (note 25)	(4,122)	(3,549)
- Gain on redemption of investments (note 25)	(12,426)	(20,664)
- Gain on forward contracts (note 25)	-	(5,664)
- Reclassification of hedge to profit and loss	2,467	-
- Finance cost	544,353	637,170
Working capital changes (note 31.1)	(1,392,206)	3,585,904
	1,866,731	6,355,017

31.1 Working capital changes

	2014	2013
Decrease/(Increase) in current assets:		
Inventory and stores & spares - net	(35,777)	(73,814)
Trade debts	(1,716,472)	6,823,793
Loans, advances, deposits, prepayments and other receivables - net	595,717	(916,972)
	(1,156,532)	5,833,007
(Decrease)/Increase in current liabilities:		
Creditors, accrued and other liabilities	(236,522)	(2,249,424)
Retirement and other service benefits obligations	848	2,321
	(1,392,206)	3,585,904

(Amounts in thousand)

32. CASH AND CASH EQUIVALENTS

	2014	2013
	Rupees	
Balances with banks (note 13)	2,701	217,674
Short term running finance (note 19)	(1,961,029)	(882,469)
Short term investments (note 11)	56,000	-
	(1,902,328)	(664,795)

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged during the year in respect of remuneration, including all benefits, to the chief executive, directors and executives of the Company are as follows:

	2014			2013		
	Directors		Executives	Directors		Executives
	Chief Executive	Others		Chief Executive	Others	
	Rupees					
Managerial remuneration	13,737	-	203,254	11,253	-	179,491
Contribution for staff retirement benefits	1,543	-	20,725	1,487	-	15,304
Bonus	8,239	-	32,814	9,994	-	34,602
Other benefits	-	-	1,314	-	-	1,206
Fees	-	2,150	-	-	1,950	-
Total	23,519	2,150	258,107	22,734	1,950	230,603
Number of persons including those who worked part of the year	1	7	79	1	7	71

33.1 The Company also provides Company owned vehicles for the use of Chief Executive and certain executives of the Company.

(Amounts in thousand)

34. FINANCIAL INSTRUMENTS BY CATEGORY

	2014	2013
	Rupees	
Financial assets as per balance sheet		
- Held to maturity		
Short term investments	56,000	-
- Loans and receivables		
Long term deposits	2,491	2,491
Loans, deposits and other receivables	1,601,100	1,536,386
Trade debts	2,192,805	476,333
Balances with banks	2,701	217,674
	3,855,097	2,232,884
Financial liabilities as per balance sheet		
- Financial liabilities measured at amortised cost		
Borrowings	11,133,998	11,874,555
Creditors, accrued and other liabilities	1,148,808	1,441,193
Accrued interest/mark-up	27,149	41,792
Retirement and other service benefit obligations	2,796	1,598
	12,312,751	13,359,138

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

35.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's Finance and Planning department under policies approved by the Board of Directors.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risks exists due to the Company's exposure resulting from outstanding import payments, foreign currency borrowings and related interest payments.

The Company's exposure to currency risk is limited as the fluctuation in foreign exchange rates are recovered through adjustment in tariff as per the Power Purchase Agreement.

(Amounts in thousand)

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from borrowings. These are benchmarked to variable rates which expose the Company to interest rate risk. The Company's exposure to interest rate risk is limited as the unfavourable fluctuation in the interest rates of long term borrowings are recovered through adjustment in tariff as per the Power Purchase Agreement.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The Company's exposure to other price risk is not significant as at December 31, 2014.

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk arises from deposits with banks and financial institutions, trade debts, loans, advances, deposits, bank guarantees and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings or mutual funds which in turn are deposited in financial institutions with high credit ratings. The maximum exposure to credit risk is equal to the carrying amount of financial assets. The Company maintains an internal policy to place funds with commercial banks having a minimum short term credit rating of A1+. The Company accepts bank guarantees of banks of reasonably high credit ratings as approved by the management. Trade debts are secured by a sovereign guarantee from the Government of Pakistan.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	2014	2013
	Rupees	
Short term investments	56,000	-
Trade debts	326,267	151,554
Long term deposits	2,491	2,491
Loans ,deposits and other receivables	883,765	851,878
Balances with banks	2,701	217,674
	1,271,224	1,223,597

The credit quality of receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history, however, no losses incurred. The credit quality of Company's bank balances and short term investments can be assessed with reference to external credit ratings as follows:

Name of bank/ financial institutions	Rating agency	Rating	
		Short term	Long term
Allied Bank Limited	PACRA	A1+	AA+
Burj Bank Limited	JCR-VIS	A1	A
National Bank of Pakistan	JCR-VIS	A1+	AAA
PAIR Investment Company Limited	PACRA	A1+	AA

(Amounts in thousand)

c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

All the financial liabilities of the Company except for long term portion of borrowings are payable in one year form the balance sheet date.

35.2 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for share holders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

The regulatory regime in which the Company operates, renders the value of the equity to a bond given the guaranteed IRR of 15% with an indexation allowed under the Power Purchase Agreement for changes in US $ / PKR exchange rate.

The Company manages its capital structure and make adjustments to it in the light of changes in economic conditions. To manage its capital structure, the Company may issue shares or use dividend policy to influence the retention rate.

The management at all times seeks to earn returns higher than its weighted average cost of capital, by increasing efficiencies in operations, so as to increase profitability.

	2014	2013
	Rupees	
The proportion of debt to equity at the year end was:		
Total borrowings (notes 17 and 19)	11,133,998	11,874,555
Less: Balances with banks (note 13)	2,701	217,674
Net Debt	11,131,297	11,656,881
Total Equity	6,509,319	5,523,309
Total Capital	17,640,616	17,180,190
Gearing ratio	0.63	0.68

35.3 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

36. NUMBER OF EMPLOYEES

	Number of employees		Average number of employees	
	2014	2013	2014	2013
Management employees	70	72	71	72
Non- management employees	42	38	40	36
	112	110	111	108

37. CAPACITY AND PRODUCTION

	2014	2013
	MWh	
Maximum generation possible	1,860,135	1,861,134
Declared capacity billed	1,859,061	1,546,652
Net electrical output	1,721,959	1,333,619

37.1 Output produced by the plant is dependent on the load demanded by NTDC and the plant availability.

38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprises of Engro Corporation Limited, Engro Powergen Limited and their associated undertakings. Related parties also includes directors, retirement benefits funds and key management personnel. Details of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Nature of relationship	Nature of transactions	2014	2013
		Rupees	
Holding Company			
	Purchase of services	62,927	48,294
	Services rendered	72,436	47,360
Associated undertakings			
	Purchase of services	59,596	60,987
	Services rendered	18,214	11,896
Key management personnel			
	Managerial remuneration, including bonus	64,800	41,163
	Retirement benefit schemes	5,205	3,339
	Other benefits	4,363	150
Staff retirement benefits	Contribution	40,596	32,931

(Amounts in thousand)

39. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effects of which are not material.

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 2, 2015 by the Board of Directors of the Company.

Aliuddin Ansari Chairman	Syed Mohammad Ali Chief Executive Officer

our source of information

shareholders' information

notice of the meeting

NOTICE IS HEREBY GIVEN THAT the ninth Annual General Meeting of the Company will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi on Wednesday, March 25, 2015 at 10:00 a.m to transact the following business:

A. Ordinary Business:

(1) To receive and consider the Audited Accounts for the year ended 31st December 2014 and the Directors' and Auditors' Reports thereon;

(2) To appoint Auditors and fix their remuneration;

B. Special Business:

(3) To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that placing of the Company's quarterly accounts on its website instead of transmitting the same to its shareholders by post, be and is hereby approved."

N.B

(1) The share transfer books of the Company will be closed and no transfers of shares will be accepted for registration from Wednesday 11th March, 2015 to Wednesday 25th March, 2015 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO Associates (Pvt) Limited, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S, Shahra-e-Faisal, Karachi PABX Nos. (92-21) 34380101-5 and email info.shares@famco.com by the close of business (5:00 p.m) on Tuesday, 10th March, 2015 will be treated to have been in time for the purpose of attending and voting at the meeting.

(2) A member entitled to attend and vote at this Meeting shall be entitled to appoint another person, as his/ her proxy to attend, speak and vote instead of him/ her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Meeting as are available to a member. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting. A proxy need not be a member of the Company.

Statement Under Section 160 of the Companies Ordinance, 1984

This Statement is annexed to the Notice of the Annual General Meeting of Engro Powergen Qadirpur Limited to be held on Wednesday, March 25, 2015 at which certain Special Business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such Special Business;

Item 3 of the Agenda

The Securities and Exchange Commission of Pakistan vide its circular No.19 dated April 14 , 2004 has allowed listed companies to place their quarterly accounts on their website instead of sending the same to each shareholder by post, subject to fulfillment of a few conditions including seeking of consent of the members.

This will be a convenient and cost effective way for the company to transmit its quarterly accounts and ensures quick and easy access for the members to such accounts of the Company.

By Order of the Board

Karachi,
February 02, 2015

Faryal Mazhar Habib
Company Secretary

key shareholding & shares traded

Information of shareholding required under the reporting framework is as follows:

1. Associated Companies, Undertakings and Related Parties

Shareholder's category	No. of Shares Held
Engro Powergen Ltd	223,049,992

2. Mutual Funds

Shareholder's category	No. of Shares Held
CDC - Trustee PICIC Energy Fund	3,177
CDC - Trustee Pak Strategic Allocation Fund	982
CDC - Trustee PICIC Stock Fund	294
CDC - Trustee PIML Strategic Multi Asset Fund	2,552
Total:	7,005

3. Directors, Chief Executive Officer and their spouses and minor children

Shareholder's category	No. of Shares Held
Aliuddin Ansari	1
Aliya Yusuf	1
Javed Akbar	1
Ruhail Mohammad	114,001
Shabbir Hashmi	1
Shahid Hamid Pracha	1
Syed Mohammad Ali	1
Vaqar Zakaria	1
Total:	114,008

4. Executives — 1,097,001

5. Public sector companies and corporations — -

6. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds — 20,382,402

7. Shareholders holding five percent or more voting rights in the Company

Names of holders	No. of Shares Held
Engro Powergen Ltd.	223,049,992

8. Details of purchase/sale of shares by Directors, their spouses and minor children during 2014.

Name	Date of Purchase / Sale	Shares Purchased	Shares Sold	Rate
Ruhail Mohammad	27-Oct-14	114,000*	-	30.02

*Shares subscribed through participation in that portion of offer for sale transaction which was open for all Engro group employees.

pattern of shareholding

As at December 31, 2014

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
297	1	100	17,293
28,763	101	500	14,266,385
7,905	501	1,000	7,884,323
3,567	1,001	5,000	8,302,433
420	5,001	10,000	3,130,266
109	10,001	15,000	1,337,256
48	15,001	20,000	888,477
33	20,001	25,000	771,382
32	25,001	30,000	898,982
11	30,001	35,000	368,133
13	35,001	40,000	496,000
9	40,001	45,000	393,000
12	45,001	50,000	590,000
5	50,001	55,000	261,755
10	55,001	60,000	578,000
4	60,001	65,000	254,000
4	65,001	70,000	273,500
4	70,001	75,000	296,295
2	75,001	80,000	156,500
1	80,001	85,000	84,247
2	85,001	90,000	176,000
7	95,001	100,000	698,500
2	110,001	115,000	228,000
1	115,001	120,000	117,000
2	120,001	125,000	249,000
1	135,001	140,000	135,100
2	145,001	150,000	300,000
2	165,001	170,000	336,516
2	170,001	175,000	346,500
1	190,001	195,000	192,000
3	195,001	200,000	598,000
1	275,001	280,000	277,000
1	370,001	375,000	375,000
1	385,001	390,000	390,000
1	525,001	530,000	527,552
2	795,001	800,000	1,597,900
1	985,001	990,000	990,000
1	1,365,001	1,370,000	1,369,100
1	1,595,001	1,600,000	1,599,100
1	1,705,001	1,710,000	1,709,407
1	1,795,001	1,800,000	1,800,000
1	1,995,001	2,000,000	2,000,000
1	2,200,001	2,205,000	2,203,706
1	2,500,001	2,505,000	2,502,000
1	3,630,001	3,635,000	3,634,400
1	3,995,001	4,000,000	4,000,000
2	7,570,001	7,575,000	15,150,000
1	15,995,001	16,000,000	16,000,000
1	223,045,001	223,050,000	223,049,992
41,294		TOTAL:=	323,800,000

categories of shareholding

As at December 31, 2014

Shareholders' Category	No. of Shareholders	No. of Shares	Percentage of Holding
Directors, Chief Executive Officer, their spouses and minor children	8	114,008	0.04
Associated companies, undertakings and related parties	1	223,049,992	68.89
Banks, Development Financial Institutions, Non Banking Finance Institutions	4	18,373,722	5.67
Insurance companies	2	2,008,425	0.62
Modarabas and mutual funds	4	7,005	0.00
Shareholders holding 10% or more shares	1	223,049,992	68.89
General Public (Individuals)			
a. Local	41,211	48,716,059	15.04
b. Foreign	-	-	-
Others	63	31,530,789	9.74

shareholder information

Annual General Meeting

The annual shareholders meeting will be held at 10:00 a.m. on March 25, 2015 at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi.

Shareholders as of March 11, 2015 are encouraged to participate and vote.

Any shareholder may appoint a proxy to vote on his or her behalf. Proxies should be filed with the Company at least 48 hours before the meeting time.

CDC Shareholders or their Proxies are requested to bring with them copies of their Computerized National Identity Card or passport along with the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

Ownership

On December 31, 2014 there were 41,294 shareholders on record of the Company's ordinary shares.

Transmission of Annual Reports through E-Mail

The SECP has allowed the circulation of Annual Reports to the members of the Company through email. Therefore, all members of the Company who want to receive a soft copy of the Annual Report are requested to send their email addresses on the consent form to the Company's Share Registrar. The Company shall, however additionally also provide hard copies of the Annual Report to such members, on request, free of cost, within seven days of receipt of such request. The standard consent form for electronic transmission is available at the Company's website www.engropowergen.com.

Alternatively, members can fill up the Electronic Transmission Consent Form in the Annexures section at the end of this report.

Holding of General Meetings through Video Conference Facility

Members can also avail video conference facility in Lahore and Islamabad. If the Company receives consent at least 10 days prior to date of meeting, from members holding in aggregate 10% or more shareholding and residing at either Lahore and/or Islamabad to participate in the meeting through video conference, the Company may arrange video conference facility in that city.

In this regard, please fill up the Request for Video Conferencing Facility Form given in the Annexures section at the end of this report.

E-dividend Mandate (Optional)

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular No. 18 of 2012 dated June 5, 2012, we hereby give you the opportunity to authorise the Company to directly credit in your bank account the cash dividend declared by the Company now and in the future.

Please note that this E-dividend mandate is optional and not compulsory, In case you do not wish your dividend to be directly credited into your bank account then the same shall be paid to you directly.

In case you wish that the cash dividend declared by the Company is directly credited to your bank account instead of issue of dividend warrants to you, then please provide the information mentioned on the form placed on the Company's website www.engropowergen.com and send the same to your brokers or the Central Depository Company Ltd. (in case the shares are held on the CDC) or to our Registrars, FAMCO Associates (Pvt) Ltd., at their address mentioned below (in case the shares are held in paper certificate form).

Quarterly Results

The Company issues quarterly financial statements. The planned dates for release of the quarterly results in 2015 are:

- 1st quarter: April 21, 2015
- 2nd quarter: July 28, 2015
- 3rd quarter: October 16, 2015

The Company holds quarterly briefings with security analysts to discuss the results and the business environment. These sessions are planned to be held on:

- 1st quarter: April 22, 2015
- 2nd quarter: July 29, 2015
- 3rd quarter: October 19, 2015

All annual/quarterly reports and presentations from quarterly briefings are regularly posted at the Company's website: www.engropowergen.com

The Company reserves the right to change any of the above dates.

Change of Address

All registered shareholders should send information on changes of address to:

M/s. FAMCO Associates (Private) Limited
8-F, Next to Hotel Faran Nursery,
Block-6 P.E.C.H.S. Shahra-e-Faisal
Karachi-74000
Telephone: +92 (21) 34380101 - 5
Fax: +92 (21) 34380106

EPQL calendar 2015

	Dates
EPQL Board Meeting	2nd February
EPQL Annual General Meeting	25th March
EPQL Board Audit Committee Meeting	14th April
EPQL Board Meeting	21st April
EPQL Board Audit Committee Meeting	27th July
EPQL Board Meeting	28th July
EPQL Board Audit Committee Meeting	15th October
EPQL Board Meeting	16th October
EPQL Board Meeting	16th November

annexures

glossary

BTU	British Thermal Unit	IPP	Independent Power Producer
CCG	Code of Corporate Governance	IRC	Indus Resource Center
CDC	Central Depository Company	ISE	Islamabad Stock Exchange
CEO	Chief Executive Officer	KSE	Karachi Stock Exchange
CFO	Chief Financial Officer	LWI	Lost Workday Injury
COD	Commercial Operations Date	MANCOM	Management Committee
COED	Committee for Organizational and Employee Development	MMCFD	Million Cubic Feet per Day
		MWh	Mega Watt hour
DAE	Diploma in Associated Engineering	NBFI	Non-Banking Finance Institutions
DB	Defined Benefit	NCCPL	National Clearing Company of Pakistan Limited
DC	Defined Contribution	NEO	Net Electrical Output
DFI	Development Finance Institutions	NEPRA	National Electric Power Regulatory Authority
DSC	Defence Saving Certificates	NTDC	National Transmission and Dispatch Company
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	OHIH	Occupational Health and Industrial Hygiene
		PEPCO	Pakistan Electric Power Company
ECL	Engro Corporation Limited	PIB	Pakistan Investment Bonds
EPA	Environmental Protection Agency	PICG	Pakistan Institute of Corporate Governance
EPL	Engro Powergen Limited	PPA	Power Purchase Agreement
EPQL	Engro Powergen Qadirpur Limited	PPAF	Pakistan Poverty Alleviation Fund
GSA	Gas Supply Agreement	PPIB	Private Power Infrastructure Board
GWh	Giga Watt hour	RIC	Regular Income Certificates
HRSG	Heat Recovery Steam Generator	SECP	Securities & Exchange Commission
HSD	High Speed Diesel	SEPA	Sindh Environmental Protection Agency
HSE	Health Safety & Environment	SNGPL	Sui Northern Gas Pipelines Limited
IA	Implementation Agreement	SSC	Special Saving Certificates
ICAP	Institute of Chartered Accountants of Pakistan	TFC	Term Finance Certificate
IFAC	International Federation of Accountants	TRIR	Total Recordable Injury Rate
IFC	International Finance Corporation	TTC	Technical Training College
IPO	Initial Public Offering	WWF	Word Wide Fund for Nature

proxy form

I/We ____

of ______________________________ being a member of ENGRO POWERGEN QADIRPUR LIMITED and holder of ______________________________
(Number of Shares)

Ordinary shares as per share Register Folio No. ____________________ and/or CDC Participant I.D. No. ________________ and Sub Account No. ______________, hereby appoint ________________ of ________________ or failing him ______________________________ of ______________________________

as my proxy to vote for me and on my behalf at the annual general meeting of the Company to be held on the 25th day of March , 2015 and at any adjournment thereof.

Signed this ____________ day of ________ 2015.

WITNESSES:

1) Signature : ____________________
Name : ____________________
Address : ____________________
____
CNIC or : ____________________
Passport No.: ____________________
____

2) Signature : ____________________
Name : ____________________
Address : ____________________
____
CNIC or : ____________________
Passport No.: ____________________
____

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

Note:

Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A Proxy need not be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

electronic transmission consent form

The Securities & Exchange Commission of Pakistan through SRO 787(I)/2014 of September 8, 2014 allowed the Company to circulate its annual balance sheet and profit & loss accounts, auditor's report and directors' report etc. (Audited Financial Statements) along with the Company's Notice of Annual General Meeting to its shareholders through email. Those shareholders who wish to receive the Company's Annual Report through email are requested to complete the requisite form below.

CDC shareholders are requested to submit their Electronic Transmission Consent Form along with their CNIC directly to their broker (participant)/CDC; while shareholders having physical shares are to send the forms and a copy of their CNIC to the Company's Registrar, FAMCO Associates (Pvt) Limited, 8-F, Block 6, P.E.C.H.S, next to Hotel Faran, Nursery, Shahrah-e-Faisal, Karachi.

Electronic Transmission Consent Form

Pursuant to the directions given by the Securities & Exchange Commission of Pakistan through its SRO 787(I)/2014 of September 8, 2014, I Mr. /Ms. ______________________________________ S/o, D/o, W/o ______________________________________ hereby consent to have the Engro Powergen Qadirpur Limited's Audited Financial Statements and Notice of Annual General Meeting delivered to me via email on my email address provided below:

Name of Member/Shareholder	
Folio/CDC Account Number	
CNIC	
Email Address	

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of the Meeting.

______________________________ Date: ______________________

Signature of Member/Shareholder

request for video conferencing facility form

Members can also avail video conference facility in Lahore and Islamabad. If the Company receives consent at least 10 days prior to date of meeting, from members holding in aggregate 10% or more shareholding and residing at either Lahore and/or Islamabad to participate in the meeting through video conference, the company may arrange video conference facility in that city.

In this regard please fill up the following form and submit it to registered address of the Company 10 days before holding of the annual general meeting.

I/We, ______________________________ of ______________________________ being a member of Engro Powergen Qadirpur Ltd., holder of ___________________________ Ordinary Share(s) as per Register Folio No/CDC A/c No.___________________________ hereby opt for video conference facility at ______________________.

____

Signature of Member/Shareholder

Date: ______________________

Head Office: 4th Floor, The Harbour Front Building,
HC-3, Marine Drive, Block 4, Scheme-5, Clifton,
Karachi-75600, Pakistan.
UAN: +111-211-211 **PABX:** +92-21-35297501-10
Fax: +92-21-35296018
Website: www.engropowergen.com