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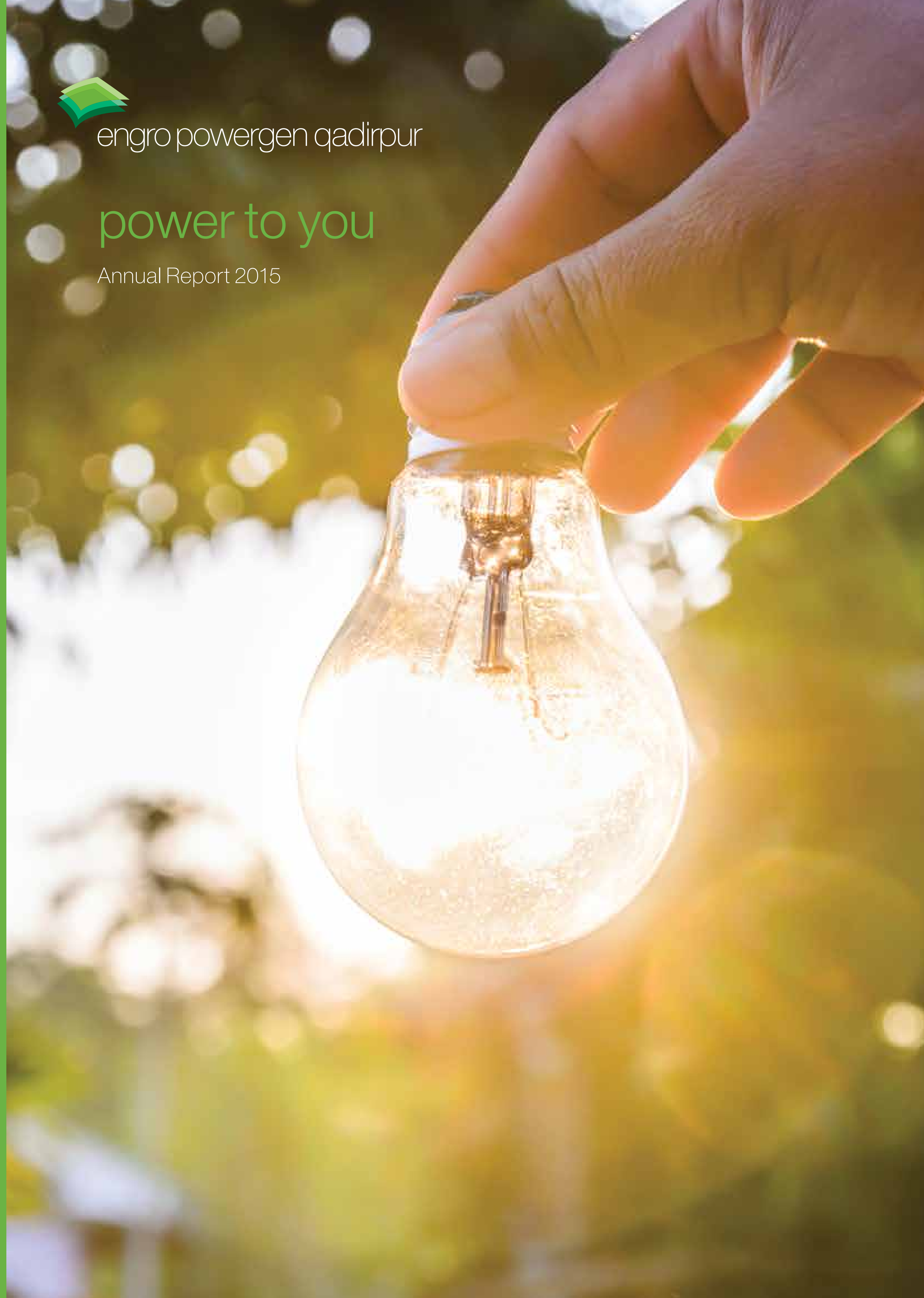
Website: www.engropowergen.com

DCIP|THE D'HAMIDI PARTNERSHIP:DESIGN

engro powergen qadirpur

power to you

Annual Report 2015



about the cover

This year's theme focuses on EPQL's continuing efforts to bring energy prosperity across the Country — highlighting and underscoring our resolve to alleviate Pakistan's energy crisis as well as energy security concerns so that we may contribute to creating more opportunities in the economy, more overall prosperity, for more stakeholders. With the right ideas in place, we bring 'Power to you'.

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power to empower

company information

Board of Directors

Khalid Siraj Subhani - Chairman
Jahangir Piracha – Chief Executive Officer
Aliya Yusuf
Javed Akbar
Ruhail Mohammad
Shabbir Hashmi
Shahid Hamid Pracha
Vaqar Zakaria

Company Secretary

Faryal Mazhar Habib

Chief Financial Officer

Farooq Barkat Ali

Corporate Audit Manager

Jaseem Ahmed Khan

Bankers / Development Finance Institution (DFI)

Allied Bank Ltd.
Bank Alfalah Ltd.
Bank Al-Habib Ltd.
Burj Bank Ltd.
Faysal Bank Ltd.
Habibsons Bank Ltd. London
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, Sindh

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) 34380101-05
Fax: +92(21) 34380106

our history

The project team's diligence & perseverance was finally rewarded when construction on a 217 MW combined cycle power plant was started in 2008.

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.

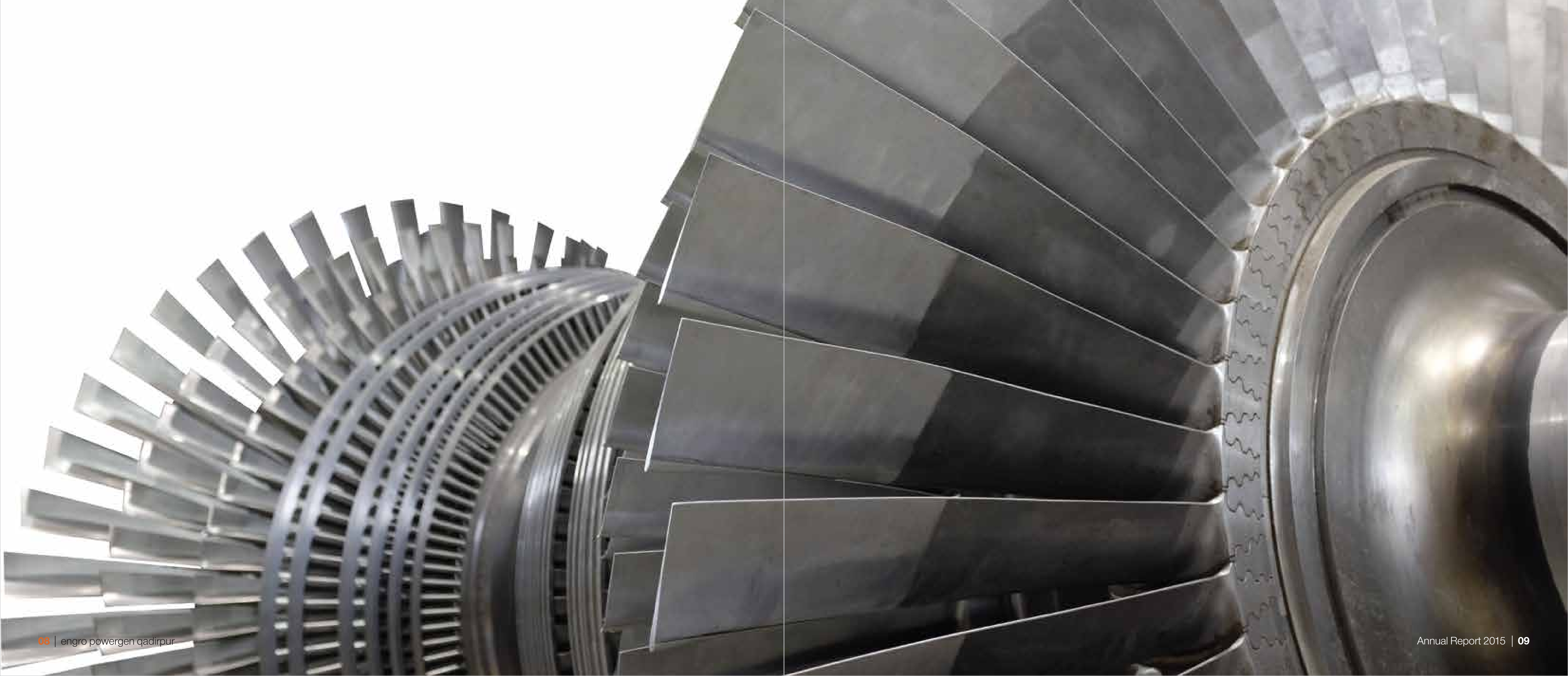
The Plant has a huge social impact as it helps provide non-stop electricity supply to areas that face severe load shedding; and employment to the locals.

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 2015

Maintain highest workplace safety standards

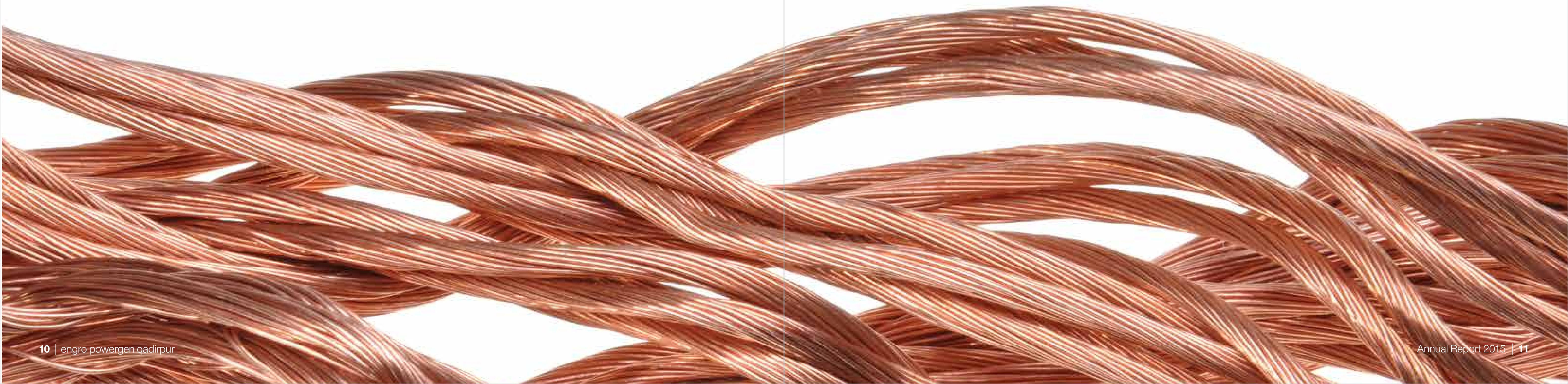
Continue with our commitment towards education, health and infrastructure in areas in which we operate

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

Explore options on alternate sources of fuel supply for future needs

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)

April & May 2015
Successfully carried out first major inspection activity conducted after every six years of Plant operations

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.

power to progress

Corporate Governance

board of directors

Left to Right

Ruhail Mohammad, Aliya Yusuf, Jahangir Piracha, Shahid Hamid Pracha
Khalid Siraj Subhani, Shabbir Hashmi, Javed Akbar, Vaqar Zakaria

directors' profiles

Khalid Siraj Subhani
Chairman

Khalid S. Subhani is the President of Engro Corporation Limited since 2015.

He is the Chairman of the Board of Engro Fertilizers Limited., Engro Eximp (Private) Limited, Engro Eximp AgriProducts (Private) Limited, Engro Polymer & Chemicals Limited, Engro Polymer Trading (Private) Limited, Engro Powergen Limited, Engro Powergen Qadirpur Limited, Engro Vopak Terminal Limited, Engro Elengy Terminal (Private) Limited, Elengy Terminal Pakistan Limited and Thar Power Company Ltd. He has also served as Chairman of the Board of Avanceon in the past. He is also a Director on the Boards of Engro Corporation Limited, Engro Foods Limited, Sindh Engro Coal Mining Company Limited, Hub Power Company Limited and Laraib Energy Limited.

Khalid began his career in the Manufacturing Division at Exxon Chemical Pakistan Limited in 1983 and has held a variety of leadership roles within the Company, including long term assignment with Esso Chemical Canada. He has served as Manager for New Projects, General Manager for Operations, Vice President for Manufacturing, Senior Vice President for Manufacturing and New Ventures and as President & Chief Executive Officer for Engro Fertilizers Limited. He is a member of the Pakistan Engineering Council, Business Advisory Council of the Society for Human Resource Management (SHRM) Forum Pakistan, Academic Council of Institute of Business Administration – Sukkur, Faculty Selection Board of Institute of Business Administration – Sukkur, and Standing Committee on Environment of Federation of Pakistan Chambers of Commerce & Industry.

He graduated from NED University of Engineering and Technology, Pakistan with a degree in Chemical Engineering and has completed programs on advance management from MIT and Hass School of Business Management, University of Berkeley, USA. He joined the EPQL Board in 2015.

Jahangir Piracha
Chief Executive Officer

Jahangir Piracha is currently working as Chief Executive Officer- EPQL. Prior to this he was Vice President - Manufacturing at Engro Polymer & Chemicals Ltd. He has previously worked as General Manager Human Resource & Corporate Services, also with the same company.

His previous assignments with Engro were, as the Production Manager and HSE Manager at Engro Fertilizer Limited. Prior to joining Engro, he has worked for ICI Pakistan Ltd.

Jahangir has 25 years of corporate experience in functions like Manufacturing, Human Resource and Procurement. He received his bachelors' degree in Chemical Engineering from the University of Engineering and Technology, Lahore, Pakistan. He joined the EPQL Board in 2015.

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 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

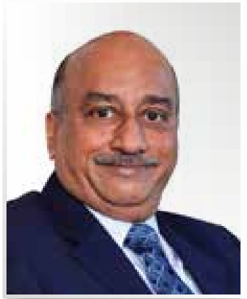
Javed Akbar has undergraduate and post-graduate qualification in Chemical Engineering from the United Kingdom, and has over 40 years of experience in fertilizer and chemical business with Exxon, Engro and Vopak. He has managed Exxon and Engro fertilizers plants and their expansions in Pakistan, worked 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 Engro Fertilizers Limited, Engro Powergen Limited, Engro Powergen Qadirpur Limited, Engro Vopak Terminal Limited, Byco Petroleum Pakistan Limited, Byco Oil Pakistan Limited, Byco Terminals Pakistan 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

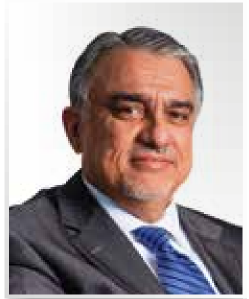
Ruhail Mohammed is currently the Chief Executive Officer of Engro Fertilizers Limited. Prior to his current position, he was the Chief Financial Officer of Engro Corporation Limited and also the Chief Executive Officer of Engro Powergen Limited. He holds an MBA degree in Finance from the Institute of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

Ruhail has over 30 years of experience in General Management, Change Management, Business Development, Strategy & Financial Planning and People Development. He has worked in these areas in Pakistan, UAE and Europe. He is on the Board of various Engro companies. In addition, he is also on the Boards of Hub Power Company Limited and Pakhtunkhwa Energy Development Organization. He joined the EPQL Board in 2006.



Shabbir Hashmi
Director

Shabbir Hashmi has more than 30 years of project finance and private equity experience. At Actis Capital, one of the largest private equity investors in the emerging market, he had led the Pakistan operations. Prior to Actis, he was responsible for a large regional portfolio of CDC Group Plc for Pakistan and Bangladesh. He also had a long stint with USAID and later briefly with the World Bank in Pakistan, specializing in planning and development of energy sector of the country. In the past, he has held more than 24 board directorships as a nominee of CDC/Actis and 11 directorships as an independent director. Currently, he is serving as an independent director on the Boards of UBL Fund Managers, Engro Fertilizers Limited, Engro Powergen Qadirpur Limited and LMKR Holdings. He is also on the board of governors of The Help Care Society which is operating K-12 schools in Lahore for underprivileged children. He is an engineer from Dawood College of Engineering & Technology, Pakistan and holds an MBA from J.F. Kennedy University, USA. He joined the EPQL Board in 2010.



Shahid Hamid Pracha
Director

Shahid Hamid Pracha chairs the Boards of Dawood Lawrencepur Limited, Tenaga Generasi Limited, Reon Limited and Sach International (Pvt) Limited. In addition to Engro Fertilizers Limited, he is a director of Engro Powergen Limited and Engro Powergen Qadirpur Limited. He has been associated with the Dawood Hercules Group since 2007 and formerly served on the Engro Corporation Limited and Hub Power Company Limited boards. He retired as Chief Executive of Dawood Hercules Corporation in October 2014 after previously working as the CEO of The Dawood Foundation, the philanthropic arm of the 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 and 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 reports to the Board.

The committee met five times during 2015.

Committee Members
Aliya Yusuf – Chairperson
Shabbir Hashmi – Member
Shahid Hamid Pracha – Member

The Secretary of the committee is Jaseem Ahmed Khan.

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, employees development plans, executive appraisals and succession planning.

The committee met twice physically and once on circulation during 2015.

Committee Members
Khalid Siraj Subhani – Chairman
Aliya Yusuf – Member
Vaqar Zakaria – Member
Jahangir Piracha – By invitation
Shamsuddin A. Shaikh – By invitation

The Secretary of the committee is Sarah Aziz.

functional committees

These committees act at the operational level in an advisory capacity to the Chief Executive Officer, providing recommendations relating to businesses 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
Jahangir Piracha – Chairman
Farooq Barkat Ali – Member
Syed Shahzad Nabi – Member

The Secretary of MANCOM is Farooq Nazim Shah

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 all employee related matters.

Committee Members
Jahangir Piracha – Chairman
Farooq Barkat Ali – Member
Syed Shahzad Nabi – Member

The Secretary of the committee is Sarah Aziz.

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

EPQL 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, 2015 the Board comprises of one executive Director, four independent Directors, three non-executive Directors of whom two are executives in other Engro companies, who have the collective responsibility for ensuring that the affairs of EPQL are managed competently and with integrity.

A non-executive Director, Khalid Siraj Subhani, chairs the Board and the Chief Executive Officer is Jahangir Piracha . 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 full Board met five 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.

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 the Regulations of Pakistan Stock Exchange (formerly Karachi Stock Exchange, in which the Lahore and Islamabad stock exchanges have merged) 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, 2015 the Board included the following members:

Category	Name
Independent Directors	Aliya Yusuf Javed Akbar Shabbir Hashmi Vaqar Zakaria
Executive Director / CEO	Jahangir Piracha
Non-Executive Directors	Khalid Siraj Subhani 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, Khalid Siraj Subhani 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. Two casual vacancies occurred on the Board during the year which were filled up within 90 days.

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 to chair the meeting. 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, except for meetings held on short notice to discuss urgent matters. The minutes of the meetings were appropriately recorded and circulated.

9. Six directors have attended the directors training program conducted by the Pakistan Institute of Corporate Governance (PICG). One of the directors is exempted from taking the directors training program and the remaining one director is scheduled to attend the training program in the ensuing year.

10. The Board has approved appointment of the CFO, Company Secretary and Head of Internal Audit, including their 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 is an independent director.

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 three members, of whom two are independent directors and one is a non-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.

Khalid Siraj Subhani
Chairman

Jahangir Piracha
Chief Executive Officer

power to elevate

CEO's message

I strongly believe that we have the required expertise to leverage our position as a profitable power generation and solutions provider to make a difference and create sustained value for Pakistan at large.

The sustained profitability of any organization is intricately linked to the prosperity of its wider surroundings; and this purpose-inspired strategy, to fuel inclusive growth for a broader community at large and that of the nation, is what drives us at EPQL. We are cognizant of our role in the energy sector of the Country and to this end work to create unique and environmentally viable solutions to alleviate the nation's energy crunch.

Building on our long term growth strategy, the year 2015 was no different in terms of our sustainable performance. During the year our revenue increased by 11% versus last year mainly on account of retrospective billing of Gas Infrastructure Development Cess (GIDC) pertaining to prior years. Our Plant facility continued with its tradition of strong operational performance by demonstrating a billable availability factor of 99.7% vs 99.9% last year. However, due to lower demand owing to grid issues at power purchaser's end and a higher planned outage for Major Inspection activity which is due to be carried out after every six years of Plant operations, the net profit for the year stood at PKR 1,798 million compared to PKR 2,021 million in 2014. Resultantly our earnings per share for 2015 were PKR 5.55 as compared to PKR 6.24 last year.

With a clear focus on ensuring safety of our systems, employees and the environment at large, we conducted our first major inspection activity during which more than 500 laborers worked round the clock to bring the Plant back online well before schedule. We held true to our commitment to Safety by completing 0.98 million safe man-hours during the year without any Lost Workday Injury (LWI) and maintaining a Total Recordable Injury Rate (TRIR) of zero.

I believe that if we are to remain committed to our purpose of delivering impact at the national level then we must continue to evolve as an organization. To this end in 2015, we enhanced our focus on employee development and a series of initiatives – including increased trainings, personal development, safety and other employee support programs – were launched under the "We Care" platform.

Throughout the year we continued to care for the communities that host us and initiated various programs that increased livelihoods opportunities for the local residents whilst also enhancing the outreach of our educational and health programs.

As we forge ahead, I am resolute in my belief that we are critically positioned to provide solutions for the Country's growing energy needs. According to official National Transmission & Dispatch Company (NTDC) estimates, the demand-supply deficit currently stands at around 5,000 MWs at peak demand levels where as peak energy demand is expected to surpass 28,000 MWs by end 2020. Given this scenario, I strongly believe that we have the required expertise to leverage our position as a profitable power generation and solutions provider to make a difference and create sustained value for Pakistan at large.

Jahangir Piracha
Chief Executive Officer

operational highlights

11%
Increase in Revenue from last year

4.7 mn
Man-hours without LWI from COD to Dec 31, 2015

1,424 gwh
Net Electrical Output (NEO) produced in 2015

99.7%
Billable Availability Factor 2015

76.7%
Load Factor 2015

1st
Major Inspection activity successfully conducted

key figures

(Amounts in Rupees)

	2015	2014
Sales Revenue	13,354 m	12,041 m
Gross Profit	2,465 m	2,702 m
Profit after Tax	1,798 m	2,021 m
Total Assets	19,552 m	19,029 m
Total Equity	7,489 m	6,509 m
EBITDA	2,963 m	3,308 m
Capex	290 m	192 m
Cash flow from Operations	2,862 m	1,849 m
Earnings per Share	5.55	6.24

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, 2015.

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 EPQL 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 Stock Exchanges

The Company is a subsidiary of Engro Powergen Limited (EPL) which has a majority shareholding of ~69% in the Company. The Company was listed on the Karachi Stock Exchange (KSE) and Islamabad Stock Exchange (ISE) on October 27, 2014 and December 29, 2014 respectively; now Pakistan Stock Exchange (PSX).

Market Review*

The power sector of Pakistan is primarily operated through the National Transmission and Despatch Company (NTDC) which is responsible for electricity distribution across Pakistan except for Karachi (and its surrounding areas) which is supplied by K-Electric Limited. 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 44%; followed by the industrial sector 27%, agriculture 11% and the commercial sector 6% respectively.

Pakistan faces chronic electricity shortage due to demand growth, limited addition in generation capacity, high transmission & dispatch losses and the persistent issue of circular debt. The current demand-supply deficit is around 5,000 MW at peak demand levels. The Government of Pakistan (GoP) is undertaking various initiatives to resolve the power crisis in the Country. Liquefied Natural Gas (LNG) and coal based power generating projects are among some of the initiatives being undertaken by GoP.

~40%

Electricity generation by Independent Power Producers

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 had been expensive generation mix and high transmission & distribution losses. While the GoP, in an effort to alleviate the severe liquidity constraints of IPPs, has taken steps to reduce the principal overdue amounts due to IPPs, there has been no improvement in the settlement of outstanding interest despite several commitments. Also the buildup of circular debt during the year was slowed down due to the unprecedented fall in global oil prices which gave much needed breathing space to oil based IPPs. We foresee circular debt to remain a challenge for the federal government and the energy sector in the future unless concrete policy measures are taken to address the underlying causes.

Operational Overview

The Company demonstrated a billable availability factor of 99.7% in 2015 compared to 99.9% last year. It dispatched a total net electrical output of 1,424 GWh to the National Grid demonstrating a load factor of 76.7% compared to 92.6% last year. The decrease in load factor this year was primarily on account of a planned major inspection activity carried out in April/May 2015. This maintenance activity is carried out after every 6 years of Plant operations. The Plant also conducted planned outages in 2H of 2015 on account of annual turnaround of Qadirpur gas processing facility and other maintenance activities. All these planned outages were billable to the power purchaser under the PPA and were completed well within the allocated time allowing the Plant to come back online well before schedule.

* Source: NEPRA State of Industry Report 2014

99.7%

Billable availability factor in 2015

Financial Review

Sales revenue for the year 2015 was PKR 13,354 million compared to PKR 12,041 million last year. The increase in sales revenue is mainly on account of retrospective billing of Gas Infrastructure Development Cess (GIDC) pertaining to 2013 and 2014. Gross profit for the year was PKR 2,465 million against PKR 2,702 million last year. The decline in gross profit is attributed to higher planned outages and lower demand due to grid issues this year. Other income this year was recorded at PKR 7 million compared to PKR 154 million in 2014. Last year's other income mainly represents reimbursement for procurement of new rotor through insurance coverage.

Improvement in working capital position, lower running finance costs and timely payments to the fuel supplier helped to reduce financing cost this year which stood at PKR 442 million compared to PKR 579 million last year. During the year, two senior lenders' installments aggregating US$ 17.5 million (principal repayment US$ 14.5 million) were paid. As a result, the total foreign loan now stands at US$ 77 million against US$ 92 million as on December 31, 2014.

Overdue from NTDC stood at PKR 1,692 million as on December 31, 2015 vs PKR 1,210 million as on December 31, 2014. Similarly, overdue amount payable to SNGPL on December 31, 2015 was PKR 583 million vs PKR 232 million in 2014.

The Company earned a net profit of PKR 1,798 million for 2015 as compared to PKR 2,021 million last year. Earnings per share are of PKR 5.55 for 2015 as compared to PKR 6.24 last year.

PKR 5.55

Earnings per share in 2015

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. Due to the unique nature of fuel supply, the Company faces a 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 High Speed Diesel (HSD). Further, under the terms of the Implementation Agreement (IA), the GoP is obligated to reimburse the Company for fuel conversion costs and subsequent operations on alternate fuel as a gas depletion mitigation option. Subsequently, the Company has commenced work on finding a long term alternate fuel 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. Technical Training College (TTC) Daharki, an independent concern which Engro helped establish, is pivotal to Company's skills development program. TTC offers three 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 157 students were inducted in the DAE program, taking total strength of TTC to more than 380 students. EPQL also continued its yearly scholarship program for deserving students.

Under the Company's education program, three co-education primary schools are being supported in three villages in Qadirpur. These are the only operational schools in the area, and educate over 500 children each year. This year Engro partnered with the Indus Resource Centre (IRC) to enhance the quality of the schools and their operational capabilities. Teachers training programs were initiated with the support from IRC to help enhance the quality of education imparted. EPQL is also working on a middle school project at Rasheed Arain village for the children of its adopted primary schools.

As part of improving health of the people in the communities residing in the Qadirpur area, the Company operates a mobile clinic in nearby villages. This mobile clinic treated more than 3,000 patients in 2015. The Company continued to partner with Al-Shifa Eye Trust for its annual eye camp activity conducted in Ghotki District where more than a thousand patients received treatment. EPQL also worked hand in hand with the district administration to provide support for the Polio Drive and Flood relief efforts throughout the year. EPQL also extended support to Sindh Rangers on their Hospital project in Sukkur.

3,000+

Patients treated at mobile clinic

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 growth. Recognizing that our people make all the difference, we strive to consistently attract, hire and retain the best talent that can help us sustain our competitive edge and continue our legacy of excellence. This year the Company led the Graduate Trainee Engineer and Internship program for the entire Engro group where we benchmarked with world class standards. The Company 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 to solve modern day business challenges. Employees remained the key factor of success of our Company. During 2015, policies were revamped to focus on development and wellbeing of our employees through "We Care" initiatives.

Health, Safety & Environment

2015 was a challenging year for the Company in terms of maintaining its Health, Safety and Environmental standards as the Company conducted its first major inspection activity. More than 500 laborers worked round the clock for more than a month during the major activity while maintaining zero Total Recordable Injury Rate (TRIR).

All HSE systems and processes – including DuPont Safety standards were regularly assessed and audited. A detailed study of Process Hazard Analysis (PHA) for all major processes was carried out by an experienced multidisciplinary team. The Company upheld its utmost commitment to safety by completing 0.98 million man-hours in 2015 without any Lost Workday Injury (LWI) raising the count to 4.67 million man-hours without any LWI from Commercial Operations Date (COD) to year end 2015.

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.

0

Total Recordable Injury Rate (TRIR)

Near Term Outlook

The Company's Plant at Qadirpur would continue to receive uninterrupted supply of permeate gas in 2016. The recent changes in global crude oil price scenario has impacted NTDC's merit order. However, gas based power plants would continue to be ranked higher on account of their higher efficiencies and relatively lower input costs. Furthermore, we expect the current issues in grid capacity to be resolved on priority basis thus resulting in higher dispatch from the power purchaser.

Despite improvement in payments to IPPs during 2015, the GoP has not been able to settle outstanding interest dues of IPPs which is a major component of circular debt in the energy sector. We believe that 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.

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, 2015 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, 2016.

Dividend

During the year, the Company announced two interim dividends of PKR 1.50 per share on April 21, 2015 and PKR 1.00 per share August 7, 2015. The Company also announced a final dividend for the year ended 2015 of PKR 1.00 per share on February 3, 2016; thus taking the total dividend payout for 2015 at PKR 3.50 per share.

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 EPQL. 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, 2015 and the financial statements have been audited up to December 31, 2014. In case of Engro Corporation provident fund and Engro Corporation gratuity funds, audited accounts are available for June 30, 2015 and December 31, 2014 respectively.

	Engro Corporation Provident Fund[1] (Rs. in million)	Engro Corporation Gratuity Funds[1] (Rs. in million)	EPQL DB Gratuity Fund (Rs. in million)
Audited upto	30-Jun-15	31-Dec-14	31-Dec-14
Net assets as per last audited financial statements	3,064	1,032	8
National Savings Scheme	223	296	-
Government Securities	1,045	507	-
Listed Securities	1,165	203	-
Balance with Banks	304	17	6
Receivables	425	48	3
Payables	(98)	(39)	(1)
Total	3,064	1,032	8

[1] *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 program conducted by the Pakistan Institute of Corporate Governance (PICG). One of the directors is exempted from taking the directors training program and the remaining one director is scheduled to attend the training program in the ensuing year.

Board Meetings and Attendance

In 2015, the Board of Directors held 5 meetings. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended
Aliuddin Ansari[1]	2
Khalid Siraj Subhani[2]	3
Aliya Yusuf	4
Jahangir Piracha[3]	2
Javed Akbar	5
Ruhail Mohammad	4
Shabbir Hashmi	5
Shahid Hamid Pracha	5
Syed Mohammad Ali[4]	3
Vaqar Zakaria	5

[1] resigned from the Board of Directors on May 11, 2015
[2] appointed to the Board of Directors on June 24, 2015
[3] appointed to the Board of Directors on September 1, 2015
[4] resigned from the Board of Directors on September 1, 2015

In 2015, the Board of Audit Committee held 5 meetings. The attendance record of the Directors is as follows:

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

In 2015, the Board Compensation Committee held 2 meetings. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended
Aliuddin Ansari	1
Khalid Siraj Subhani	1
Aliya Yusuf	2
Vaqar Zakaria	2

Khalid Siraj Subhani
Chairman

Jahangir Piracha
Chief Executive Officer

horizontal analysis

Balance Sheet

(Amounts in thousand)	2015 Rs.	15 Vs. 14 %	2014 Rs.	14 Vs. 13 %	2013 Rs.	13 Vs. 12 %	2012 Rs.	12 Vs. 11 %	2011 Rs.
EQUITY AND LIABILITIES									
EQUITY									
Share capital	3,238,000	-	3,238,000	-	3,238,000	-	3,238,000	0	3,236,000
Share premium	80,777	-	80,777	-	80,777	-	80,777	2	79,120
Maintenance reserve	227,182	-	227,182	-	227,182	-	227,182	9	207,975
Hedging reserve	(58,750)	17	(50,109)	100	-	-	-	-	-
Unappropriated profit	4,001,084	33	3,013,096	52	1,976,627	(38)	3,212,299	103	1,584,037
Remeasurement of retirement benefit obligation - actuarial gain	477	28	373	(48)	723	100	-	-	-
Employee share option compensation reserve	-	-	-	-	-	-	-	(100)	2,381
Total equity	7,488,770	15	6,509,319	18	5,523,309	(18)	6,758,258	32	5,109,513
NON-CURRENT LIABILITY									
Borrowings	6,394,878	(17)	7,713,518	(20)	9,586,454	(5)	10,133,340	(3)	10,463,697
CURRENT LIABILITIES									
Creditors, accrued and other liabilities	1,844,183	36	1,355,368	(15)	1,591,890	(59)	3,841,314	297	966,770
Accrued interest / mark up	35,165	30	27,149	(35)	41,792	(44)	74,990	(15)	88,130
Current portion of long term borrowing	1,650,776	13	1,459,451	4	1,405,632	18	1,194,923	17	1,017,798
Short-term borrowings	2,136,842	9	1,961,029	122	882,469	(63)	2,362,476	(20)	2,963,504
Retirement and other service benefits obligation	1,005	(64)	2,796	75	1,598	100	-	(100)	1,846
Total current liabilities	5,667,971	18	4,805,793	22	3,923,381	(48)	7,473,703	48	5,038,048
TOTAL EQUITY AND LIABILITIES	19,551,619	3	19,028,630	(0)	19,033,144	(22)	24,365,301	18	20,611,258
ASSETS									
NON-CURRENT ASSETS									
Property, plant and equipment	14,078,859	(1)	14,217,020	(7)	15,233,998	3	14,860,750	3	14,445,804
Intangible assets	83,381	2	81,585	(3)	83,967	(10)	93,098	(11)	104,540
Long term deposits	2,491	-	2,491	-	2,491	-	2,491	-	2,491
Long term loans and advances	34,674	23	28,214	67	16,941	29	13,153	23	10,699
Total non-current assets	14,199,405	(1)	14,329,310	(7)	15,337,397	2	14,969,492	3	14,563,534
CURRENT ASSETS									
Inventories	382,085	(0)	383,460	5	366,431	(2)	375,073	(12)	424,240
Stores and spares	444,174	15	386,426	5	367,678	29	285,222	6	268,247
Trade debts	2,760,311	26	2,192,805	485	476,333	(95)	7,300,126	64	4,442,256
Short term investments	50,000	(11)	56,000	100	-	-	-	-	-
Loans, advances, deposits, prepayments and other receivables	1,646,424	1	1,628,013	(27)	2,223,730	70	1,306,758	118	600,539
Taxes recoverable	55,067	10	49,915	14	43,901	54	28,430	17	24,251
Others	-	-	-	-	-	-	-	(100)	986
Balances with banks	14,153	424	2,701	(99)	217,674	117	100,200	(65)	287,205
Total current assets	5,352,214	14	4,699,320	27	3,695,747	(61)	9,395,809	55	6,047,724
TOTAL ASSETS	19,551,619	3	19,028,630	(0)	19,033,144	(22)	24,365,301	18	20,611,258

vertical analysis

balance sheet

(Amounts in thousand)	2015		2014		2013		2012		2011	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
EQUITY AND LIABILITIES										
EQUITY										
Share capital	3,238,000	17	3,238,000	17	3,238,000	17	3,238,000	13	3,236,000	16
Share premium	80,777	0	80,777	0	80,777	0	80,777	0	79,120	0
Maintenance reserve	227,182	1	227,182	1	227,182	1	227,182	1	207,975	1
Hedging reserve	(58,750)	(0)	(50,109)	(0)	-	-	-	-	-	-
Unappropriated profit	4,001,084	20	3,013,096	16	1,976,627	10	3,212,299	13	1,584,037	8
Remeasurement of retirement benefit obligation - actuarial gain	477	0	373	0	723	0	-	-	-	-
Employee share option compensation reserve	-	-	-	-	-	-	-	-	2,381	0
Total equity	7,488,770	38	6,509,319	34	5,523,309	29	6,758,258	27	5,109,513	25
NON-CURRENT LIABILITY										
Borrowings	6,394,878	33	7,713,518	41	9,586,454	50	10,133,340	42	10,463,697	51
CURRENT LIABILITIES										
Creditors, accrued and other liabilities	1,844,183	9	1,355,368	7	1,591,890	8	3,841,314	16	966,770	5
Accrued interest / mark up	35,165	0	27,149	0	41,792	0	74,990	0	88,130	0
Current portion of long term borrowing	1,650,776	8	1,459,451	8	1,405,632	7	1,194,923	5	1,017,798	5
Short-term borrowings	2,136,842	11	1,961,029	10	882,469	5	2,362,476	10	2,963,504	14
Retirement and other service benefits obligation	1,005	0	2,796	0	1,598	0	-	-	1,846	0
Total current liabilities	5,667,971	29	4,805,793	25	3,923,381	21	7,473,703	31	5,038,048	24
TOTAL EQUITY AND LIABILITIES	19,551,619	100	19,028,630	100	19,033,144	100	24,365,301	100	20,611,258	100
ASSETS										
NON-CURRENT ASSETS										
Property, plant and equipment	14,078,859	72	14,217,020	75	15,233,998	80	14,860,750	61	14,445,804	70
Intangible assets	83,381	0	81,585	0	83,967	0	93,098	0	104,540	1
Long term deposits	2,491	0	2,491	0	2,491	0	2,491	0	2,491	0
Long term loans and advances	34,674	0	28,214	0	16,941	0	13,153	0	10,699	0
Total non-current assets	14,199,405	73	14,329,310	75	15,337,397	81	14,969,492	61	14,563,534	71
CURRENT ASSETS										
Inventories	382,085	2	383,460	2	366,431	2	375,073	2	424,240	2
Stores and spares	444,174	2	386,426	2	367,678	2	285,222	1	268,247	1
Trade debts	2,760,311	14	2,192,805	12	476,333	3	7,300,126	30	4,442,256	22
Short term investments	50,000	0	56,000	0	-	-	-	-	-	-
Loans, advances, deposits, prepayments and other receivables	1,646,424	8	1,628,013	9	2,223,730	12	1,306,758	5	600,539	3
Taxes recoverable	55,067	0	49,915	0	43,901	0	28,430	0	24,251	0
Others	-	-	-	-	-	-	-	-	986	0
Balances with banks	14,153	0	2,701	0	217,674	1	100,200	0	287,205	1
Total current assets	5,352,214	27	4,699,320	25	3,695,747	19	9,395,809	39	6,047,724	29
TOTAL ASSETS	19,551,619	100	19,028,630	100	19,033,144	100	24,365,301	100	20,611,258	100

horizontal and vertical analyses

Profit and Loss Account

(Amounts in thousand)	2015 Rs.	15 Vs. 14 %	2014 Rs.	14 Vs. 13 %	2013 Rs.	13 Vs. 12 %	2012 Rs.	12 Vs. 11 %	2011 Rs.
Horizontal Analysis									
Sales	13,353,543	11	12,041,151	39	8,665,433	(26)	11,665,605	40	8,338,210
Cost of sales	(10,888,779)	17	(9,338,838)	33	(7,013,708)	(22)	(9,032,855)	49	(6,049,861)
Gross profit	2,464,764	(9)	2,702,313	64	1,651,725	(37)	2,632,750	15	2,288,349
Administrative expenses	(181,686)	8	(168,289)	31	(127,990)	4	(122,562)	33	(92,467)
Other expenses	(50,377)	(42)	(87,541)	100	-	(100)	(3,844)	100	-
Other income	7,050	(95)	153,695	(63)	410,430	12,181	3,342	(83)	19,974
Profit from operations	2,239,751	(14)	2,600,178	34	1,934,165	(23)	2,509,686	13	2,215,856
Finance cost	(441,492)	(24)	(579,295)	22	(475,688)	18	(404,272)	(6)	(429,250)
Profit before taxation	1,798,259	(11)	2,020,883	39	1,458,477	(31)	2,105,414	18	1,786,606
Taxation	(771)	1,144	(62)	(53)	(133)	(97)	(4,695)	606	(665)
Profit for the year	1,797,488	(11)	2,020,821	39	1,458,344	(31)	2,100,719	18	1,785,941

	2015		2014		2013		2012		2011	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Vertical Analysis										
Sales	13,353,543	100	12,041,151	100	8,665,433	100	11,665,605	100	8,338,210	100
Cost of sales	(10,888,779)	(82)	(9,338,838)	(78)	(7,013,708)	(81)	(9,032,855)	(77)	(6,049,861)	(73)
Gross profit	2,464,764	18	2,702,313	22	1,651,725	19	2,632,750	23	2,288,349	27
Administrative expenses	(181,686)	(1)	(168,289)	(1)	(127,990)	(1)	(122,562)	(1)	(92,467)	(1)
Other expenses	(50,377)	(0)	(87,541)	(1)	-	-	(3,844)	(0)	-	-
Other income	7,050	0	153,695	1	410,430	5	3,342	0	19,974	0
Profit from operations	2,239,751	17	2,600,178	22	1,934,165	22	2,509,686	22	2,215,856	27
Finance cost	(441,492)	(3)	(579,295)	(5)	(475,688)	(5)	(404,272)	(3)	(429,250)	(5)
Profit before taxation	1,798,259	13	2,020,883	17	1,458,477	17	2,105,414	18	1,786,606	21
Taxation	(771)	(0)	(62)	(0)	(133)	(0)	(4,695)	(0)	(665)	(0)
Profit for the year	1,797,488	13	2,020,821	17	1,458,344	17	2,100,719	18	1,785,941	21

summary

(Amounts in thousand)	2015	2014	2013	2012	2011
Summary of Balance Sheet					
Share capital	3,238,000	3,238,000	3,238,000	3,238,000	3,236,000
Maintenance reserve	227,182	227,182	227,182	227,182	207,975
Shareholders' funds / equity	7,488,770	6,509,319	5,523,309	6,758,258	5,109,513
Long term borrowings	8,045,654	9,172,969	10,992,086	11,328,263	11,481,495
Capital employed	15,534,424	15,682,288	16,515,395	18,086,521	16,591,008
Property,plant & equipment	14,078,859	14,217,020	15,233,998	14,860,750	14,445,804
Long term assets	14,199,405	14,329,310	15,337,397	14,969,492	14,563,534
Net current assets (liabilities) / working capital	1,335,019	1,352,978	1,177,998	3,117,029	2,027,474
Summary of Profit and Loss					
Sales	13,353,543	12,041,151	8,665,433	11,665,605	8,338,210
Gross profit	2,464,764	2,702,313	1,651,725	2,632,750	2,288,349
Profit from operations	2,239,751	2,600,178	1,934,165	2,509,686	2,215,856
Profit before taxation	1,798,259	2,020,883	1,458,477	2,105,414	1,786,606
Profit for the year	1,797,488	2,020,821	1,458,344	2,100,719	1,785,941
Summary of Cash Flows					
Net cash flows from operating activities	2,861,624	1,849,382	6,335,625	2,834,539	1,566,821
Net cash flows from investing activities	(263,016)	(172,011)	(120,821)	(77,558)	(16,044)
Net cash flows from financing activities	(2,768,969)	(2,914,904)	(5,117,323)	(2,342,958)	(1,973,986)
Changes in cash & cash equivalents	(170,361)	(1,237,533)	1,097,481	414,023	(423,209)
Cash & cash equivalents at year end	(2,072,689)	(1,902,328)	(664,795)	(1,762,276)	(2,176,299)
Summary of Actual Production					
Maximum generation possible - MWh	1,855,782	1,860,135	1,861,134	1,881,296	1,889,200
Declared capacity billable - MWh	1,850,050	1,859,061	1,546,652	1,891,214	1,890,500
Net electrical output - MWh	1,424,015	1,721,959	1,333,619	1,767,038	1,665,400

ratios of last five years

(Ratios)		2015	2014	2013	2012	2011
Profitability Ratios:						
Gross profit margin	(%)	18%	22%	19%	23%	27%
Net profit margin	(%)	13%	17%	17%	18%	21%
Net income to equity ratio	(%)	24%	31%	26%	31%	35%
Liquidity Ratios:						
Current ratio	(Times)	0.94	0.98	0.94	1.26	1.20
Quick / acid test ratio	(Times)	0.88	0.90	0.85	1.21	1.12
Activity / Turnover Ratio:						
Total assets turnover ratio	(Times)	0.68	0.63	0.46	0.48	0.40
Investment / Market Ratios:						
Earnings per share	(PKR)	5.55	6.24	4.50	6.49	5.58
Price earnings ratio	(Times)	6.16	6.59	N/A	N/A	N/A
Dividend payout ratio	(%)	63%	49%	137%	55%	51%
Dividend cover ratio	(Times)	1.59	2.05	0.73	1.83	1.95
Market value per share at the						
end of the year and	(PKR)	34.18	41.15	N/A	N/A	N/A
high during the year	(PKR)	46.50	44.55	N/A	N/A	N/A
low during the year	(PKR)	34.00	38.21	N/A	N/A	N/A
Breakup value per share	(PKR)	23.13	20.10	17.06	20.87	15.79
Cash dividend	(PKR per share)	3.50	3.04	6.17	3.55	2.86
Capital Structure Ratios:						
Weighted average cost of debt	(%)	4%	3%	4%	4%	4%
Debt to equity ratio	(Times)	1.07	1.41	1.99	1.68	2.25
Interest cover ratio	(Times)	7.19	7.64	4.70	5.48	5.28

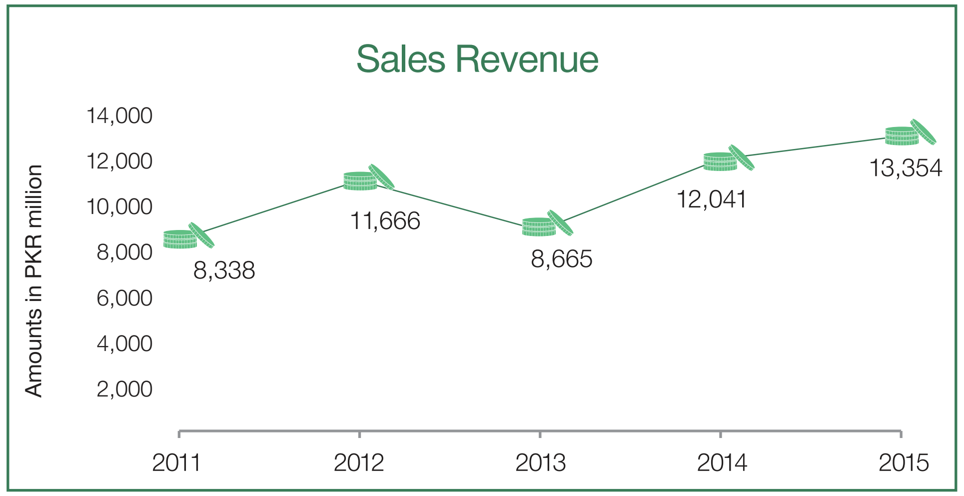
statements of analysis

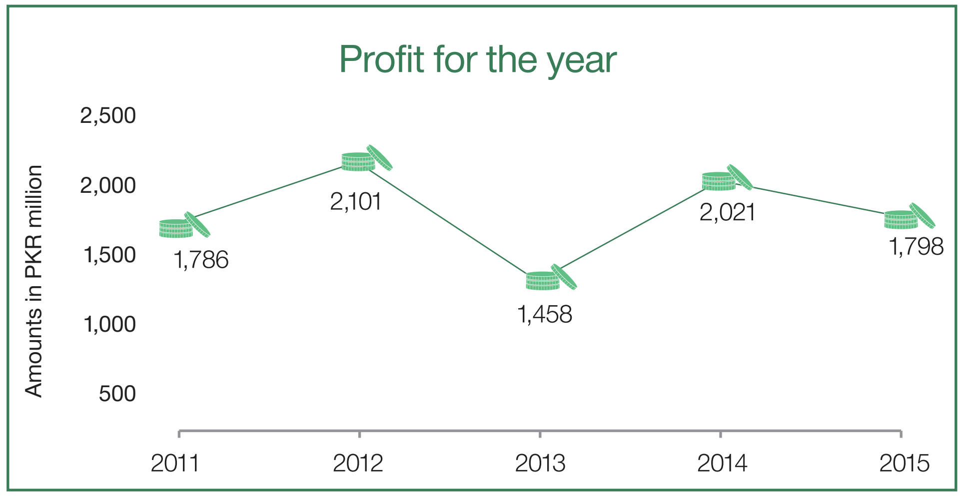
The gross profit margin of the Company this year decreased due to a lower load factor in 2015 compared to last year. The decrease in load factor this year is attributable to a planned major inspection activity (carried out after every six years of operations) and also due to lower power off take from the power purchaser due to limitations on the grid.

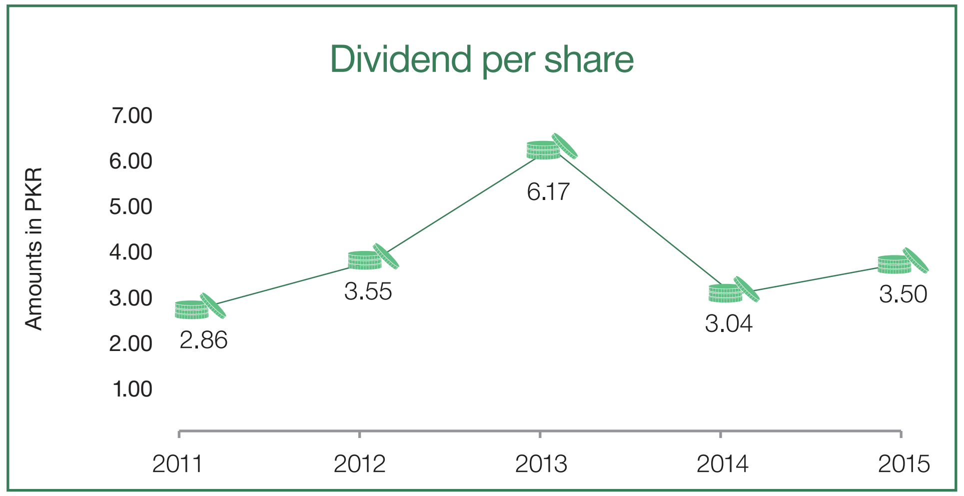
Despite lower margins, better liquidity management and improvement in payments by the power purchaser helped the Company declare a dividend of PKR 3.50 per share this year vs PKR 3.04 per share last year.

On the back of stable operational performance, the interest coverage ratio was maintained at around 7 for the year, demonstrating the Company's strong ability to fulfill its commitments towards its lenders.

snapshots

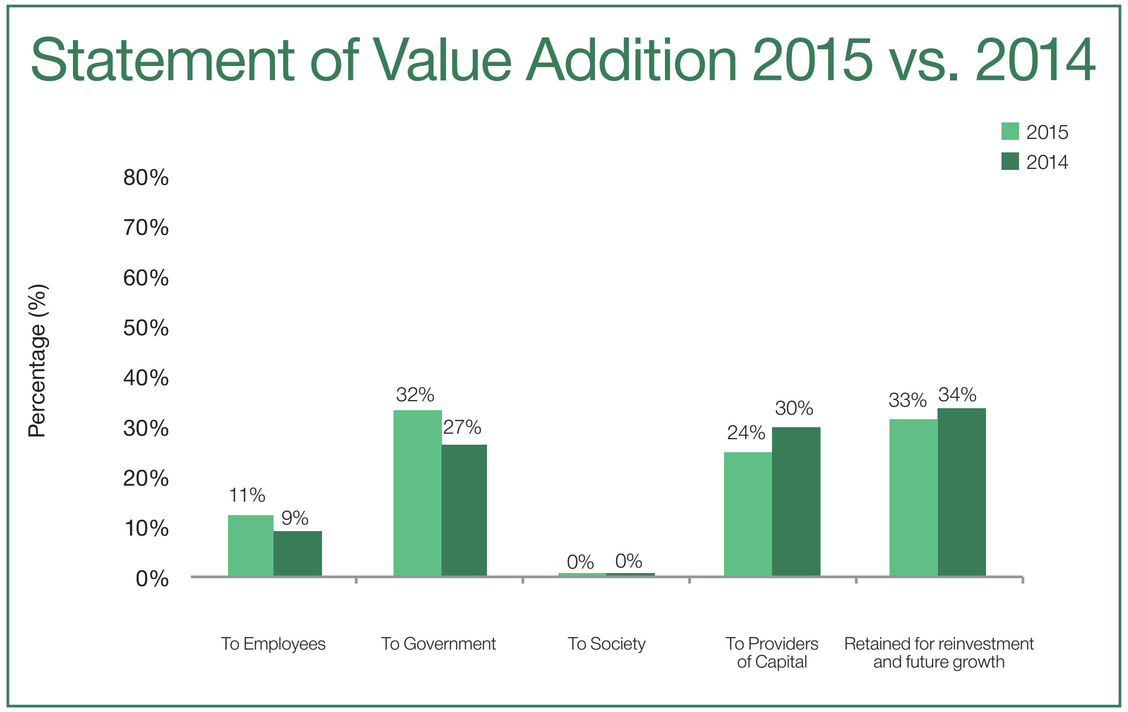






statement of value addition and distribution

(Rupees in thousand)	2015	2014
Wealth Generated		
Total revenue inclusive of sales tax and other income	15,012,374	13,571,720
Bought-in-raw material and services	(9,819,580)	(8,423,931)
	5,192,794	5,147,789
Wealth Distributed		
To Employees		
Salaries, benefits and other costs	558,697	440,250
To Government		
Income tax and sales tax	1,652,552	1,376,936
To Society		
Donation towards education, health, environment and natural disaster	19,738	22,705
To Providers of Capital		
Dividend to shareholders	809,500	984,352
Mark-up/interest expense on borrowed money	441,492	579,295
	1,250,992	1,563,647
Retained for reinvestment and future growth		
Depreciation, amortization and retained profit (net of dividends paid)	1,710,815	1,744,251
	5,192,794	5,147,789



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 exchange on strategic events are made as and when required.

Customers

Our primary customer is National Transmission and Despatch Company (NTDC). We are in continuous contact and 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 weaknesses 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 exchange, 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

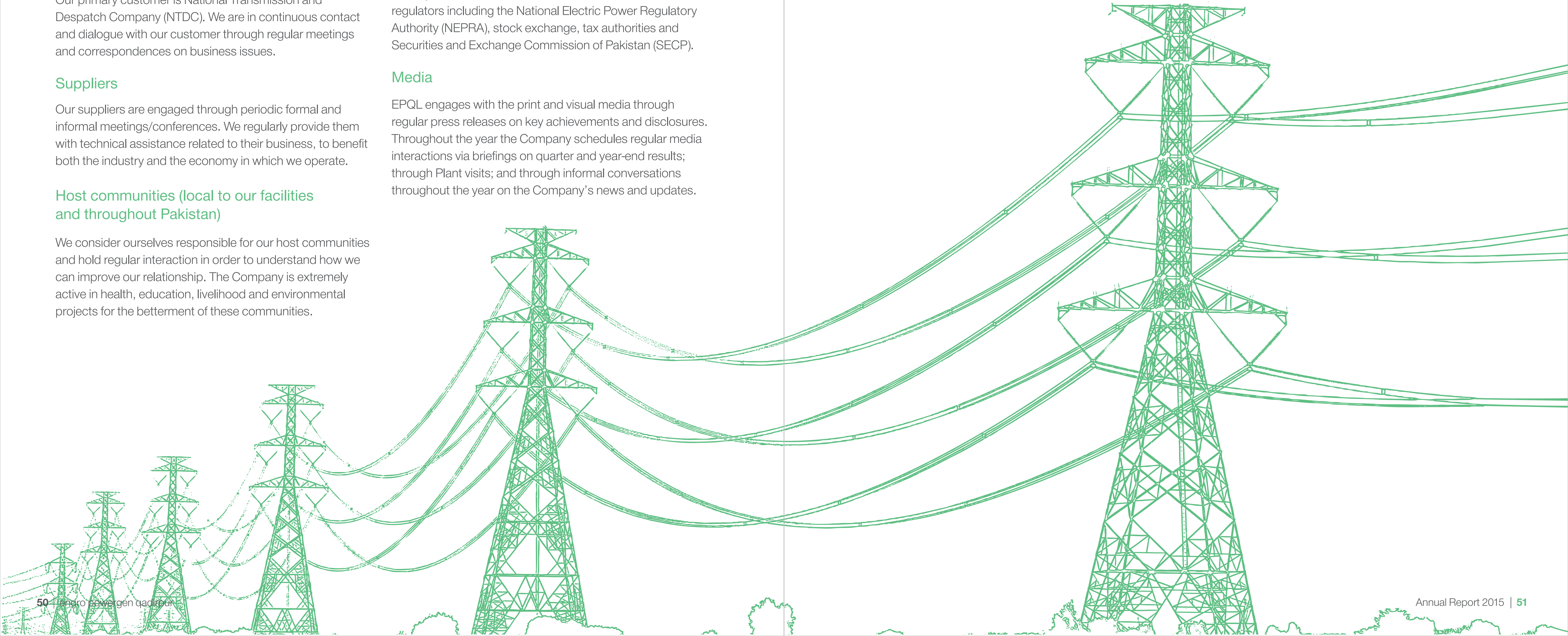
The EPQL Head office has been certified by WWF as a Green Office. Three (3) indicators were audited for the said purpose; paper reduction, energy conservation and waste reduction, which were all found to be satisfactory by WWF.

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, GoP.



power to englighten

notice of the meeting

NOTICE IS HEREBY GIVEN THAT the tenth Annual General Meeting of the Company will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi on Tuesday, March 29, 2016 at 12:00 noon to transact the following business:

A. Ordinary Business:

(1) To receive and consider the Audited Accounts for the year ended December 31, 2015 and the Directors' and Auditors' Reports thereon;

(2) To appoint Auditors and fix their remuneration;

(3) To declare a final dividend at the rate of PKR 1 (10%) per share for the year ended December 31, 2015

B. Special Business:

(4) To consider, and if thought fit, to pass the following resolution as Special Resolution:

RESOLVED THAT the consent of the Company in General Meeting be and is hereby accorded to lend/provide to Engro Powergen Limited, a short term loan / financing facility of upto PKR 4.5 billion. The facility will initially be for a period of one year, but renewal of the same for four further periods of one year each be and is also hereby approved.

(5) To consider, and if thought fit, to pass the following resolution as Special Resolution:

RESOLVED that the Articles of Association of the Company be amended by adding a new Article 54A as follows:

The provisions and requirements for e-voting as prescribed by the SECP from time to time shall be deemed to be incorporated in these Articles, irrespective of the other provisions of these Articles of Association and notwithstanding anything contradictory therein.

N.B

(1) The share transfer books of the Company will be closed and no transfers of shares will be accepted for registration from Tuesday 22nd March, 2016 to Tuesday 29th March, 2016 (both days inclusive). Transfers received in order at the office of our Registrar, M/s FAMCO Associates (Pvt.) Ltd, 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 Monday, 21st March, 2016 will be treated to have been in time for the purposes of payment of final dividend to the transferees and to attend and vote 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.

(3) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to FAMCO Associates (Pvt) Ltd., by the first day of Book Closure.

Statement under section 160 of the Companies Ordinance, 1984

This Statement is annexed to the Notice of the tenth Annual General Meeting of Engro Powergen Qadirpur Limited to be held on Tuesday, March 29, 2016, at which certain Special Business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such Special Business.

Item 4 of the Agenda

The management of the Company (being a subsidiary of Engro Powergen Limited which in turn is a wholly owned subsidiary of Engro Corporation Limited) and Engro Powergen Limited have been evaluating a mechanism whereby short term liquidity management within the Company and the Engro Group could be further strengthened. As a group wide policy initiative to achieve operational efficiencies for the benefit of the Company and the Group, the Company seeks approval to enable it to lend and make available to Engro Powergen Limited's short term financing facilities. The above is being proposed only for short term liquidity management (including but not restricted to commercial papers and other short term financing instruments), where the Company has surplus liquidity and/or Engro Powergen Limited requires liquidity. Engro Powergen Ltd, as a reciprocal arrangement will be obtaining its shareholders' approval to make similar facilities available to the Company where it has excess liquidity and / or where the Company requires liquidity.

The information required under S.R.O 27 (1) / 2012 for loans / advances is provided below:

(i) Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;

Engro Powergen Qadirpur Limited is a subsidiary company of Engro Powergen Limited which holds 69% of its shares.

(ii) Amount of loans or advances;

Upto PKR 4.5 billion.

(iii) Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;

This will enable Engro Powergen Qadirpur Limited to lend to Engro Powergen Limited during the times it has excess liquidity and / or Engro Powergen Limited requires liquidity giving the Company the opportunity to benefit from better terms including earning a higher return. This will improve the profitability of the Company benefitting the shareholders.

(iv) In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;

None

(v) Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;

Half year ended June 30, 2015, reviewed accounts of Engro Powergen Limited:

Assets	PKR in thousand
Property plant & equipment	1,241
Long term investments	4,167,096
Long term advances	852
Short term investments	32,318
Other Assets	991,650
Total Asset	5,193,157
Liabilities	
Borrowings	-
Trade and other payables	113,771
Equity	5,079,386
Income Statement	
Dividend & fee	348,534
Operating Profit	304,360
Profit after Tax	303,009

(vi) Average borrowing cost of the investing company or in case of absence of borrowing, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period;

Average short term borrowing cost of Engro Powergen Qadirpur Limited is KIBOR + 0.8% to 1.5% as of December 31, 2015. However, this keeps on changing.

(vii) Rate of interest, mark up, profit, fees or commission etc. to be charged;

The rate will be better than the mark-up payable by Engro Powergen Qadirpur Limited on its borrowings of like or similar maturities and where it has no borrowings, the rate will not be less than KIBOR for the relevant period and will also be better than the rates Engro Powergen Qadirpur Limited can obtain for deposits or investments with financial institutions.

(viii) Sources of funds from where loans or advances will be given;

Internal cash generation: However see (ix) below.

(ix) Where loans or advances are being granted using borrowed funds,- (I) justification for granting loan or advance out of borrowed funds; (II) detail of guarantees / assets pledged for obtaining such funds, if any; and (III) repayment schedules of borrowing of the investing company;

The intent is generally only to lend to Engro Powergen Limited when the Company has excess liquidity. However, there may be circumstances where the Company may have overdraft lines un-utilized and may still lend to its parent by utilising such lines. If this is done the answers to the queries are that (I) it will be justified by Engro Powergen Limited paying a mark up rate higher than the rate payable by the Company and Engro Powergen Limited also making a similar facility available to the Company, (II) The Company secures its overdraft line by parri passu floating charge on present and future current assets of the Company, and (III) the normal repayment schedules of short term loans are for a maximum of one year.

(x) Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;

No security will be obtained since Engro Powergen Limited is the largest shareholder of the Company and a very solid and profitable holding company. Both companies are confident that any financing arrangement will be ultimately repaid.

(xi) If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;

None

(xii) Repayment schedule and terms of loans or advances to be given to the investee company;

Facility granted for a period of one year, renewable for four further periods of one year each. The other terms are mentioned above.

(xiii) Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;

As detailed above

(xiv) Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;

The Directors of Engro Powergen Qadirpur Limited have no personal interest in the matter (however some directors on Engro Powergen Qadirpur Limited's Board are also directors on Engro Powergen Limited's Board and hold shares in Engro Powergen Limited: Khalid Siraj Subhani 1 share, Aliya Yusuf 1 share, Vaqar Zakaria 1 share, Shabbir Hashmi 1 share, Shahid Hamid Pracha 1 share and Javed Akbar 1 share.

The following directors of Engro Powergen Limited hold shares in Engro Powergen Qadirpur Limited: Khalid Siraj Subhani 171,501 shares, Shamsuddin Ahmed Shaikh 500 shares, Aliya Yusuf 2001 shares, Vaqar Zakaria 1 share, Shabbir Hashmi 1 share, Shahid Hamid Pracha 1 share and Javed Akbar 1 share.

(xv) Any other important details necessary for the members to understand the transaction;

N/A

Item 5 of the Agenda

To give effect to the Companies (E-Voting) Regulations 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting.

By Order of the Board

Karachi,
February 03, 2016

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 Picic Stock Fund	119,000
Total :	122,177

3. Directors, Chief Executive Officer and their spouse(s) and minor children

Shareholder's category	No. of shares Held
Jahangir Piracha	1
Javed Akbar	1
Ruhail Mohammad	114,001
Shabbir Hashmi	1
Shahid Hamid Pracha	1
Vaqar Zakaria	1
Aliya Yusuf	2,001
Syed Khalid Siraj Subhani	171,501
Total :	287,508

4. Executives 482,501

5. Public sector companies and corporations -

6. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds 6,632,886

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

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

8. Details of purchase/sale of shares by Directors, Executives* and their spouse(s) / minor children during 2015.

Name	Date of Purchase / Sale	Shares Purchased	Shares Sold	Rate
Moiz Shamsuddin	11-Feb-15	-	500	44.10
Javed Kasbati	30-Mar-15	-	60,000	35.85
Javed Kasbati	31-Mar-15	-	51,000	37.57
Javed Kasbati	2-Apr-15	-	51,000	40.20
Javed Kasbati	6-Apr-15	-	30,000	40.37
Zubair Ahmed Saleemi	4-May-15	-	61,000	38.00
Hasnain Raza	3-Jun-15	-	10,000	39.95
Farooq Nazim Shah	7-Jul-15	-	100,000	39.30
Aamir Aslam	30-Nov-15	-	80,000	35.10

* All employees of the Company are Executives

pattern of shareholding

As at December 31, 2015

No. of Shareholders	Size of Holding		No. of Shares
	From	To	
301	1	100	15,206
15,446	101	500	7,633,092
5,051	501	1,000	5,029,254
3,149	1,001	5,000	7,777,538
484	5,001	10,000	3,791,298
164	10,001	15,000	2,090,687
97	15,001	20,000	1,824,528
78	20,001	25,000	1,849,062
38	25,001	30,000	1,067,529
28	30,001	35,000	944,566
16	35,001	40,000	612,224
14	40,001	45,000	602,500
33	45,001	50,000	1,619,000
12	50,001	55,000	631,500
19	55,001	60,000	1,100,500
7	60,001	65,000	439,500
3	65,001	70,000	208,000
7	70,001	75,000	510,000
2	75,001	80,000	156,500
7	80,001	85,000	587,747
4	85,001	90,000	352,500
5	90,001	95,000	467,500
22	95,001	100,000	2,191,164
1	100,001	105,000	101,000
3	105,001	110,000	324,563
3	110,001	115,000	340,679
5	115,001	120,000	591,063
5	120,001	125,000	624,500
1	130,001	135,000	130,500
4	145,001	150,000	597,000
1	150,001	155,000	153,000
1	155,001	160,000	160,000
2	165,001	170,000	333,500
1	170,001	175,000	171,500
1	175,001	180,000	178,500
1	180,001	185,000	185,000
1	185,001	190,000	189,000
2	190,001	195,000	388,500
3	195,001	200,000	600,000
3	200,001	205,000	613,500
1	210,001	215,000	212,000
2	245,001	250,000	500,000
1	255,001	260,000	260,000
1	280,001	285,000	285,000
2	295,001	300,000	600,000
1	300,001	305,000	301,500
3	340,001	345,000	1,031,000
1	350,001	355,000	355,000
1	430,001	435,000	432,500

No. of Shareholders	Size of Holding		No. of Shares
	From	To	
3	495,001	500,000	1,500,000
2	525,001	530,000	1,054,552
1	615,001	620,000	617,000
1	625,001	630,000	626,000
1	695,001	700,000	700,000
1	715,001	720,000	719,000
1	795,001	800,000	798,950
1	995,001	1,000,000	1,000,000
1	1,310,001	1,315,000	1,312,500
1	1,365,001	1,370,000	1,369,100
1	1,555,001	1,560,000	1,559,100
1	1,720,001	1,725,000	1,725,000
1	1,930,001	1,935,000	1,933,500
1	1,995,001	2,000,000	2,000,000
1	2,170,001	2,175,000	2,175,000
1	2,285,001	2,290,000	2,287,000
1	2,985,001	2,990,000	2,986,000
1	3,570,001	3,575,000	3,575,000
1	3,665,001	3,670,000	3,669,400
1	3,700,001	3,705,000	3,703,706
1	3,995,001	4,000,000	4,000,000
1	4,425,001	4,430,000	4,429,000
1	5,845,001	5,850,000	5,850,000
1	223,045,001	223,050,000	223,049,992
25,065		Total :	323,800,000

categories of shareholding

As at December 31, 2015

Shareholders' Category	No. of Shareholders	No. of Shares	Percentage of Holding
Directors, Chief Executive Officer, and their spouse(s) and minor children.	11	287,508	0.09
Associated companies, undertakings and related parties.	1	223,049,992	68.89
Banks, Development Financial Institutions, Non Banking Financial Institutions.	5	4,479,206	1.38
Insurance Companies	5	2,153,425	0.66
Modarabas and mutual funds	2	122,177	0.04
Share holders holding 10% or more shares	1	223,049,992	68.89
General Public (individuals)			
a. Local	24,936	61,041,266	18.85
b. Foreign	-	-	-
Others	104	32,666,426	10.09

shareholder information

Annual General Meeting

The annual shareholders meeting will be held at 12:00 noon on March 29, 2016 at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi.

Shareholders as of March 22, 2016 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 alongwith 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, 2015 there were 25,065 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 placed on the Company's website www.engropowergen.com 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 the 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, M/s 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 2016 are:

- 1st quarter: April 21, 2016
- 2nd quarter: August 05, 2016
- 3rd quarter: October 21, 2016

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, 2016
- 2nd quarter: August 08, 2016
- 3rd quarter: October 24, 2016

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,
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Karachi-74000
Telephone: +92 (21) 34380101 - 5
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EPQL calendar 2016

	Dates
EPQL Board Audit Committee meeting	2-Feb-16
EPQL Board Meeting	3-Feb-16
EPQL AGM	29-Mar-16
EPQL Board Audit Committee meeting	20-Apr-16
EPQL Board Meeting	21-Apr-16
EPQL Board Audit Committee meeting	4-Aug-16
EPQL Board Meeting	5-Aug-16
EPQL Board Audit Committee meeting	20-Oct-16
EPQL Board Meeting	21-Oct-16
EPQL Board Meeting	21-Nov-16

power to heal

pwc A. F. FERGUSON & CO.

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Engro Powergen Qadirpur Limited (the Company) for the year ended December 31, 2015 to comply with the Code contained in the Regulations of Pakistan Stock Exchange (formerly Karachi Stock Exchange, in which the Lahore and Islamabad stock exchanges have merged), where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. 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.

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 of Director'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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its 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. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of 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 as applicable to the Company for the year ended December 31, 2015.

Chartered Accountants
Karachi
Date: February 22, 2016

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 (the Company) as at December 31, 2015 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, 2015 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 22, 2016

Engagement Partner: Waqas A. Sheikh

balance sheet
as at december 31, 2015

(Amounts in thousand)

	Note	2015	2014
		Rupees	
Assets			
Non-current assets			
Property, plant and equipment	4	14,078,859	14,217,020
Intangible assets	5	83,381	81,585
Long term deposits		2,491	2,491
Long term loans and advances	7	34,674	28,214
		14,199,405	14,329,310
Current assets			
Inventories	8	382,085	383,460
Stores and spares	9	444,174	386,426
Trade debts	10	2,760,311	2,192,805
Short term investments	11	50,000	56,000
Loans, advances, deposits, prepayments and other receivables	12	1,646,424	1,628,013
Taxes recoverable		55,067	49,915
Balances with banks	13	14,153	2,701
		5,352,214	4,699,320
Total Assets		19,551,619	19,028,630

Khalid Siraj Subhani
Chairman

Jahangir Piracha
Chief Executive Officer

(Amounts in thousand)

	Note	2015	2014
		Rupees	
Equity and Liabilities			
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	(58,750)	(50,109)
Unappropriated profit		4,001,084	3,013,096
Remeasurement of retirement benefit obligation - Actuarial gain		477	373
Total equity		7,488,770	6,509,319
Liabilities			
Non-current liability			
Borrowings	17	6,394,878	7,713,518
Current liabilities			
Creditors, accrued and other liabilities	18	1,844,183	1,355,368
Accrued interest / mark-up		35,165	27,149
Current portion of long term borrowings	17	1,650,776	1,459,451
Short term borrowings	19	2,136,842	1,961,029
Retirement and other service benefits obligations	30	1,005	2,796
		5,667,971	4,805,793
Total liabilities		12,062,849	12,519,311
Contingencies and Commitments	20		
Total Equity and Liabilities		19,551,619	19,028,630

The annexed notes from 1 to 41 form an integral part of these financial statements.

Khalid Siraj Subhani
Chairman

Jahangir Piracha
Chief Executive Officer

profit and loss account
for the year ended december 31, 2015

(Amounts in thousand except for earnings per share)

	Note	2015	2014
		Rupees	
Sales	21	13,353,543	12,041,151
Cost of sales	22	(10,888,779)	(9,338,838)
Gross profit		2,464,764	2,702,313
Administrative expenses	23	(181,686)	(168,289)
Other expenses	24	(50,377)	(87,541)
Other income	25	7,050	153,695
Profit from operations		2,239,751	2,600,178
Finance cost	26	(441,492)	(579,295)
Workers' profits participation fund and Workers' welfare fund	27	-	-
Profit before taxation		1,798,259	2,020,883
Taxation	28	(771)	(62)
Profit for the year		1,797,488	2,020,821
Earnings per share - basic and diluted	29	5.55	6.24

The annexed notes from 1 to 41 form an integral part of these financial statements.

Khalid Siraj Subhani
Chairman

Jahangir Piracha
Chief Executive Officer

statement of comprehensive income
for the year ended december 31, 2015

(Amounts in thousand)

	Note	2015	2014
		Rupees	
Profit for the year		1,797,488	2,020,821
Other comprehensive income / (loss):			
Item that may be reclassified subsequently to profit or loss			
Hedging reserve - loss for the year	16	(11,683)	(52,576)
Less: Reclassified to profit or loss	24	3,042	2,467
		(8,641)	(50,109)
Item that will not be reclassified to profit or loss			
Remeasurement of retirement benefit obligation - Actuarial gain / (loss)	30	104	(350)
Total comprehensive income for the year		1,788,951	1,970,362

The annexed notes from 1 to 41 form an integral part of these financial statements.

Khalid Siraj Subhani
Chairman

Jahangir Piracha
Chief Executive Officer

statement of changes in equity
for the year ended december 31, 2015

(Amounts in thousand)

	Share capital	Reserves: Capital: Share premium	Reserves: Capital: Maintenance reserve (note 15)	Reserves: Revenue: Un appropriated profit	Reserves: Revenue: Remeasurement of retirement benefit obligation - Actuarial gain	Reserves: Revenue: Hedging reserve	Total
	Rupees						
Balance as at January 1, 2014	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
Total comprehensive income for the year	-	-	-	1,797,488	104	(8,641)	1,788,951
Transactions with owners							
1st Interim dividend @ Rs. 1.50 per share	-	-	-	(485,700)	-	-	(485,700)
2nd Interim dividend @ Rs. 1.00 per share	-	-	-	(323,800)	-	-	(323,800)
	-	-	-	(809,500)	-	-	(809,500)
Balance as at December 31, 2015	3,238,000	80,777	227,182	4,001,084	477	(58,750)	7,488,770

The annexed notes from 1 to 41 form an integral part of these financial statements.

Khalid Siraj Subhani
Chairman

Jahangir Piracha
Chief Executive Officer

statement of cash flows
for the year ended december 31, 2015

(Amounts in thousand)

Cash Flows From Operating Activities	Note	2015	2014
		Rupees	
Cash generated from operations	31	2,874,007	1,866,731
Taxes paid		(5,923)	(6,076)
Long term loans and advances - net		(6,460)	(11,273)
Net cash generated from operating activities		2,861,624	1,849,382
Cash Flows From Investing Activities			
Purchases of property, plant and equipment		(281,962)	(187,258)
Purchases of intangibles		(8,013)	(4,374)
Sale proceeds from disposal of property, plant and equipment		26,959	7,195
Investments made during the year		-	(1,050,000)
Proceeds from encashment of short term investments		-	1,062,426
Net cash used in investing activities		(263,016)	(172,011)
Cash Flows From Financing Activities			
Repayments of long term borrowings		(1,511,139)	(1,379,678)
Finance cost paid		(457,036)	(550,874)
Dividends paid		(800,794)	(984,352)
Net cash used in financing activities		(2,768,969)	(2,914,904)
Net decrease in cash and cash equivalents		(170,361)	(1,237,533)
Cash and cash equivalents at beginning of the year		(1,902,328)	(664,795)
Cash and cash equivalents at end of the year	32	(2,072,689)	(1,902,328)

The annexed notes from 1 to 41 form an integral part of these financial statements.

Khalid Siraj Subhani
Chairman

Jahangir Piracha
Chief Executive Officer

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Engro Powergen Qadirpur Limited (the Company), is a public listed company, incorporated in Pakistan, under the Companies Ordinance, 1984, and its shares are quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange in which Islamabad and Lahore Stock Exchanges have merged). The Company is a subsidiary of Engro Powergen Limited, which is a wholly owned subsidiary of Engro Corporation Limited. Engro Corporation Limited is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company).The Company's registered office is located at 4th floor, Harbour Front Building, Plot Number HC-3, Block 4, Scheme No. 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 combined cycle power plant and commenced commercial operations therefrom 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.

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.

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

a) Standards, amendments to published standards and interpretations that are effective in 2015

The following standard and amendments to published standards are mandatory for the financial year beginning on or after January 1, 2015 and are relevant to the Company:

- IAS 19 (Amendment) 'Employee benefits'. 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 recognise the benefit of those contributions over employee's working lives. This standard does not have any significant impact on the Company's financial statements.

- IAS 24 'Related party disclosures' (Amendment). 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. The Company's current disclosures are already in line with this amendment.

- IFRS 13 'Fair value measurement'. 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. This standard does not have any significant impact on the Company's financial statements.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2015 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, 2015 and have not been early adopted by the Company:

- 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 January 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 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 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 reportingdate.

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) 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

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

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 off 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 except for financial assets 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 through profit or loss.

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 High Speed Diesel (HSD)

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.

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 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 obligation

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 and a defined contribution gratuity 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 in case of provident fund and at the rate of 5.33% and 3% of basic salary in case of gratuity 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

(Amounts in thousand)

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.

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 of monetary assets and liabilities denominated in foreign currencies at period-end exchange rates 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.

(Amounts in thousand)

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:

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 High Speed Diesel (HSD) 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

	Note	2015	2014
		Rupees	
Operating assets, at net book value (note 4.1)		13,633,967	13,132,059
Capital work-in-progress (note 4.2)		100,499	63,510
Capital spares (note 4.3)		344,393	1,021,451
		14,078,859	14,217,020

4.1 Operating assets

	Freehold land	Plant & machinery	Buildings & civil works	Furniture, fixtures and equipments	Vehicles	Total
	Rupees					
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 4.2)	-	30,291	2,222	2,908	-	35,421
- Transfers from capital spares (note 4.3)	-	94,742	-	-	-	94,742
- Capitalization adjustment for exchange loss (note 6)	-	(500,137)	-	-	-	(500,137)
Disposals						
Cost	-	-	-	(75)	(14,009)	(14,084)
Accumulated depreciation	-	-	-	75	10,936	11,011
	-	-	-	-	(3,073)	(3,073)
Depreciation charge (note 4.1.3)	-	(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 January 1, 2015						
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
Year ended December 31, 2015						
Opening net book value	83,127	10,849,588	2,064,313	53,988	81,043	13,132,059
Additions to operating assets:						
- Transfers from capital work-in-progress (note 4.2)	-	207,621	11,071	11,421	14,860	244,973
- Transfers from capital spares (note 4.3)	-	677,058	-	-	-	677,058
- Capitalization adjustment for exchange gain (note 6)	-	364,019	-	-	-	364,019
Provision for impairment (notes 4.1.2 & 24)	-	(47,335)	-	-	-	(47,335)
Disposals (note 4.1.1)						
Cost	-	-	-	(1,716)	(38,463)	(40,179)
Accumulated depreciation	-	-	-	128	19,854	19,982
	-	-	-	(1,588)	(18,609)	(20,197)
Depreciation charge (note 4.1.3)	-	(620,847)	(74,979)	(14,948)	(5,836)	(716,610)
Net book value	83,127	11,430,104	2,000,405	48,873	71,458	13,633,967
As at December 31, 2015						
Cost	83,127	14,479,126	2,430,617	113,962	104,415	17,211,247
Accumulated depreciation	-	(3,049,022)	(430,212)	(65,089)	(32,957)	(3,577,280)
Net book value	83,127	11,430,104	2,000,405	48,873	71,458	13,633,967
Annual rate of depreciation		4% - 16%	2.5% - 8%	15% - 25%	19% - 23%	

(Amounts in thousand)

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 / receivable
		Rupees			
Office equipments					
Engro Vopak Terminal Limited (an associated undertaking)	Transfer of employee under Company's policy	1,519	96	1,423	1,423
EFU General Insurance	Insurance claim	197	32	165	165
		1,716	128	1,588	1,588
Vehicles					
AIG Insurance Limited	Insurance claim	2,103	1,380	723	1,850
Chahudary Ansar Jawed	Sale through bid	10,116	8,725	1,391	7,026
Fraz Nasir Khan	Under Company's policy	1,113	396	717	717
M. Ovais Aziz	"	1,535	1,156	379	379
Muhammad Saqib	"	2,099	1,237	861	861
Syed Muhammad Ali	"	8,645	5,753	2,892	2,892
Engro Vopak Terminal Limited (an associated undertaking)	Transfer of employee under Company's policy	12,851	1,205	11,646	11,646
		38,463	19,854	18,609	25,371
2015		40,179	19,982	20,197	26,959
2014		14,084	11,011	3,073	7,195

4.1.2 This represents net book value of machinery and equipment, identified as damaged in major inspection activity carried out during the year. The Company has filed insurance claim thereagainst alongwith supporting documents, with the insurance company, which is in the approval stage as at December 31, 2015. Accordingly, as the outcome of insurance claim is not virtually certain, the Company based on prudence, has recognised a provision for impairment against these damaged assets.

	2015	2014
	Rupees	
4.1.3 The depreciation charge for the year has been allocated as follows:		
Cost of sales (note 22)	711,789	696,048
Administrative expenses (note 23)	4,821	4,978
	716,610	710,026

(Amounts in thousand)

4.2 Capital work-in-progress

	Plant & machinery	Buildings & civil works	Furniture, fixtures and equipments	Intangibles	Vehicles	Total
			Rupees			
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 intangible assets (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 (note 4.3)	(170,622)	-	-	-	-	(170,622)
Balance as at December 31, 2014	8,902	23,604	23,038	7,966	-	63,510
Year ended December 31, 2015						
Balance as at January 1, 2015	8,902	23,604	23,038	7,966	-	63,510
Additions / reclassifications during the year	233,119	40,465	(3,155)	4,686	14,860	289,975
Transferred to intangible assets (note 5)	-	-	-	(8,013)	-	(8,013)
Transferred to operating assets (note 4.1)	(207,621)	(11,071)	(11,421)	-	(14,860)	(244,973)
Balance as at December 31, 2015	34,400	52,998	8,462	4,639	-	100,499

4.3 Capital spares

	2015	2014
	Rupees	
Balance at beginning of the year	1,021,451	921,573
Add:		
- Additions	-	23,998
- Transfers from Capital work in progress - Net (note 4.2)	-	170,622
Less:		
Transfers to Operating assets - Net (notes 4.1 and 4.3.1)	677,058	94,742
Balance at end of the year	344,393	1,021,451

4.3.1 This represents cost of capital spares transferred to operating assets amounting to Rs. 764,900 (2014: Rs. 276,028) less net book value of those spares which were replaced and transferred to capital spares amounting to Rs. 87,842 (2014:Rs. 181,286).

4.3.2 These include capital spares issued for refurbishment / returned for replacement to third parties amounting to Rs. 239 (2014: Rs. 87,844).

5. INTANGIBLE ASSETS

	Computer software	Right to use infra-structure facilities (note 5.2)	Total
	Rupees		
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 4.2)	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 January 1, 2015			
Cost	40,766	96,627	137,393
Accumulated amortisation	(34,470)	(21,338)	(55,808)
Net book value	6,296	75,289	81,585
Year ended December 31, 2015			
Opening net book value	6,296	75,289	81,585
Additions during the year (note 4.2)	8,013	-	8,013
Amortisation for the year (note 5.1)	(2,352)	(3,865)	(6,217)
Closing net book value	11,957	71,424	83,381
As at December 31, 2015			
Cost	48,779	96,627	145,406
Accumulated amortisation	(36,822)	(25,203)	(62,025)
Net book value	11,957	71,424	83,381

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

	2015	2014
	Rupees	
Cost of sales (note 22)	4,870	5,086
Administrative expenses (note 23)	1,347	1,670
	6,217	6,756

(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. 2,526,653 (2014: Rs. 2,162,634) as at December 31, 2015, which includes exchange loss of Rs. 364,019 pertaining to current year (2014: exchange gain of Rs. 500,137) 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 have been as follows

	(Increase) / Decrease	Increase / (Decrease)	Increase / (Decrease)
	Unappropriated profit	Property, plant and equipment	Derivative financial asset/(liability)
		Rupees	
As at January 1, 2014	758,450	(2,462,126)	1,703,676
For the year ended December 31, 2014			
- Recognition of exchange gain	(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)
For the year ended December 31, 2015			
- Recognition of exchange loss	257,273	(257,273)	-
- Change in fair value of derivatives	2,685,546	-	(2,685,546)
	2,942,819	(257,273)	(2,685,546)
As at December 31, 2015	5,152,104	(2,241,995)	(2,910,109)

7. LONG TERM LOANS AND ADVANCES

	2015	2014
	Rupees	
Executives (notes 7.1 and 7.2)	48,942	37,006
Less: Current portion shown under current assets (note 12)	(14,268)	(8,792)
Balance as at end of the year	34,674	28,214

7.1 Reconciliation of the carrying amount of loans and advances

	2015	2014
Balance as at beginning of the year	37,006	26,781
Add: Disbursements	24,766	19,542
Less: Repayments/Amortisation	(12,830)	(9,317)
Balance as at end of the year	48,942	37,006

(Amounts in thousand)

7.2 Loans and advances include interest free investment loan plan to executives amounting to Rs. 35,705 (2014: Rs. 25,947) 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. 13,237 (2014: Rs. 11,059) for car earn out assistance, house rent, and long term incentive, as per Company policy.

7.3 The maximum amount outstanding at the end of any month amounted to Rs. 48,942 (2014: Rs. 42,207).

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

	2015	2014
	Rupees	
Consumable stores	57,290	44,501
Spares (note 9.1)	386,884	341,925
	444,174	386,426

9.1 These include spares issued for refurbishment / returned for replacement to third parties amounting to Nil (2014: Rs. 396).

10. TRADE DEBTS - secured

	2015	2014
	Rupees	
Considered good	2,760,311	2,192,805

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. 2,282,433 (2014: Rs. 1,866,538) which is neither past due nor impaired; and
- Rs. 477,878 (2014: Rs. 326,267) 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.

11. SHORT TERM INVESTMENTS – Held to maturity

	2015	2014
	Rupees	
Term Deposit (note 11.1)	50,000	6,000
Certificate of investment (note 11.2)	-	50,000
	50,000	56,000

11.1 The Company has placed Rs. 50,000 (2014: 6,000) in term deposit with a bank having a maturity of one month, carrying return at the rate of 6.5% (2014: 8.4%) per annum.

11.2 These Certificates of investment had maturity of three months and carried return at the rate of 9.75% per annum.

11.3 These investments have been made in respect of maintenance reserve (note 15).

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

	2015	2014
	Rupees	
Current portion of long term loans and advances to executives and other employees - considered good (note 7)	14,268	8,792
Advances and deposits	13,677	7,626
Prepayments	61,674	51,415
Delayed payment charges (notes 12.1 and 12.2)	1,066,282	900,725
Receivable from associated undertakings:		
- Engro Powergen Limited	677	11,401
- Engro Powergen Thar (Pvt.) Limited	61	-
- Engro Polymer & Chemicals Limited	54	53
- Engro Vopak Terminal Limited	16,281	-
- Engro Foods Limited	116	-
- Sindh Engro Coal Mining Company Limited	94	-
Insurance claim receivable	-	304,360
Other receivable	3,721	-
Reimbursable cost from NEPRA in respect of:		
- Workers' profits participation fund (note 12.3)	263,881	173,968
- Workers' welfare fund (note 18.3)	205,638	169,673
	1,646,424	1,628,013

12.1 This represents mark-up on overdue trade debts, as referred to in note 10.2, of which Rs. 1,040,167 (2014: Rs. 883,765) is overdue.

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

	2015	2014
	Rupees	
Upto 3 months	83,151	96,476
3 to 6 months	58,497	34,177
More than 6 months	898,519	753,112
	1,040,167	883,765

12.3 This includes invoiced amount of Rs. 173,968 (2014: Rs. 72,924).

13. BALANCES WITH BANKS

	2015	2014
Deposit accounts:		
- Foreign currency (note 13.1)	2,811	2,701
- Local currency (note 13.2)	11,342	-
	14,153	2,701

(Amounts in thousand)

13.1 Foreign currency deposits carry return at the rate of 0.1% (2014: 0.2%) per annum.

13.2 Local currency deposits carry return at the rate of 4% - 7% (2014: 7.25%) per annum.

14 SHARE CAPITAL

Authorised capital

2015	2014		2015	2014
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

2015	2014		2015	2014
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 at December 31, 2015, Engro Powergen Limited, the Holding Company, held 223,050,000 (2014: 223,050,000) 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 term deposit as at December 31, 2015 (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 11,405 (2014: USD 13,361) to manage exchange rate exposure on repayments of its long term borrowing (note 17) and has incurred a loss of Rs. 11,683 (2014: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

	2015	2014
	Rupees	
Long term borrowing	8,045,654	9,172,969
Less: Current portion shown under current liabilities	1,650,776	1,459,451
	6,394,878	7,713,518

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, 2015, the outstanding balance of the borrowing was US$ 77,146 (2014: US$ 91,564).

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

	2015	2014
	Rupees	
Creditors	286,972	24,560
Accrued liabilities (note 18.1)	1,305,269	1,039,178
Security deposits	2,023	1,936
Payable to associated undertakings:		
- Retirement benefit fund	4,360	3,733
- Sindh Engro Coal Mining Company Limited	-	682
- Engro Fertilizers Limited	-	92
- Engro Corporation Limited	9	275
Dividend payable	8,706	-
Provision against sales tax recoverable	3,810	3,810
Provision for insurance settlement	-	84,976
Sales tax payable	6,912	7,118
Withholding tax payable	571	8,291
Workers' profits participation fund (note 18.2)	19,913	11,044
Workers' welfare fund (note 18.3)	205,638	169,673
	1,844,183	1,355,368

18.1 Includes accrual in respect of gas charges amounting to Rs. 753,078 (2014: Rs. 598,206).

18.2 Worker s' profits participation fund

	2015	2014
	Rupees	
Payable at the beginning of the year	11,044	7,924
Add:		
Allocation for the year (note 27)	89,913	101,044
	100,957	108,968
Less:		
- Interest (note 26.1)	154	299
- Payment made during the year	(81,198)	(98,223)
Payable at the end of the yeart	19,913	11,044

18.3 Workers' welfare fund

	2015	2014
	Rupees	
Payable at the beginning of the year	169,673	129,255
Add: Allocation for the year (note 27)	35,965	40,418
Payable at the end of the year	205,638	169,673

19. SHORT TERM BORROWINGS, secured

	2015	2014
Running finance utilized under mark-up arrangements	2,136,842	1,961,029

The Company has Working Capital/Running Finance Facility Agreements with Allied Bank Limited, NIB Bank Limited, The Bank of Punjab, 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, which has been extended upto March 2016.

The available facilities under these mark-up arrangements aggregates to Rs. 4,400,000 (2014: Rs. 4,350,000). The facilities carry mark-up at the rate of 3 months KIBOR plus 0.8% - 1.5% (2014: 3 months KIBOR plus 1.5%). 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

	2015	2014
	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)	840,663	806,972
- others	50,078	121,928
	890,741	928,900

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 installments to its senior lenders.

(Amounts in thousand)

	Note	2015	2014
		Rupees	

21. SALES

	Note	2015	2014
Capacity purchase price		3,443,999	3,389,454
Energy purchase price (note 21.1)		9,909,544	8,651,697
		13,353,543	12,041,151

21.1 Energy purchase price is exclusive of sales tax of Rs. 1,539,639 (2014: Rs. 1,376,764) for current year sales invoices and Rs. 112,142 (2014: Nil) in respect of prior period sales invoiced during the current year.

22. COST OF SALES

	Note	2015	2014
		Rupees	
Gas and fuel oil consumed		9,257,660	7,911,726
Depreciation (note 4.1.3)		711,789	696,048
Amortisation (note 5.1)		4,870	5,086
Salaries, wages and staff welfare (note 22.1)		463,770	355,796
Insurance		169,470	142,982
Traveling expenses		12,675	16,593
Repairs and maintenance		56,658	57,968
Purchased services (note 22.2)		23,241	23,179
Legal and professional services		17,798	8,502
Stores and spares consumed		52,102	27,179
Security		33,635	29,433
Communication and other office expenses		85,111	64,346
		10,888,779	9,338,838

22.1 Salaries, wages and staff welfare include Rs. 23,465 (2014: Rs. 12,367) 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.

23. ADMINISTRATIVE EXPENSES

	Note	2015	2014
		Rupees	
Salaries, wages and staff welfare (note 23.1)		94,927	84,454
Legal and professional services		21,551	10,432
Purchased services (note 22.2)		11,736	13,679
Communication and other office expenses		19,771	20,380
Contributions for corporate social responsibilities (note 23.2)		19,738	22,705
Depreciation (note 4.1.3)		4,821	4,978
Amortisation (note 5.1)		1,347	1,670
Traveling expenses		5,585	7,931
Auditors' remuneration (note 23.3)		2,210	2,060
		181,686	168,289

(Amounts in thousand)

23.1 Salaries, wages and staff welfare include Rs. 4,803 (2014: Rs. 4,106) in respect of staff retirement benefits.

23.2 This includes Rs. 8,000 (2014: Rs. 8,500) paid to Engro Foundation and Rs. 7,813 (2014: Rs. 6,720) paid to Engro Corporation Limited for reimbursement of salaries of Engro Corporation Limited employees rendering services to Engro Foundation.

23.3 Auditors' remuneration

	Note	2015	2014
		Rupees	
Fee for:			
- annual statutory audit		375	315
- half yearly review / special audit		100	500
- other assurance services		600	195
- taxation services		750	745
- audit of retirement benefit funds		200	150
- review of compliance with the Code of Corporate Governance		40	55
Reimbursement of expenses		145	100
		2,210	2,060

24. OTHER EXPENSES

Exchange loss	-	99
Reclassification of hedge to profit or loss	3,042	2,467
Provision for impairment (note 4.1.2)	47,335	-
Provision for insurance settlement	-	84,975
	50,377	87,541

25. OTHER INCOME

Financial assets:		
Gain on redemption of investments	248	12,426
Exchange gain	40	-
Non financial assets:		
Insurance claim	-	137,147
Gain on disposal of property, plant and equipment	6,762	4,122
	7,050	153,695

26. FINANCE COST

	Note	2015	2014
		Rupees	
Interest / markup on:			
- long term borrowing		311,567	340,462
- short term borrowings		153,485	195,769
Financial / bank charges (note 26.1)		172,305	220,359
		637,357	756,590
Less:			
Interest income on bank deposits		(2,409)	(6,169)
Delayed payment charges - overdue trade debts		(193,456)	(171,126)
		441,492	579,295

26.1 Includes interest of Rs. 154 (2014: Rs. 299) on payments due to Workers' profits participation fund.

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

	Note	2015	2014
		Rupees	
Provision for :			
- Workers' profits participation fund (note 18.2)		89,913	101,044
- Workers' welfare fund (note 18.3)		35,965	40,418
		125,878	141,462
Recoverable from NTDC		(125,878)	(141,462)
		-	-

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

	2015	2014
	Rupees	
For the year (note 28.1)	771	62

28.1 Represents tax at the rate of 32% (2014: 1%) on bank profits as per the requirments of Income Tax Ordinance 2001.

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

	2015	2014
	Rupees	
Profit before taxation	1,798,259	2,020,883
Tax calculated at the applicable rate of 32% (2014: 33%)	575,443	666,891
Effect of exempt income (note 2.17)	(574,593)	(660,755)
Minimum tax on interest on bank deposits	771	62
Effect of losses utilised against income from other sources	(850)	(6,136)
Tax charge for the year	771	62

28.3 As at December 31, 2015 the Company has losses available for carry forward amounting to Nil (2014: Rs. 2,888,628) 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:

	2015	2014
	Rupees	
Profit for the year	1,797,488	2,020,821
	Number of shares	
Weighted average number of ordinary shares (in thousand)	323,800	323,800
	Rupees	
Earnings per share - basic and diluted	5.55	6.24

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, 2015, using the Projected Unit Credit Method. Details of the defined benefit plan are as follows:

30.1.1 Balance sheet reconciliation

	2015	2014
	Rupees	
Present value of defined benefit obligation	4,325	3,627
Fair value of plan assets	(2,438)	(809)
Deficit	1,887	2,818
Receivable from other Engro group companies	(882)	(22)
Net liability at end of the year	1,005	2,796

30.1.2 Movement in net liability recognized

	2015	2014
	Rupees	
Net liability at beginning of the year	2,796	1,598
Expense recognised	550	848
Net contribution paid	(2,237)	-
Remeasurements recognised in Other comprehensive income	(104)	350
Net liability at end of the year	1,005	2,796

30.1.3 Cost charged for the year

	2015	2014
Current service cost	399	697
Net interest cost	151	151
	550	848

30.1.4 Remeasurements recognised in Other Comprehensive Income (OCI)

	2015	2014
On defined benefit obligation	138	1,091
On fair value of plan assets	(242)	(741)
Total remeasurement gain / (loss) recognised in OCI	(104)	350

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

	2015	2014
	%	
Discount rate	10.0	11.3
Expected per annum rate of return on plan assets	12.0	13.3
Expected per annum rate of increase in future salaries	12.0	11.3

	2015	2014
	Rupees	
30.1.6 Actual return on plan assets	151	151

30.1.7 Expected future cost for the year ending December 31, 2016 is Rs. 852.

(Amounts in thousand)

30.2 Defined contribution plan

30.2.1 The employees of the Company participate in provident fund maintained by Engro Corporation Limited (ECL). Monthly contributions are made both by the Company and employees to the fund maintained by ECL at the rate of 10% of basic salary. Accordingly, the following information is based upon the latest audited financial statements of provident fund as at June 30, 2014 and unaudited financial statements as at June 30, 2015:

	June 30, 2015	June 30, 2014
	Rupees	
Size of the fund - Total assets	3,151,304	2,091,284
Cost of the investments made	2,470,057	1,679,824
Percentage of investments made	78%	80%
Fair value of investments	2,726,289	1,861,191

The break-up of investments is as follows:

	2015		2014	
	Rupees	%	Rupees	%
National savings scheme	223,662	8	290,609	16
Government securities	1,045,090	38	901,642	48
Listed securities	881,550	32	518,263	28
Unit trusts	274,450	10	-	-
Balances with banks in savings account	301,537	11	150,677	8
	2,726,289	100	1,861,191	100

30.2.2 During the year, the Company has made contribution of Rs. 45,067 (2014: Rs. 32,123) 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

	2015	2014
	Rupees	
Profit before taxation	1,798,259	2,020,883
Adjustment for non-cash charges and other items:		
- Depreciation (note 4.1.3)	716,610	701,026
- Amortisation (note 5.1)	6,217	6,756
- Provision for impairment of operating assets	47,335	-
- Gain on disposal of property, plant and equipment (note 25)	(6,762)	(4,122)
- Gain on redemption of investments (note 25)	-	(12,426)
- Reclassification of hedge to profit and loss (note 24)	3,042	2,467
- Finance cost	473,174	544,353
Working capital changes (note 31.1)	(163,868)	(1,392,206)
	2,874,007	1,866,731

(Amounts in thousand)

	2015	2014
	Rupees	

31.1 Working capital changes

	2015	2014
Decrease/(Increase) in current assets:		
Inventory and stores & spares - net	(56,373)	(35,777)
Trade debts	(567,506)	(1,716,472)
Loans, advances, deposits, prepayments and other receivables - net	(18,411)	595,717
	(642,290)	(1,156,532)
(Decrease)/Increase in current liabilities:		
Creditors, accrued and other liabilities	480,109	(236,522)
Retirement and other service benefits obligations	(1,687)	848
	(163,868)	(1,392,206)

32. CASH AND CASH EQUIVALENTS

	2015	2014
Balances with banks (note 13)	14,153	2,701
Short term running finance (note 19)	(2,136,842)	(1,961,029)
Short term investments (note 11)	50,000	56,000
	(2,072,689)	(1,902,328)

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

33.1 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:

	2015			2014		
	Directors		Executives	Directors		Executives
	Chief Executive	Others		Chief Executive	Others	
	Rupees					
Managerial remuneration	16,445	-	258,237	13,737	-	203,254
Contribution for staff retirement benefits	2,247	-	17,745	1,543	-	20,725
Bonus	13,727	-	36,311	8,239	-	32,814
Other benefits	185	-	2,852	-	-	1,314
Fees	-	1,950	-	-	2,150	-
Total	32,604	1,950	315,145	23,519	2,150	258,107
Number of persons, including those who worked part of the year	2	7	85	1	7	79

33.2 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

	2015	2014
	Rupees	
Financial assets as per balance sheet		
- Held to maturity		
Short term investments	50,000	56,000
- Loans and receivables		
Long term deposits	2,491	2,491
Loans, deposits and other receivables	1,605,747	1,597,186
Trade debts	2,760,311	2,192,805
Balances with banks	14,153	2,701
	4,432,702	3,851,183
Financial liabilities as per balance sheet		
- Financial liabilities measured at amortised cost		
Borrowings	10,182,496	11,133,998
Creditors, accrued and other liabilities	1,838,350	1,263,872
Accrued interest/mark-up	35,165	27,149
Retirement and other service benefit obligations	1,005	2,796
	12,057,016	12,427,815

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, 2015.

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:

	2015	2014
	Rupees	
Short term investments	50,000	56,000
Trade debts	2,282,433	1,866,538
Long term deposits	2,491	2,491
Loans ,deposits and other receivables	565,580	713,421
Balances with banks	14,153	2,701
	2,914,657	2,641,151

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	Rating Long term
Allied Bank Limited	PACRA	A1+	AA+
Burj Bank Limited	JCR-VIS	A2	A -
National Bank of Pakistan	PACRA	A1+	AAA
Soneri Bank Limited	PACRA	A1+	AA -

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.

	2015	2014
	Rupees	
The proportion of debt to equity at the year end was:		
Total borrowings (notes 17 and 19)	10,182,496	11,133,998
Less: Balances with banks (note 13)	14,153	2,701
Net Debt	10,168,343	11,131,297
Total Equity	7,488,770	6,509,319
Total Capital	17,657,113	17,640,616
Gearing ratio	0.58	0.63

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.

(Amounts in thousand)

36. NUMBER OF EMPLOYEES

	Number of employees 2015	Number of employees 2014	Average number of employees 2015	Average number of employees 2014
Management employees	76	70	73	71
Non- management employees	46	42	44	40
	122	112	117	111

37. CAPACITY AND PRODUCTION

	2015 MWh	2014 MWh
Maximum generation possible	1,855,782	1,860,135
Declared capacity billed	1,850,050	1,859,061
Net electrical output	1,424,015	1,721,959

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	2015 Rupees	2014 Rupees
Holding Company	Purchase of services	70,283	62,927
	Services rendered	77,798	72,436
Associated undertakings	Purchase of services	65,747	59,596
	Services rendered	43,922	18,214
Key management	Managerial remuneration, including bonus	73,472	64,800
	Retirement benefit schemes	6,275	5,205
	Other benefits	-	4,363
Staff retirement benefits	Managed and operated by the Company		
	- Gratuity fund	2,237	-
	- Provident fund	-	1,917
	Managed and operated by Engro Corporation Limited		
	- Provident fund	45,067	32,123
	- Gratuity fund	11,481	5,628
	- Pension fund	2,403	928

(Amounts in thousand)

39. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on February 3, 2016 has proposed a final cash dividend of Re. 1 per share for the year ended December 31, 2015 amounting to Rs. 323,800 for approval of the members at the Annual General Meeting to be held on March 29, 2016.

40. CORRESPONDING FIGURES

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

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 3, 2016 by the Board of Directors of the Company.

Khalid Siraj Subhani
Chairman

Jahangir Piracha
Chief Executive Officer

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
GIDC	Gas Infrastructure Development Cess	PPIB	Private Power Infrastructure Board
GSA	Gas Supply Agreement	RIC	Regular Income Certificates
GWh	Giga Watt hour	SECP	Securities & Exchange Commission
HRSG	Heat Recovery Steam Generator	SEPA	Sindh Environmental Protection Agency
HSD	High Speed Diesel	SNGPL	Sui Northern Gas Pipelines Limited
HSE	Health Safety & Environment	SSC	Special Saving Certificates
IA	Implementation Agreement	TFC	Term Finance Certificate
ICAP	Institute of Chartered Accountants of Pakistan	TRIR	Total Recordable Injury Rate
IFAC	International Federation of Accountants	TTC	Technical Training College
IFC	International Finance Corporation	WWF	Word Wide Fund for Nature
IPO	Initial Public Offering		

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 29th day of March, 2016 and at any adjournment thereof.

Signed this ________________ day of ________ 2016.

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.

____
Signature of Member/Shareholder

Date: ____________________

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: ______________________

ویڈیو کانفرنسنگ کی سہولت کے فارم کی درخواست

لاہور اور اسلام آباد میں اراکین ویڈیو کانفرنس کی سہولت بھی حاصل کر سکتے ہیں۔ لاہور اور/یا اسلام آباد میں مقیم وہ شیئر ہولڈرز جو مجموعی طور پر 10 فیصد یا اس سے زیادہ شیئرز کے حامل ہوں اور اجلاس میں ویڈیو کانفرنس کے ذریعے شامل ہونا چاہتے ہوں تو اگر اجلاس کی تاریخ سے کم از کم 10 روز قبل کمپنی کو ان کی طرف سے اجازت موصول ہو جاتی ہے تو وہ ان میں سے کسی بھی شہر میں اُن کے لئے ویڈیو کانفرنس کی سہولت مہیا کر سکتی ہے۔

اس ضمن میں براہِ مہربانی درج ذیل فارم پُر کیجئے اور اسے کمپنی کے رجسٹرڈ پتے پر سالانہ اجلاسِ عام کے انعقاد کی تاریخ سے کم از کم 10 روز قبل داخل کروا دیجئے۔

میں/ہم -- اینگرو کارپوریشن لمیٹڈ کے رکن اور رجسٹر کے صفحہ نمبر/سی ڈی سی اکاؤنٹ نمبر---------------------- کے مطابق------------ عام شیئر (ز) کے حامل کی حیثیت سے------------- میں ویڈیو کانفرنس کی سہولت حاصل کرنا چاہتا ہوں/چاہتے ہیں۔

دستخط رکن/شیئر ہولڈر

تاریخ:---------------------------------

بورڈ میٹنگ اور حاضری

2015ء میں بورڈ آف ڈائریکٹرز کے 5 اجلاس منعقد ہوئے۔ ڈائریکٹرز کی حاضری کا ریکارڈ حسب ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں کی تعداد جن میں شرکت کی
علی الدین انصاری[1]	2
خالد سراج سبحانی[2]	3
عالیہ یوسف	4
جہانگیر پراچہ[3]	2
جاوید اکبر	5
روحیل محمد	4
شبیر ہاشمی	5
شاہد حامد پراچہ	5
سید محمد علی[4]	3
وقار زکریا	5

1 11 مئی 2015ء کو بورڈ آف ڈائریکٹرز سے مستعفی ہو گئے

2 24 جون 2015ء کو بورڈ آف ڈائریکٹرز میں تقرری ہوئی

3 یکم ستمبر 2015ء کو بورڈ آف ڈائریکٹرز میں تقرری ہوئی

4 یکم ستمبر 2015ء کو بورڈ آف ڈائریکٹرز سے مستعفی ہو گئے

2015 میں بورڈ آڈٹ کمیٹی کے 5 اجلاس منعقد ہوئے۔ ڈائریکٹرز کی حاضری کا ریکارڈ حسب ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں کی تعداد جن میں شرکت کی
عالیہ یوسف	5
شبیر ہاشمی	4
شاہد حامد پراچہ	5

2015 میں بورڈ کمپنسیشن کمیٹی کے 2 اجلاس منعقد ہوئے۔ ڈائریکٹرز کی حاضری کا ریکارڈ حسب ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں کی تعداد جن میں شرکت کی
علی الدین انصاری	1
خالد سراج سبحانی	1
عالیہ یوسف	2
وقار زکریا	2

خالد سراج سبحانی
چیئرمین

جہانگیر پراچہ
چیف ایگزیکٹو آفیسر

پراکسی فارم

میں رہم ______________ کے ______________

اینگرو پاور جن قادر پور لمیٹڈ کے رکن اور عام شیئر کے حامل کی حیثیت سے ______________ (شیئرز کی تعداد)

رجسٹر کا فولیو نمبر ________ اور ریا سی ڈی سی فولیو کا آئی ڈی نمبر ______________ اور ذیلی اکاؤنٹ نمبر ______________، ______________ کے

______________ یا ______________ کے ______________

کو کمپنی کے سالانہ عام اجلاس جو 29 مارچ 2016ء کو منعقد ہوگا، میں میرے رہمارے لئے اور میری رہماری طرف سے بحیثیت اپنا پراکسی، ووٹ دینے کے لئے نامزد کرتا ہوں رکرتے ہیں۔

دستخط ______________ بروز ______________ بتاریخ ________ / ____________ 2016ء

گواہان:

- دستخط : ______________
  نام : ______________
  پتہ : ______________
  ____
  کمپیوٹرائزڈ قومی شناختی کارڈ نمبر : ______________
  پاسپورٹ نمبر : ______________

____

دستخط شیئر ہولڈر
(دستخط کا کمپنی میں رجسٹرڈ نمونے کے ہو بہو مطابق ہونا ضروری ہے)

- دستخط : ______________
  نام : ______________
  پتہ : ______________
  ____
  کمپیوٹرائزڈ قومی شناختی کارڈ نمبر : ______________
  پاسپورٹ نمبر : ______________

نوٹ : نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہیئے۔ نمائندے کو کمپنی کا رکن ہونا ضروری نہیں۔

سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ، پراکسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔

ہمارے لوگ

EPQL میں ہمارے ملازمین نہ صرف ہمارا سب سے اہم اثاثہ ہیں، بلکہ ہمارے مستقبل میں ہماری واحد سب سے اہم سرمایہ کاری بھی ہیں اور ہمارے طویل المیعاد تنظیمی ارتقاء میں ہمیشہ اہم رہیں گے۔ اس اعتراف کے ساتھ کہ ہمارے لوگ ہی اصل فرق پیدا کرتے ہیں، ہم ایسے بہترین ٹیلنٹ کو راغب کرنے، خدمات حاصل کرنے اور انہیں اپنے ساتھ رکھنے کے لیے مسلسل کوشاں ہیں جو ہمیں ہماری پیشہ ورانہ سبقت برقرار رکھنے اور ہماری درجۂ کمال پر فائز رہنے کی روایت آگے بڑھانے میں مدد فراہم کر سکیں۔ اس سال کمپنی گریجویٹ ٹرینی انجینئر اور انٹرن شپ پروگرام کے حوالے سے پورے اینگرو گروپ میں سرفہرست رہی، جہاں ہم نے ورلڈ کلاس اسٹینڈرڈ کے ساتھ نئے بنچ مارک قائم کیے۔ کمپنی نے متنوع پس منظر سے تعلق رکھنے والے 100 سے زائد ایسے ملازمین کو ملازمت کی فراہمی جاری رکھی جنہیں کیریئر کے حوالے سے بے مثال رہنمائی اور سرپرستی فراہم کی جاتی ہے تاکہ انہیں ایسے مستحکم ورکنگ پروفیشنلز کے طور پر تعینات کیا جا سکے جو دورِ جدید کے کاروباری چیلنجز سے عہدہ برآ ہونے کے لیے پوری طرح لیس ہیں۔ ملازمین بدستور ہماری کمپنی کی کامیابی کا کلیدی عامل رہے۔ 2015ء کے دوران ''We Care'' اقدامات کے ذریعے اپنے ملازمین کی ترقی اور بہبود پر توجہ مرکوز رکھنے کے لیے پالیسیوں کی تشکیلِ نو کی گئی۔

صحت، تحفظ اور ماحول

2015 اپنے صحت، تحفظ اور ماحولیاتی معیارات برقرار رکھنے کے حوالے سے کمپنی کے لیے ایک پُرآزمائش سال تھا کیوں کہ کمپنی نے اپنی پہلی بڑی معائنے کی سرگرمی کے انعقاد کا منصوبہ بنایا تھا۔ اس بڑی سرگرمی کے دوران 500 سے زائد کارکن ایک ماہ سے زائد چوبیس گھنٹے مصروف کار رہے، جب کہ اس دوران زیرو ٹوٹل ریکارڈ ایبل انجری ریٹ (TRIR) برقرار رکھا گیا، یعنی کسی کارکن کو کوئی قابلِ ذکر چوٹ یا زخم نہیں آیا۔

تمام HSE سسٹمز اور پروسیسز، بشمول DuPont سیفٹی اسٹینڈرڈز کا باقاعدگی سے تجزیہ اور محاسبہ کیا جاتا رہا۔ ایک تجربہ کار کثیر شعبہ جات ٹیم کی طرف سے تمام بڑے طریق ہائے کار کے لیے پروسیس ہزارڈ اینالائسس (PHA) کا ایک تفصیلی تحقیقی مطالعہ کرایا گیا۔ کمپنی نے 2015ء میں کسی لوسٹ ورک ڈے انجری (LWI) کے بغیر 0.98 ملین مین آورز (Man-hours) کی تکمیل کے ذریعے اپنے حد درجہ تحفظ کے عہد کی پاسداری کی اور اپنے اعداد و شمار کو تجارتی سرگرمیوں کے آغاز کی تاریخ (COD) سے 2015ء کے اختتام تک کسی LWI کے بغیر 4.67 ملین مین آورز تک پہنچا دیا۔

ہم اپنے فضلات کے اخراجات کی مستقل نگرانی جاری رکھے ہوئے ہیں اور یہ یقینی بناتے ہیں کہ ہم مطلوبہ حدود کے اندر کام کریں۔ انوائرنمنٹل پروٹیکشن ایجنسی (EPA) کے منظور کردہ تھرڈ پارٹی کنسلٹنٹس کے ذریعے فضلہ جات اور اخراجات کی سہ ماہی ٹیسٹنگ کرائی گئی اور نتائج تسلی بخش پائے گئے۔

مستقبل قریب کے حوالے سے توقعات

قادر پور میں کمپنی کے پلانٹ کو 2016ء میں permeate گیس کی سپلائی بلاتعطل جاری رہے گی۔ خام تیل کی قیمتوں کے عالمی منظر نامے میں حالیہ تبدیلیاں NTDC کے میرٹ آرڈر پر اثر انداز ہوئی ہیں۔ تاہم گیس پر مبنی پاور پلانٹس اپنی اعلیٰ کارکردگی اور نسبتاً کم پیداواری لاگت کی وجہ سے بدستور بلند درجے پر فائز رہیں گے۔ مزید برآں، ہم توقع رکھتے ہیں کہ گرڈ کی گنجائش کے حوالے موجودہ مسائل ترجیحی بنیادوں پر حل کر لیے جائیں گے جس کا نتیجہ بجلی کے خریدار کی طرف سے زیادہ ترسیل کی صورت میں برآمد ہوگا۔

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قابلِ ریکارڈ حادثات کی کل شرح

2015ء کے دوران IPPs کو ادائیگیوں میں بہتری کے باوجود IPPs کے واجب الادا منافع جات بے باق کرنے کے قابل نہیں ہوسکی جو توانائی کے شعبے میں گردشی قرضے کا ایک بڑا حصہ ہے۔ ہم یقین رکھتے ہیں کہ مسئلے کی بنیادی وجہ سے نمٹنے کے لیے کسی ٹھوس اقدامات کی غیر موجودگی میں مستقبل قریب میں انڈسٹری کی پیش قدمی کی راہ میں گردشی قرضہ بدستور ایک چیلنج بنا رہے گا۔

پیش قدمی کے دوران کمپنی بدستور پلانٹ اور آلات کے قابلِ اعتماد ہونے اور کارکردگی میں بہتری کے دیگر اقدامات پر اپنی توجہ مرکوز رکھے گی، تاکہ تمام مفاد یافتگان (stakeholders) کے فائدے کے لیے نیشنل گرڈ کو بجلی کی بلاتعطل سپلائی یقینی بنائی جا سکے۔

کلیدی شیئر ہولڈنگ اور فروخت کردہ شیئرز

31 دسمبر 2015ء کو کمپنی کی سب سے بڑی شیئر ہولڈر اینگرو پاورجن لمیٹڈ ہے۔ شیئر ہولڈنگ کے عمومی نقشے اور شیئر ہولڈرز کے مخصوص طبقوں کی شیئر ہولڈنگ کے خاکے کے ہمراہ، جن کا انکشاف رپورٹنگ فریم ورک کے تحت درکار ہے، ایک گوشوارہ اور زوج / زوجہ اور چھوٹے بچوں کی طرف سے شیئرز کی خرید و فروخت کا ایک گوشوارہ اس رپورٹ کے آخر میں دکھایا گیا ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں۔ اہل ہونے کی بنیاد پر انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی 31 دسمبر 2016ء کو ختم ہونے والے سال کے لیے ان کی بطور آڈیٹر تقرری کی سفارش کرتی ہے۔

ڈیویڈنڈ

اس سال کے دوران کمپنی نے 21 اپریل 2015ء کو فی شیئر 1.50 روپے اور 7 اگست 2015ء کو فی شیئر 1.00 روپے کے عبوری ڈیویڈنڈ کا اعلان کیا تھا۔ کمپنی نے 3 فروری 2016 کو اختتام سال 2015ء کے لیے فی شیئر 1:00 روپے حتمی ڈیویڈنڈ کا بھی اعلان کیا تھا۔ اس طرح سال 2015ء کا کل ڈیویڈنڈ 3.50 روپے فی شیئر رہا۔

ریٹائرٹ بینیفٹ فنڈز

کمپنی اپنے ملازمین کو بعد از ملازمت اور ریٹائرمنٹ پر مراعات فراہم کرنے کے منصوبے رکھتی ہے۔ ان میں ڈیفائنڈ کنٹری بیوشن (DC) گریچویٹی فنڈز، ڈیفائنڈ بینیفٹ (DB) گریچویٹی فنڈ اور DC پرووڈنٹ فنڈ شامل ہیں۔ اینگرو کارپوریشن گریچویٹی فنڈز اور اینگرو کارپوریشن پرووڈنٹ فنڈ کا نظم و نسق حتمی پیرنٹ کمپنی اینگرو کارپوریشن لمیٹڈ کے پاس ہے اور اس کے اپنے ملازمین اور تمام ذیلی اداروں بشمول اینگرو پاورجن قادر پور لمیٹڈ کے ملازمین اس میں شامل ہیں۔ EPQL DB گریچویٹی فنڈ کمپنی خود سنبھالتی ہے۔

مذکورہ بالا تمام فنڈز ٹیکس اتھارٹیز کی طرف سے منظور شدہ ہیں۔ EPQL DB گریچویٹی فنڈ کی تازہ ترین ایکچو یریل تخمینہ کاری 31 دسمبر 2015ء کو کی گئی اور 31 دسمبر 2014ء تک کے مالیاتی گوشوارے آڈٹ کیے جا چکے ہیں۔ جہاں تک اینگرو کارپوریشن پرووڈنٹ فنڈ اور اینگرو کارپوریشن گریچویٹی فنڈز کا تعلق ہے، بالترتیب 30 جون 2015ء اور 31 دسمبر 2014ء کے لیے آڈٹ شدہ حسابات دستیاب ہیں۔

	اینگرو کارپوریشن پرووڈنٹ فنڈ[1] ملین روپے	اینگرو کارپوریشن گریچویٹی فنڈز[1] ملین روپے	ای پی کیو ایل ڈی بی گریچویٹی فنڈ ملین روپے
آڈٹ شدہ تا	30 جون 15	31 دسمبر 14	31 دسمبر 14
گزشتہ آڈٹ شدہ مالیاتی گوشواروں کے مطابق خالص اثاثے	3,064	1,032	8
نیشنل سیونگ اسکیمز	223	296	-
گورنمنٹ سیکیورٹیز	1,045	507	-
لسٹڈ سیکیورٹیز	1,165	203	-
بینکس کے پاس بیلنس	304	17	6
قابل وصولی رقوم	425	48	3
قابل ادائیگی رقوم	(98)	(39)	(1)
ٹوٹل	3,064	1,032	8

1 رقومات میں اینگرو کے دیگر ذیلی اداروں کے میزان شامل ہیں اور مرکزی طور پر اینگرو کارپوریشن لمیٹڈ کے زیر انتظام ہیں۔

ڈائریکٹرز کی ذمہ داریوں کا اعلامیہ

ڈائریکٹرز درج ذیل ذمہ داریوں کے حوالے سے SECP کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اینڈ فائنانشل رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں:

1- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے منصفانہ طور پر اس کے معاملات کی صورتِ حال، سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیاں پیش کرتے ہیں۔
2- کمپنی کے اکاؤنٹس کے درست کھاتے مینٹین رکھے گئے ہیں۔
3- مالیاتی گوشواروں کی تیاری میں مستقلاً مناسب اکاؤنٹنگ پالیسیز کا اطلاق کیا گیا ہے اور حسابات کے گوشوارے مناسب عاقلانہ فیصلے پر مبنی ہیں۔
4- مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فائنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی اور ان سے کسی گریز کے راستے مناسب طور پر بند کیے گئے ہیں۔
5- نظام کے داخلی کنٹرول کی ساخت محفوظ ہے اور اس کا موثر اطلاق اور نگرانی کی گئی ہے۔
6- بطور ایک چلتے ادارے کمپنی کے کاروبار جاری رکھنے کی اہلیت پر کوئی قابل ذکر خدشات نہیں ہیں۔
7- کارپوریٹ گورننس کی بہترین روایات سے کسی قسم کا مادی گریز نہیں کیا گیا ہے، جیسے کہ لسٹنگ ریگولیشن میں تفصیلات شامل ہیں۔
8- چھ ڈائریکٹرز پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کی طرف سے منعقدہ ڈائریکٹرز ٹریننگ پروگرام میں شرکت کر چکے ہیں۔ ڈائریکٹرز میں سے ایک ڈائریکٹر ٹریننگ پروگرام میں حصہ لینے سے مستثنیٰ ہیں اور باقی ایک ڈائریکٹر شیڈول کے مطابق جاری سال ٹریننگ پروگرام میں شریک ہوں گے۔

ڈائریکٹرز کا جائزہ

آڈٹ شدہ مالیاتی گوشوارے اور 31 دسمبر 2015ء کو ختم ہونے والے سال کے لیے کمپنی کی کارکردگی کا ایک جائزہ پیش کرنا ڈائریکٹرز کے لیے باعث مسرت ہے۔

مرکزی سرگرمی

اینگرو پاورجن قادر پور لمیٹڈ (EPQL) کو بجلی کی پیداوار اور فروخت کا کاروبار کرنے کے بنیادی مقصد کے تحت قائم کیا گیا تھا۔ کمپنی نے ضلع گھوٹکی، نزد قادر پور 217.3 میگاواٹ کا کمبائنڈ سائیکل پاور پلانٹ قائم کیا اور 27 مارچ 2010ء کو تجارتی سرگرمیوں کا آغاز کردیا۔ یہ منصوبہ اس وجہ سے منفرد ہے کیونکہ یہ رساؤ والی (Permeate) گیس (کم BTU اور گندھک کی وافر مقدار والی گیس) جسے پہلے ضایع اور شعلے کی نذر کردیا جاتا تھا، شدت سے درکار بجلی میں تبدیل کرتا ہے۔ ایندھن کے اس منفرد استعمال کی بدولت اینگرو پاورجن قادر پور لمیٹڈ کا شمار ملک کے سب سے کم موقع جاتی لاگت (Opportunity Cost) والے تھرمل پاور پلانٹس میں ہوتا ہے۔ پیدا کردہ بجلی 26 اکتوبر 2007ء کو دستخط شدہ اس پاور پرچیز ایگریمنٹ (PPA) کے تحت نیشنل ٹرانسمشن اینڈ ڈسپیچ کمپنی (NTDC) کو منتقل کردی جاتی ہے، جو تجارتی سرگرمیوں کے آغاز کی تاریخ سے 25 سال کی مدت کے لیے کارآمد ہے۔

اسٹاک ایکسچینجز میں کمپنی کی رکنیت

یہ کمپنی اینگرو پاورجن لمیٹڈ (EPL) کا ایک ذیلی ادارہ ہے جو کمپنی میں تقریباً 69 فی صد کی شرح سے اکثریتی حصص کی مالک ہے۔ یہ کمپنی کو بالترتیب 27 اکتوبر 2014ء اور 29 دسمبر 2014ء کو کراچی اسٹاک ایکسچینج (KSE) اور اسلام آباد اسٹاک ایکسچینج میں، جواب پاکستان اسٹاک ایکسچینج (PSX) بن چکے ہیں، مندرج (Listed) کیا گیا۔

مارکیٹ کا جائزہ *

پاکستان کا پاور سیکٹر بنیادی طور پر نیشنل ٹرانسمشن اینڈ ڈسپیچ کمپنی (NTDC) کے ذریعے چلایا جاتا ہے جو ماسوائے کراچی (اور اس سے متصل علاقے) جہاں K-Electric لمیٹڈ کی طرف سے بجلی سپلائی کی جاتی ہے، پاکستان بھر میں بجلی کی تقسیم کی ذمہ دار ہے۔ فی الوقت لگ بھگ 35 انڈیپینڈنٹ پاور پروڈیوسرز (IPPs) ملک میں بجلی کی مجموعی پیداوار میں 40 فی صد سے زائد کے حصہ دار ہیں۔ گھریلو صارفین بجلی کے سب سے بڑے استعمال کنندگان ہیں جو لگ بھگ 44 فی صد بجلی خرچ کرتے ہیں، جس کے بعد صنعتی شعبہ 27 فی صد، جبکہ زراعت اور تجارت کے شعبے بالترتیب 11 اور 6 فی صد بجلی استعمال کرتے ہیں۔

پاکستان کو بجلی کی طلب میں اضافے، بجلی کی پیداوار میں محدود اضافے، ٹرانسمشن اور ڈسپیچ میں ضیاع کی بلند شرح اور گردشی قرضے کے مستقل مسئلے کی وجہ سے بجلی کی دیرینہ قلت کا سامنا ہے۔ فی الوقت طلب کے انتہائی بلند درجوں پر طلب اور فراہمی کا باہمی فرق 5,000 میگاواٹ کے لگ بھگ ہے۔ حکومتِ پاکستان ملک میں بجلی کا بحران دور کرنے کے لیے مختلف اقدامات پر عمل پیرا ہے۔ سیال قدرتی گیس (LNG) اور کوئلے پر مبنی بجلی کی پیداوار کے منصوبے حکومتِ پاکستان کی طرف سے اختیار کئے جانے والے چند اقدامات ہیں۔

~40%
انڈیپینڈنٹ پاور پروجیکٹس کی مجموعی پیداوار

99.7%
2015 میں قابل وصول دستیابی کی شرح

گردشی قرضہ

گردشی قرضہ توانائی کے مقامی شعبے میں ایک مستقل مسئلہ اور تمام پاور سیکٹر کے لیے تشویش کا سبب رہا ہے۔ بجلی کی مہنگی ملی جلی پیداوار اور بجلی تقسیم اور ترسیل کے دوران بھاری ضیاع گردشی قرضے کو ایندھن فراہم کرنے والے بنیادی مسائل ہیں۔ جہاں حکومتِ پاکستان IPPs کی لیکویڈیٹی کی شدید مجبوریوں کو کم کرنے کی ایک کوشش کے طور پر IPPs کو واجب الادا اصل رقم کم کرنے کے لیے قدم اٹھا رہی ہے اور IPPs کی واجب الادا رقوم کی ادائیگی کے لیے متعدد قدم اٹھائے گئے ہیں، تاہم متعدد وعدوں کے باوجود واجب الادا منافع کو بے باق کرنے کے حوالے سے کوئی بہتری نہیں ہوئی ہے۔ اس کے علاوہ امسال عالمی سطح پر تیل کی قیمتوں میں بے مثال کمی کی وجہ سے بھی گردشی قرضہ جمع ہونے کے عمل میں سست رفتاری رہی، جس سے تیل پر مبنی IPPs کو کچھ چین کا سانس لینے کا موقعہ ملا جس کی انہیں شدید ضرورت تھی۔ ہم پیش بینی کر سکتے ہیں کہ گردشی قرضہ مستقبل میں بھی حکومتِ پاکستان اور توانائی کے شعبے کے لیے چیلنج بنا رہے گا جب تک اس کے بنیادی اسباب سے عہدہ برآ ہونے کے لئے ٹھوس پالیسی اقدامات نہیں کر لئے جاتے۔

عملی کارکردگی کا اجمالی جائزہ

کمپنی نے 2015ء میں 99.7 فی صد کی شرح سے قابل وصول دستیابی (Billable availibility) کا مظاہرہ کیا، جب کہ اس کے مقابلے میں گزشتہ سال یہ شرح 99.9 فی صد تھی۔ اس نے مجموعی طور پر 1424 GWh خالص پیدا شدہ بجلی نیشنل گرڈ کو بھیج کر 76.7 فی صد لوڈ فیکٹر کا مظاہرہ کیا، جب کہ اس کے مقابلے میں گزشتہ سال یہ شرح 92.6 فی صد تھی۔ لوڈ فیکٹر میں اس کمی کا بنیادی سبب منصوبے کے تحت معائنے کی ایک بڑی کارروائی تھی جو اپریل/ مئی 2015ء میں عمل میں لائی گئی۔ مینٹیننس کی یہ کارروائی پلانٹ کے کام کرنے کے ہر چھ سال بعد عمل میں لائی جاتی ہے۔ پلانٹ نے قادر پور گیس پروسیسنگ فیسیلیٹی کے سالانہ ٹرن اراؤنڈ اور مینٹیننس کی دیگر سرگرمیوں کے لیے بھی 2015ء کے دوسرے نصف حصے میں منصوبے کے تحت بجلی کی پیداوار وقتاً فوقتاً بند کی جاتی رہی۔ منصوبے کے تحت کی گئیں بجلی کی یہ بندشیں PPA کے تحت بجلی کے خریدار سے قابلِ وصولی تھیں اور طے شدہ وقت کے اندر مکمل کی گئیں اور جس سے پلانٹ کو شیڈول سے پہلے دوبارہ آن لائن ہونے کا موقع ملا۔

مالیاتی جائزہ

سال 2015 کے لیے بجلی کی فروخت سے حاصل شدہ آمدنی 13,354 ملین روپے رہی، جب کہ اس کے مقابلے میں گزشتہ سال کی آمدنی 12,041 ملین روپے تھی۔ فروخت سے حاصل شدہ آمدنی میں اضافے کا بنیادی سبب 2013ء اور 2014ء سے متعلق گیس انفرااسٹرکچر ڈیولپمنٹ سیس (GIDC) کی گزشتہ بلنگ تھی۔ مجموعی منافع 2,465 ملین روپے رہا، جب کہ اس کے مقابلے میں گزشتہ سال کا مجموعی منافع 2,702 ملین روپے تھا۔ مجموعی منافع میں اس کمی کا سبب اس سال بجلی کی زیادہ بندشیں اور گرڈ کے مسائل کی وجہ سے طلب میں کمی ہے۔ دیگر آمدنیاں 7 ملین روپے رہیں، جب کہ اس کے مقابلے میں 2014ء میں 154 ملین روپے آمدنی ہوئی تھی۔ گزشتہ سال کی دیگر آمدنی بنیادی طور پر نئے روٹر کی خریداری کے لیے انشورنس کوریج کے ذریعے رقم واپسی کی عکاسی کرتی ہے۔

ورکنگ کیپٹل کی صورت حال میں بہتری، رننگ فنانس کی لاگت میں کمی اور فیول سپلائیرز کو بروقت ادائیگیوں سے اس سال فنانسنگ کی لاگت کم کرنے میں مدد ملی جو گزشتہ سال 579 ملین روپے کے مقابلے میں اس سال 442 ملین روپے رہی۔ اس سال بڑے قرض خواہوں کو 17.5 ملین امریکی ڈالر (پرنسپل رقم 14.5 ملین امریکی ڈالر) پر مشتمل اقساط ادا کی گئیں۔ جس کے نتیجے میں مجموعی غیر ملکی قرضہ اب 77 ملین امریکی ڈالر ہے جو 31 دسمبر 2014ء کو 92 ملین امریکی ڈالر تھا۔

31 دسمبر 2015ء کو NTDC پر واجب الادا رقم 1,692 ملین روپے ہے، جو 31 دسمبر 2014ء کو 1,210 ملین روپے تھی۔ اسی طرح SNGPL کو 31 دسمبر 2015ء کو واجب الادا رقم 583 ملین روپے تھی جو 2014ء میں 232 ملین روپے تھی۔

کمپنی نے 2015ء میں 1,798 ملین روپے خالص منافع کمایا، جب کہ اس کے مقابلے میں گزشتہ سال کا خالص منافع 2,021 ملین روپے تھا۔ 2015ء کے لیے فی شیئر آمدنی 5.55 روپے رہی، جب کہ اس کے مقابلے میں گزشتہ سال کی فی شیئر آمدنی 6.24 روپے تھی۔

گیس کی صورتِ حال

کمپنی نے سوئی ناردرن گیس پائپ لائنز لمیٹڈ سے قادر پور گیس فیلڈ سے 75 MMCFD رساؤ والی (Premeate) گیس کی سپلائی کے لیے گیس سپلائی ایگریمنٹ (GSA) کر رکھا ہے۔ فیول سپلائی کی منفرد نوعیت کی بدولت کمپنی کو گیس کی کمی کا نسبتاً کم خطرہ درپیش ہے۔ اگرچہ پلانٹ کی عمر پوری ہونے تک گیس کی سپلائی کے موجودہ ماخذ قادر پور گیس فیلڈ میں گیس کے ذخائر کم ہو سکتے ہیں، تاہم کمپنی گیس میں کمی کے اثرات سے محفوظ ہے کیونکہ اس کا معاہدہ ملے جلے (Comingle) فیول یعنی پلانٹ کو گیس اور ہائی اسپیڈ ڈیزل (HSD) دونوں پر چلانے کی اجازت دیتا ہے۔ مزید برآں امپلیمنٹیشن ایگریمنٹ (IA) کے ضوابط کے تحت حکومت پاکستان کمپنی کو گیس کنورژن کی لاگت واپس لوٹانے اور گیس میں کمی کے نتیجے میں متبادل ایندھن پر پلانٹ چلانے پر زرتلافی کی ادائیگی کی ذمہ دار ہوگی۔ جس کے نتیجے میں کمپنی نے ایک طویل المیعاد متبادل ایندھن کی تلاش کا کام شروع کردیا ہے۔

PKR 5.55
2015 میں فی شیئر آمدن

سماجی سرمایہ کاری

کمپنی نے قادر پور گیس فیلڈ کے گرد ونواح کی آبادیوں میں سرمایہ کاری کی روایت جاری رکھی۔ مرکزی توجہ کمپنی کے روزگار (Livelihood) پروگراموں کی رسائی میں اضافے پر مرکوز رہی جو ہنرمندی کے فروغ کے لیے مختلف اقدامات پر مشتمل ہے۔ ٹیکنیکل ٹریننگ کالج (TTC) ڈہرکی، جو اینگرو کی مدد سے قائم کردہ ایک خود مختار ادارہ ہے، کمپنی اسکل ڈیولپمنٹ پروگرام کا اہم حصہ ہے۔ TTC کیمیکل اور میکینیکل ٹیکنالوجیز میں ایسوسی ایٹ انجینئرنگ میں تین سالہ ڈپلوما (DAE) اور مختصر المیعاد ووکیشنل ٹریننگ پروگرام پیش کرتا ہے جو مقامی نوجوانوں کو صنعتوں کی طلب پوری کرنے کا موقع فراہم کر رہے ہیں۔ اس سال 157 طلبہ کو DAE پروگرام میں داخلہ دیا گیا، جس سے TTC میں طلبہ کی مجموعی تعداد 380 سے زائد ہوگئی۔ EPQL نے مستحق طلبہ کے لیے اپنا سالانہ اسکالرشپ پروگرام بھی جاری رکھا۔

کمپنی کے تعلیمی پروگرام کے تحت قادر پور میں تین گوٹھوں میں تین کوایجوکیشن پرائمری اسکولوں کو معاونت فراہم کی جا رہی ہے۔ یہ علاقے میں واحد فعال اسکول ہیں اور ہر سال 500 سے زائد بچوں کو تعلیم فراہم کر رہے ہیں۔ اس سال اینگرو نے ان اسکولوں کا معیار اور ان کی عملی قابلیتوں کو بہتر بنانے کے لیے انڈس ریسورس سینٹر (IRC) کے ساتھ شراکت قائم کی۔ EPQL کی طرف سے اپنے اختیار کردہ پرائمری اسکولوں کے بچوں کے لیے رشید آرائیں گوٹھ میں ایک مڈل اسکول پروجیکٹ پر بھی کام کیا جا رہا ہے۔

قادر پور کے علاقے میں مقیم آبادیوں میں لوگوں کی صحت بہتر بنانے کے ایک حصے کے طور پر کمپنی نزدیکی گوٹھوں میں ایک موبائل کلینک بھی چلاتی ہے۔ اس موبائل کلینک نے 2015ء میں 3,000 سے زائد مریضوں کا علاج کیا۔ کمپنی نے ضلع گھوٹکی میں اپنی سالانہ آئی کیمپ کی سرگرمی کے لیے الشفا آئی ٹرسٹ کے ساتھ اپنی شراکت جاری رکھی، جہاں ایک ہزار سے زائد مریضوں نے علاج کی سہولت سے استفادہ کیا۔ EPQL نے پولیو مہم اور سیلاب میں امدادی کاموں میں معاونت فراہم کرنے کے لیے سال بھر ضلعی انتظامیہ کے شانہ بہ شانہ کام کیا۔ EPQL نے سندھ رینجرز کو بھی ان کے سکھر میں ہاسپٹل پروجیکٹ کے لیے دستِ تعاون پیش کیا۔

3,000+
شفاخانے میں مریضوں کا علاج

* نیپرا اسٹیٹ آف انڈسٹری رپورٹ 2014ء