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engropowergen.com

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engro powergen qadirpur

seven years of power for the nation

Annual Report 2017

about the cover

Our industry is changing faster than at any time in our life time. Energy disruption and geopolitical change are transforming global economies.

At Engro Powergen Qadirpur Limited (EPQL), we will help drive this transition – and our business will be transformed by it. Amid growing electricity demand, rising fuel costs, and climate change concerns, EPQL believes energy can make the difference. We exist to change the future of energy. We take our nation's most abundant resources - the people – and empower them to unleash their true potential.

This annual report is a testament to the courage, scale, passion, diversity and resourcefulness of our communities which enable us to produce energy that serves to power economic growth and improve the quality of life for the nation.

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company information

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Shamsuddin A. Shaikh - Chairman
Shahab Qader - Chief Executive Officer
Aliya Yusuf
Hasnain Moochhala
Javed Akbar
Mohsin Ali Mangi
Shabbir Hashmi
Shahid Hamid Pracha
Vaqar Zakaria

Board Audit Committee
Javed Akbar - Chairperson
Shabbir Hashmi
Aliya Yusuf

Company Secretary
Schaane Ansari

Chief Financial Officer
Sameer Amin

Corporate Audit Manager
Syed Zaib Zaman Shah

Bankers
Albaraka Bank Ltd
Allied Bank Ltd.
Bank Alfalah Ltd.
Faysal Bank Ltd
Habibsons Bank Ltd. London
National Bank of Pakistan
MCB 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
Telephone: +92(21)32426682-6/32426711-5
Fax: +92(21)32415007 / 32427938

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Block- 4, Clifton, Karachi – 75600, Pakistan
UAN: +111 211 211
PABX: +92-21-35297875-81

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
Tel: +92-21-34380101-5
Fax: +92-21-34380106

Website
www.engropowergen.com

our history

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.

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 sulfur 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 the 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 sulfur 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 system 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 2017

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 & September 2005

Proposal submitted to PPIB for setting up permeate gas power plant. Permeate gas allocation from Qadirpur Gas field approved

February 2006

Engro 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 Engro Powergen Qadirpur Limited (EPQL)

December 2014

Listing on Pakistan Stock Exchange (PSX)

April & May 2015

Successfully carried out first major inspection activity conducted after every six years of Plant operations

July 2016

Successfully completed 5.0 million man hours without any Loss Workday Injury (LWI) since commencement of commercial operations

November 2017

Successfully conducted OHIH second party Audit

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.

leadership

for our communities

Board of Directors

Left to Right (Sitting)
Mr. Shahab Qader
Mr. Vaqar Zakaria
Mr. Shamsuddin A. Shaikh
Ms. Aliya Yusuf
Mr. Shahid Hamid Pracha

Left to Right (Standing)
Mr. Mohsin Ali Mangi
Mr. Javed Akbar
Mr. Hasnain Moochhala
Mr. Shabbir Hashmi

directors’ profile

Shamsuddin A. Shaikh
Chairman

Shamsuddin A. Shaikh is the CEO of Engro Energy Ltd. (Formerly known as Engro Powergen Ltd.), Sindh Engro Coal Mining Company, Thar Foundation and Chairman of Engro Powergen Thar Pvt. Ltd. as well as Engro Powergen Qadirpur Ltd. Prior to his current position, Shamsuddin was Senior Vice President at Engro Foods. He is a member of the Board of Directors of Sindh Engro Coal Mining Company, Thar Power Company Ltd. and Engro Energy Limited.

Shamsuddin has an extensive career of over 25 years in Manufacturing, Sales, Commercial and Supply Chain at different levels and subsidiaries of Engro Corporation. Shamsuddin has a BE (Mechanical) from NED University while he attained an MS in Industrial Engineering along with an MBA from Colorado State University.

Shahab Qader
CEO

Shahab has had more than 21 years of industry experience in the chemical process and power utility industry where his expertise ranges from project development and project execution to Operations & Management. In addition to having worked through project development and execution at a senior level, Shahab has been part of Operations & Management teams in the first twelve years of his career.

He holds a Bachelors in Electrical Engineering from UET. He joined the EPQL board in March 2017.

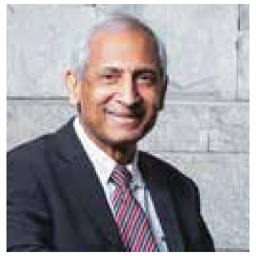
Aliya Yusuf
Director

Aliya Yusuf is a Partner at the law firm of 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.

Hasnain Moochhala
Director

Hasnain Moochhala joined Engro Corporation Limited as Chief Financial Officer in June 2017. Prior to that he has had a career in Commercial Finance, M&A, Corporate Governance, Treasury and Audit over 30 years across Europe and Asia. The last 20 years of his career was with Royal Dutch Shell in various roles including Finance Director Shell Pakistan, Head of Finance for Shell Lubricants Asia Pac, Head of Downstream M&A East and Finance Manager Upstream Joint Ventures.

Hasnain has partnered with businesses of significant size across China, South and East Asia, delivering turnaround business performance whilst ensuring robust business controls and compliance in matrixed organizations. His key achievements in prior roles include the delivery of material M&A transactions, the formulation of global best practice in Joint Venture Governance, cost leadership and the building of strategic partnerships with various stakeholders. Hasnain has also led, coached and mentored teams in Singapore and Pakistan, as well as virtual teams across Asia Pacific and Europe.



Vaqar Zakaria
Director

Vaqar Zakaria has 40 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 Bachelors and Msater's degrees in Chemical Engineering from the Massachusetts Institute of Technology (MIT), USA. He joined the EPQL Board in 2008.

Mohsin Ali Mangi
Director

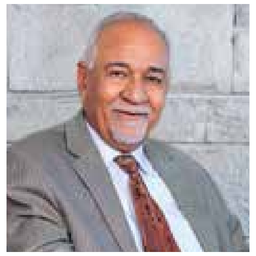
Mohsin Ali Mangi is currently Head of Agri-business Solutions & Rahbar Pilot Project at Engro Fertilizers Ltd. Prior to this Mohsin was the Chief Operating Officer at Engro Vopak Terminal Ltd and Engro Elengy Terminal (Pvt) Ltd.

Mohsin has held diverse roles in Engro. During his tenure as the Head of International Trade in Engro Fertilizer, Engro Fertilizer became one of the largest Corporate DAP importers in the world.

As the CFO of Engro Polymer and Chemicals Ltd, Engro Fertilizers Ltd and Engro Powergen, Mohsin successfully completed the financial re-structuring of the affiliates and has also worked on Tariff determination and initial coal pricing methodology for Thar coal mine.

Having a vast investment banking and project finance experience in Pakistan and abroad Mohsin brings proven expertise in overseeing the commercial, operational & financial aspects of the business.

Mohsin believes that the power of digitization can create socio-economic upliftment with its access to marginalized communities.



Javed Akbar
Director

Javed Akbar is a Chemical Engineer and has over 40 years of experience in fertilizer and chemical business with Exxon, Engro and Vopak in Pakistan and overseas. He was part of the buyout team in 1991 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 retirement, he established a consulting company specializing in analyzing and forecasting petroleum, petrochemical and energy industry trends and providing strategic insight.

He currently serves on the board of companies involved in fertilizer, petroleum, power and renewable energy. 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 and is a board director at Inbox Business Technologies Limited. He has been associated with the Dawood Hercules Group since 2007 and formerly served as a board director of Engro Corporation Limited and it's subsidiaries Engro Fertiizer and Engro Powergen as well as the Hub Power Company Limited. 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.

Shabbir Hashmi
Director

Shabbir Hashmi has more than 35 years of project finance and private equity experience. At Actis Capital, one of the largest private equity investors in the emerging market, he has 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 did a long stint with USAID and later briefly with the World Bank in Pakistan, specializing in planning and develoment 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 DH Corporation Limited, Dawood Lawrencepur Limited and Engro Powergen Qadirpur Limited.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.

board committees

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 the salary plans, employee development plans, executive appraisals and succession planning.

The committee met once physically and once through circulation during 2017.

Committee Members:

Mr. Shamsuddin A. Shaikh	Chairman
Mr. Javed Akbar	Member
Mr. Vaqar Zakaria	Member

The secretary of he Board Compensation Committee is Mr. Kashif Ahmed Soomro

The 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 on 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 four times during 2017.

Committee Members:

Mr. Javed Akbar	Chairman
Ms. Aliya Yusuf	Member
Mr. Shabbir Hashmi	Member

The Secretary of the Committee is Syed Zaib Zaman Shah

functional committees

These committees act at the operational level in an advisory capacity to the Chief Executive, 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 works in an advisory capacity to the CEO.

Committee Members

Mr. Shahab Qader	CEO
Mr. Farooq Nazim Shah	Member
Mr. Sameer Amin	Member
Mr. Kashif Ahmed Soomro	Member

The Secretary of the committee is Mr. Aamir Aslam

Committee for Organizational and Employee Development (COED)

The COED is responsible for the review of compensation, organization, training and development matters of all employees.

Committee Members:

Mr. Shahab Qader	Chairman
Mr. Farooq Nazim Shah	Member
Mr. Kashif Ahmed Soomro	Member
Mr. Sameer Amin	Member
Mr. Syed Manzoor Hussain Zaidi	Member

The Secretary of the committee is Mr. Govinda Hira.

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, 2017 the Board comprises of one executive Director, one independent Director, seven non-executive Directors of whom three 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, Shamsuddin A. Shaikh, chairs the Board and the Chief Executive Officer is Shahab Qader. 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 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, 2017 the Board included the following members:

Category	Name
Independent Directors	Mr. Javed Akbar
Executive Director / CEO	Mr. Shahab Qader
Non-Executive Directors	Mr. Shamsuddin A. Shaikh Mr. Shabbir Hashmi Mr. Hasnain Moochhala Mr. Shahid Hamid Pracha Ms. Aliya Yusuf Mr. Vaqar Zakaria Mr. Mohsin Ali Mangi

   The independent director meets the criteria of independence under clause i (b) of the CCG. Of the non-executive directors, Shamsuddin A. Shaikh, Hasnain Moochhala and Mohsin Ali Mangi 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. Three casual vacancies occurred on the Board. Two occurred on March 20, 2017 of which one was filled up by the Directors within 1 day and the other was filled up in 105 days. The third vacancy occurred on April 04, 2017, which was filled up by the Directors within 1 day.

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 throughout 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. The minutes of the meetings were appropriately recorded and circulated.

9. Four 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 training of one director is in progress.

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 the current 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 the 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 one is an independent director and two are non-executive directors. 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, two of whom are non-executive directors and one is an independent 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. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

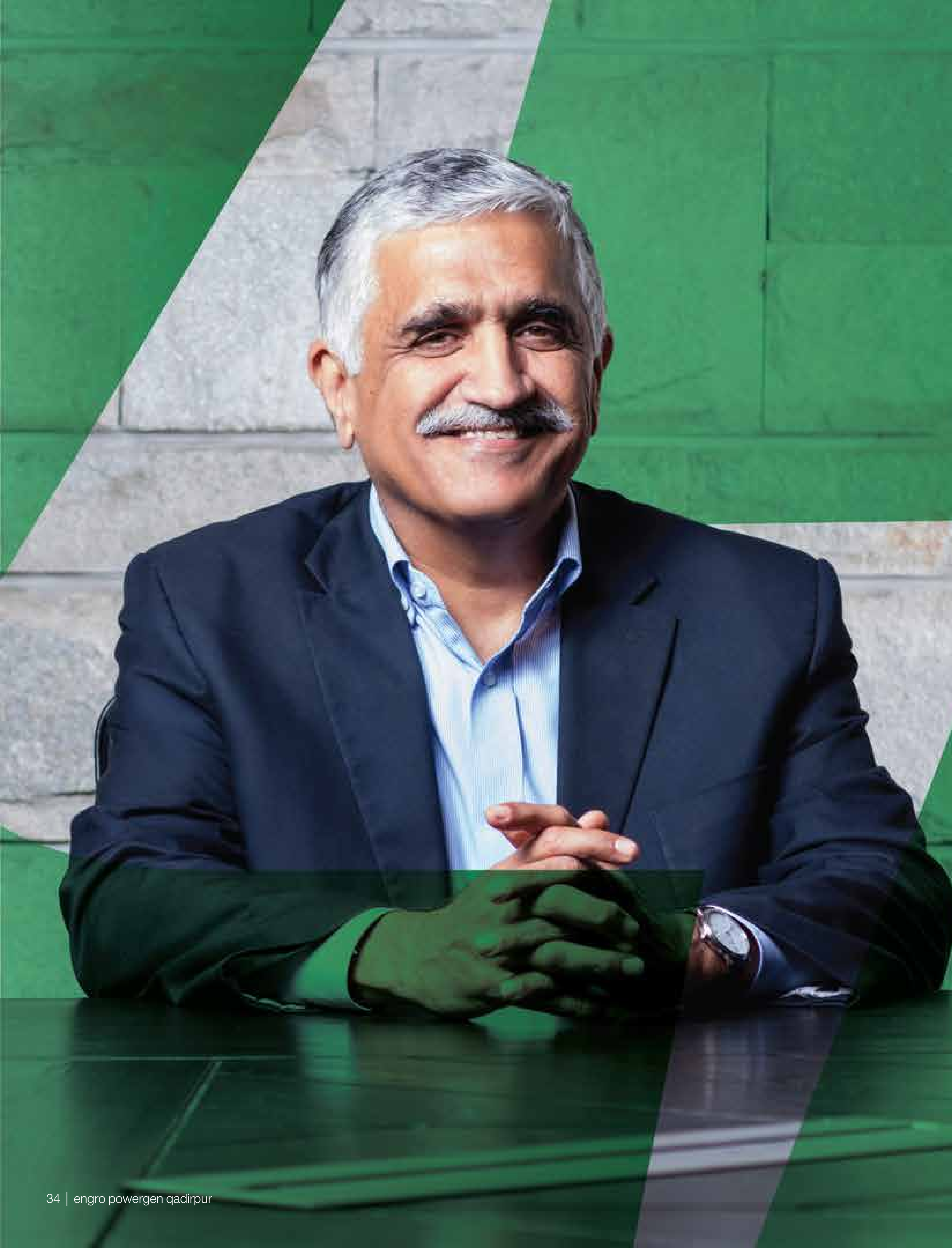
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Shamsuddin A. Shaikh
Chairman

Shahab Qader
Chief Executive Officer

success

for our neighbourhoods



chairman's report

Dear Shareholders,
I would like to start by offering my sincere appreciation for giving us the opportunity to be the stakeholders of your investment. Your trust in Engro Powergen Qadirpur Limited (EPQL) is our greatest privilege. It is an honor to introduce this annual report in what was a year of improvement and adaptability for the future.

The leadership team has spent 2017 balancing operational excellence with adopting a proactive posture to the future. Our aspiration is to apply our expertise to continue stellar execution in an exciting market. In the years to come our investors should rest assured that we plan to continue to tap market circumstances and generate superior value.

We are entering a dynamic energy market in Pakistan with generation, transmission, infrastructure investments, financing options, and adoption of new technologies all playing their part. This is why EPQL's dependable and competitive business model is important. It is a model that is capable of creating value for our shareholders because of a relentless focus on discipline and continuous innovation across digital technologies, operations, employees, asset utilization and optimization. We are confident that the EPQL way of doing things will continue to result in the certainty of profitable growth.

As always EPQL has been passionate about its purpose beyond profit, and we constantly have a dialogue about our role in the society and the various stakeholders in our value chain. We endeavor to be a responsible Company as well as a financially valuable one. We continue to seek areas of socio-economic impact wherever we interact with our shareholders, employees, the government, suppliers, partners, and the communities around our facilities. We play a part where we can and aspire to do even more in the coming year.

The way forward will surely be challenging, however with a committed team executing our operational and strategic plans, our deep experience in the energy sector, and the support of our stakeholders, we look forward to another year of opportunity and value. Thank you for your continued support on this journey.

Shamsuddin A. Shaikh
Chairman

ceo's message

The year 2017 was another good year for Engro Powergen Qadirpur Limited (EPQL). It was a year in which both our operational and financial metrics improved and we continued our tradition of delivering as an organization across all areas.

Market forces, dynamics of Pakistan's energy mix, government policy and customer demand are just some of the key factors continuously shaping the energy sector of Pakistan. Companies that succeed in this complex environment are the ones that are prepared for it, anticipate it and plan for it. With the right mindset and expertise we believe we are well placed to adapt to this dynamic environment as leaders.

On our performance metrics, EPQL delivered a billable availability factor of 100.3% in 2017. We dispatched a total net electrical output of 1,737 GwH to the National Grid demonstrating a load factor of 92.9% in 2017, an increase of 25.7% over last year performance. Last year the load factor was depressed due to power purchaser's transformation breakdown issue which impacted operations at the start of 2016. Our sales of PKR 11,590 million and gross profit of PKR 2,712 million were both higher than last year because of the reasons mentioned above. We reduced our financing cost by PKR 92 million this year to PKR 269 million. The company earned a net profit of PKR 2,391 million for 2017 as compared to PKR 1,788 million last year that resulted in earnings per share of PKR 7.38 for 2017 as compared to PKR 5.52 last year. We are aware that we represent a dependable, long-term holding for our investors and are proud to return value to our shareholders in the form of a dividend of PKR 3.25 per share in 2017 vs PKR 3.00 last year.

The concept of "shared value" continues to drive all activities at EPQL. We believe our employees and our communities are stakeholders in our prosperity and only by positively impacting them will EPQL be considered a success. We continued to enhance the capacities of the communities in the region, in the areas of livelihood, education and health. Our compliance and governance activities continued to be in line with global best practices. We maintained the quality of our Process Safety Management and Process Safety & Risk Management systems. The Company has maintained zero Loss Workday Injury since last 5 years. We continued raising the bar in our aspiration to become the most sought out employer in the energy sector. Our employee wellbeing activities have become part of a robust culture where cross-functional and constructive dialogue augments decision making across the company.

We have a clear strategy for the future, which allows us to focus on meeting the changing needs of our customers, communities and delivering superior returns to our investors. We will continue to maintain our focus on optimizing operational assets, and executing performance improvement initiatives to ensure uninterrupted power supply to the national grid. At EPQL we continue to endeavor to achieve operational excellence coupled with great customer service, for we understand that working with our stakeholders is the key to our success.

Shahab Qader

Shahab Qader
Chief Executive Officer

operational highlights

Man-hours without LWI from COD to Dec 31, 2017	6.32 mn
Billable Availability Factor	100.3%
Net Electrical Output (NEO) produced in 2017	1,737 gwh
Load Factor	92.9%
Utilization Factor	98.3%
National Environmental Quality and World Bank guidelines compliance	100%

key figures

	2017	2016
Sales Revenue	11,590 m	11,452 m
Gross Profit	2,712 m	2,242 m
Profit after Tax	2,391 m	1,788 m
Total Assets	21,291 m	20,092 m
Total Equity	9,813 m	8,455 m
Cash flow from Operations	3,052 m	2,311 m
Capex	85 m	180 m
Earnings per Share	7.38	5.52

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, 2017.

Principal Activity

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

The Company is a subsidiary of Engro Energy Limited, formerly Engro Powergen Limited (EPL), which has a majority shareholding of 68.89% in the Company. The Company was listed on the Pakistan Stock Exchange (PSX) in 2014.

Market Review

The power sector of Pakistan is undergoing a major transformation where the Government of Pakistan (GoP) has made it its priority to overcome the energy crises which is adversely affecting the socio-economic progress of the country. To overcome the current demand-supply deficit of ~3,000-4,000 MW at peak levels and cater for future demand growth, the GoP is actively working on fast track RLNG Projects in North Punjab, multiple hydel projects in KPK / AJK and local / imported Coal projects in Sindh. Most of these power projects are expected to come online in next 2-3 years which is in line with the GoP's claim of eliminating the demand-supply deficit by 2019-20.

Another crucial challenge is to upgrade the current transmission infrastructure to handle this additional power generation. To overcome this challenge, the National Transmission and Dispatch Company (NTDC) is working to improve the current transmission network by upgrading existing transmission infrastructure and introducing new circuits. In parallel, the GoP is also facilitating, both local and overseas private investors for developing transmission lines.

Circular Debt

Circular Debt has been a persistent problem in the domestic energy sector. The root causes behind the accumulation of circular debt are high T&D losses, low recovery / power theft and expensive fuel mix. Although the GoP has made considerable strides towards improving the fuel mix it has been unable to resolve other issues. With new power projects coming online and increasing international oil prices 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.

92.9%

load factor
in 2017

Operational Overview

The Company demonstrated a billable availability factor of 100.3% in 2017 which was same last year. It dispatched a total net electrical output of 1,737 GwH to the national grid demonstrating a load factor of 92.9% compared to 67.2% last year. The decrease in load factor last year was primarily on account of power purchaser's (NTDC's) auto transformer issue which caught fire and went out of operation on January 21, 2016. Following resolution of the issue; dispatch request from the Power Purchaser has improved in 2017 as demonstrated by the load factor mentioned above.

Financial Review

Sales revenue for the year 2017 was PKR 11,590 million compared to PKR 11,452 million last year. The increase in sales revenue is mainly attributable to a higher load factor as explained above. Gross profit for the year was PKR 2,712 million against PKR 2,243 million last year. The increase in gross profit is primarily due to higher absorption of operation & maintenance costs on account of increased demand in 2017 vs last year. Last year NTDC's dispatch demand was lower on account of power purchaser's auto transformer issue which impacted power evacuation in 2016. Other income represents insurance income for business interruption loss suffered by the Company in 2016 on account of power purchaser's (NTDC's) auto transformer issues. Improvement in long term interest charges and higher interest income from NTDC helped to reduce financing cost this year which stood at PKR 269 million compared to PKR 361 million last year. During the year, two senior lenders' installments aggregating US$ 19.6 million (principal repayment US$ 17.1 million) were paid. As a result, the total foreign loan now stands at US$ 44 million against the total project loan of US$ 144 million.

Overdue from NTDC stood at PKR 4,294 million as on December 31, 2017 vs PKR 2,353 million as on December 31, 2016. Similarly, overdue amount payable to SNGPL on December 31, 2017 was PKR 1,716 million vs PKR 597 million in 2016.

The Company earned a net profit of PKR 2,391 million for 2017 as compared to PKR 1,788 million last year which resulted in earnings per share of PKR 7.38 for 2017 as compared to PKR 5.52 last year.

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. Although the existing source of gas supply from the Qadirpur gas field is expected to deplete over the life of the project, the Company is protected 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. Accordingly, the Company has commenced work on finding a long term alternate fuel option.

Social Investments

We are proud of our long history of social investments. Strengthening people's capacities in communities around us continues to be a core initiative for us, which is driven by governance at the executive level.

Livelihood remains a key pillar of our social investments. Skill training programs provides opportunities for employment and self-sustenance. This year EPQL arranged for 30 individuals to get vocational training with the coordination of Technical Training College (TTC) Daharki. The skills these individuals acquired will help them create a livelihood for themselves as either valuable employees or entrepreneurs.

Quality education is the foundation for sustainable development of any community. We believe in a strategic approach to support education initiatives with impactful interventions at various levels. This year we sponsored students across academic strata from school to college level with the help of Technical Training College (TTC) Daharki, an institute that we helped to establish.

We have a long history of reaching out to communities to provide quality health care to the most under privileged people of the country. We organized free Hepatitis B & C vaccinations in collaboration with the Health Department, Government of Sindh both for communities surrounding the Plant site and the "Kaccha" areas. Approximately 3,800 people were screened in the activity and those identified with potential health risks were provided with free treatment. Our flagship annual Eye Camp was organized in partnership with Al-Shifa Trust Eye Hospital and provided free treatment to over 1,200 under privileged people.

Our People

We believe that our employees are the single most valuable asset and critical to our long-term success; we have consistently sought to attract, hire, train and retain some of the most talented people in the Country. Our ability to create high performance teams with a culture of inclusiveness, professionalism and excellence is at the heart of our performance. We consistently strive to become the employer of choice for the most talented people in Pakistan and around the world.

We are particularly proud of the cultural diversity within the Company. We encourage recruitment of people from different backgrounds, age and gender. We are supporters of Affirmative Action and actively encourage applications by people of disadvantaged groups.

We place the utmost importance on employee wellbeing. Keeping this in mind, the Company conducted an Employee Wellness Drive that catered to the wellness dimensions for each employee, namely physical health, mental health, spiritual wellbeing and social wellbeing. This program was also certified by the "Global Center for Healthy Workplaces".

Health, Safety & Environment (HSE)

We not only value our people but are also cognizant of the environment in which we operate. Our compliance and governance activities ensured that EPQL's processes and HSE standards remain at par with global best practices. We ensured 100% compliance with National Environmental Quality Standards (NEQS) and World Bank Group guidelines. The Company successfully achieved ISO 14001 and OHSAS 18001 rating; signifying its commitment to HSE. We were also successful in getting desirable ratings in 5S and DuPont's Occupational Health and Industrial Hygiene (OHIH) audits.

0

loss work day injuries (LWI) in 2017

Our focus on safety has always been relentless. The quality of our Process Safety Management (PSM) and Process Safety & Risk Management (PSRM) systems is reflected in the fact that the Company has maintained zero Loss Workday Injury (LWI) since last 5 years. In the spirit of continuous iterative improvement, we are working relentlessly to raise the bar year on year.

100%

compliance with WEQ and World Bank Group guidelines

Near Term Outlook

The relatively low gas prices for IPPs coupled with the recent surge in global oil prices will help gas based power plants to rise in the merit order on account of their relatively lower input costs, higher efficiencies and better environmental parameters. Furthermore, following the grid upgradation activity in 2016, we received improved dispatch from the power purchaser which is expected to continue in the future.

As mentioned earlier, the GoP has not been able to eliminate 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.

Going forward the Company will continue to maintain its focus on plant & equipment reliability, alternate fuel options 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, 2017 major shareholder of the Company is Engro Energy Ltd. (formerly Engro Powergen Limited) 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, 2018.

Dividend

During the year, the Company announced one interim dividend of PKR 1.75 per share on August 9, 2017 and a final dividend of PKR 1.50 per share on February 1, 2018; thus taking the total dividend payout for 2017 to PKR 3.25 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 and DC provident fund. The Engro Corporation gratuity funds and Engro Corporation provident fund are managed by the ultimate parent company, Engro Corporation Limited for its own employees and those of its subsidiaries including Engro Powergen Qadirpur Limited.

The above-mentioned funds are recognized by the tax authorities. In case of Engro Corporation provident fund and Engro Corporation gratuity funds audited accounts are available for June 30, 2017 and December 31, 2016 respectively.

	Engro Corporation Provident Fund[1] (Rs. in million)	Engro Corporation Gratuity Funds[1] (Rs. in million)
Audited upto	30-Jun-17	31-Dec-16
Net assets as per last audited financial statements	3,942	1,425
National Saving Schemes	824	438
Government Securities	1,153	608
Listed Securities	818	368
Balance with Banks	849	30
Others	298	(19)
Total	3,942	1,425

[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. Four 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 training of one Director is in progress.

Board Meetings and Attendance

In 2017, the Board of Directors held 5 meetings. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended
[1]Mr. Shamsuddin A. Shaikh	4
Ms. Aliya Yusuf	4
[2]Mr. Ghias Khan	1
[3]Mr. Hasnain Moochhala	3
[2]Mr. Jahangir Piracha	1
Mr. Javed Akbar	5
[4]Mr. Mohsin Ali Mangi	4
[5]Mr. Ruhail Mohammad	1
Mr. Shabbir Hashmi	5
[1]Mr. Shahab Qader	4
Mr. Shahid Hamid Pracha	5
Mr. Vaqar Zakaria	5

[1] Appointed to the Board of Directors on March 21, 2017
[2] Resigned from the Board of Directors on March 20, 2017
[3] Appointed to the Board of Directors on July 4, 2017
[4] Appointed to the Board of Directors on April 5, 2017
[5] Resigned from the Board of Directors on April 4, 2017

In 2017, the Board Audit Committee held 4 meetings. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended
Mr. Javed Akbar	4
Ms. Aliya Yusuf	4
Mr. Shabbir Hashmi	4

In 2017, the Board Compensation Committee held 1 meeting. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended
[1]Mr. Shamsuddin A. Shaikh	-
[1]Mr. Ghias Khan	1
Mr. Javed Akbar	1
Mr. Vaqar Zakaria	1

[1] Mr. Ghias Khan was replaced by Mr. Shamsuddin A. Shaikh as Chairman of the Board Compensation Committee on March 21, 2017.

Shamsuddin A. Shaikh
Chairman

Shahab Qader
Chief Executive Officer

horizontal analysis

Balance Sheet

(Amounts in thousand)	2017 Rs.	17 Vs. 16 %	2016 Rs.	16 Vs. 15 %	2015 Rs.	15 Vs. 14 %	2014 Rs.	14 Vs. 13 %	2013 Rs.
EQUITY AND LIABILITIES									
EQUITY									
Share capital	3,238,000	-	3,238,000	-	3,238,000	-	3,238,000	-	3,238,000
Share premium	80,777	-	80,777	-	80,777	-	80,777	-	80,777
Maintenance reserve	227,182	-	227,182	-	227,182	-	227,182	-	227,182
Hedging reserve	(49,606)	(29)	(69,416)	18	(58,750)	17	(50,109)	100	-
Unappropriated profit	6,316,404	27	4,979,272	24	4,001,084	33	3,013,096	52	1,976,627
Remeasurement of retirement benefit obligation - actuarial loss	-	(100)	(1,163)	(344)	477	28	373	(48)	723
Total equity	9,812,757	16	8,454,652	13	7,488,770	15	6,509,319	18	5,523,309
NON-CURRENT LIABILITY									
Borrowings	2,819,315	(39)	4,610,647	(28)	6,394,878	(17)	7,713,518	(20)	9,586,454
CURRENT LIABILITIES									
Creditors, accrued and other liabilities	3,366,958	47	2,290,697	24	1,845,188	36	1,358,164	(15)	1,593,488
Accrued interest / mark-up	30,942	25	24,708	(30)	35,165	30	27,149	(35)	41,792
Short-term borrowings	3,208,672	10	2,919,000	37	2,136,842	9	1,961,029	122	882,469
Current portion of long term borrowings	2,051,918	14	1,792,353	9	1,650,776	13	1,459,451	4	1,405,632
Total current liabilities	8,658,490	23	7,026,758	24	5,667,971	18	4,805,793	22	3,923,381
TOTAL EQUITY AND LIABILITIES	21,290,562	6	20,092,057	3	19,551,619	3	19,028,630	-	19,033,144
ASSETS									
NON-CURRENT ASSETS									
Property, plant and equipment	13,169,212	(3)	13,524,720	(4)	14,078,859	(1)	14,217,020	(7)	15,233,998
Intangible assets	77,044	(5)	80,740	(3)	83,381	2	81,585	(3)	83,967
Long term deposits	2,491	-	2,491	-	2,491	-	2,491	-	2,491
Long term loans and advances	39,243	-	39,412	14	34,674	23	28,214	67	16,941
Total non-current assets	13,287,990	(3)	13,647,363	(4)	14,199,405	(1)	14,329,310	(7)	15,337,397
CURRENT ASSETS									
Inventories	881,182	5	843,008	2	826,259	7	769,886	5	734,109
Trade debts	5,571,570	43	3,896,828	41	2,760,311	26	2,192,805	360	476,333
Short term investment	50,000	-	50,000	-	50,000	(11)	56,000	100	-
Loans, advances, deposits, prepayments and other receivables	1,427,680	(8)	1,552,910	(6)	1,646,424	1	1,628,013	(27)	2,223,730
Taxes recoverable	64,731	4	62,325	13	55,067	10	49,915	14	43,901
Balances with banks	7,409	(81)	39,623	180	14,153	424	2,701	(99)	217,674
Total current assets	8,002,572	24	6,444,694	20	5,352,214	14	4,699,320	27	3,695,747
TOTAL ASSETS	21,290,562	6	20,092,057	3	19,551,619	3	19,028,630	-	19,033,144

vertical analysis

balance sheet

(Amounts in thousand)	2017 Rs.	2017 %	2016 Rs.	2016 %	2015 Rs.	2015 %	2014 Rs.	2014 %	2013 Rs.	2013 %
EQUITY AND LIABILITIES										
EQUITY										
Share capital	3,238,000	15	3,238,000	16	3,238,000	17	3,238,000	17	3,238,000	17
Share premium	80,777	-	80,777	-	80,777	-	80,777	-	80,777	-
Maintenance reserve	227,182	1	227,182	1	227,182	1	227,182	1	227,182	1
Hedging reserve	(49,606)	-	(69,416)	-	(58,750)	-	(50,109)	-	-	-
Unappropriated profit	6,316,404	30	4,979,272	25	4,001,084	20	3,013,096	16	1,976,627	10
Remeasurement of retirement benefit obligation - actuarial loss	-	-	(1,163)	-	477	-	373	-	723	-
Total equity	9,812,757	46	8,454,652	42	7,488,770	38	6,509,319	34	5,523,309	29
NON-CURRENT LIABILITY										
Borrowings	2,819,315	13	4,610,647	23	6,394,878	33	7,713,518	41	9,586,454	50
CURRENT LIABILITIES										
Creditors, accrued and other liabilities	3,366,958	16	2,290,697	11	1,845,188	9	1,358,164	7	1,593,488	8
Accrued interest / mark-up	30,942	-	24,708	-	35,165	-	27,149	-	41,792	-
Short-term borrowings	3,208,672	15	2,919,000	15	2,136,842	11	1,961,029	10	882,469	5
Current portion of long term borrowings	2,051,918	10	1,792,353	9	1,650,776	8	1,459,451	8	1,405,632	7
Total current liabilities	8,658,490	41	7,026,758	35	5,667,971	29	4,805,793	25	3,923,381	21
TOTAL EQUITY AND LIABILITIES	21,290,562	100	20,092,057	100	19,551,619	100	19,028,630	100	19,033,144	100
ASSETS										
NON-CURRENT ASSETS										
Property, plant and equipment	13,169,212	62	13,524,720	67	14,078,859	72	14,217,020	75	15,233,998	80
Intangible assets	77,044	-	80,740	-	83,381	-	81,585	-	83,967	-
Long term deposits	2,491	-	2,491	-	2,491	-	2,491	-	2,491	-
Long term loans and advances	39,243	-	39,412	-	34,674	-	28,214	-	16,941	-
Total non-current assets	13,287,990	62	13,647,363	67	14,199,405	72	14,329,310	75	15,337,397	80
CURRENT ASSETS										
Inventories	881,182	5	843,008	4	826,259	4	769,886	4	734,109	4
Trade debts	5,571,570	26	3,896,828	19	2,760,311	14	2,192,805	12	476,333	3
Short-term Investment	50,000	-	50,000	-	50,000	-	56,000	-	-	-
Loans, advances, deposits, prepayment and other receivables	1,427,680	7	1,552,910	8	1,646,424	8	1,628,013	9	2,223,730	12
Taxes recoverable	64,731	-	62,325	-	55,067	-	49,915	-	43,901	-
Balances with banks	7,409	-	39,623	-	14,153	-	2,701	-	217,674	1
Total current assets	8,002,572	38	6,444,694	32	5,352,214	27	4,699,320	25	3,695,747	19
TOTAL ASSETS	21,290,562	100	20,092,057	100	19,551,619	100	19,028,630	100	19,033,144	100

horizontal and vertical analyses

Profit and Loss Account

(Amounts in thousand)	2017 Rs.	17 Vs. 16 %	2016 Rs.	16 Vs. 15 %	2015 Rs.	15 Vs. 14 %	2014 Rs.	14 Vs. 13 %	2013 Rs.
Horizontal Analysis									
Sales	11,589,512	1	11,451,782	(14)	13,353,543	11	12,041,151	39	8,665,433
Cost of sales	(8,877,874)	(4)	(9,209,292)	(15)	(10,888,779)	17	(9,338,838)	33	(7,013,708)
Gross profit	2,711,638	21	2,242,490	(9)	2,464,764	(9)	2,702,313	64	1,651,725
Administrative expenses	(158,674)	(16)	(188,016)	3	(181,686)	8	(168,289)	31	(127,990)
Other expenses	(2,825)	(26)	(3,802)	(92)	(50,377)	(42)	(87,541)	100	-
Other income	110,224	12	98,761	1,301	7,050	(95)	153,695	(63)	410,430
Profit from operations	2,660,363	24	2,149,433	(4)	2,239,751	(14)	2,600,178	34	1,934,165
Finance cost	(269,221)	(25)	(361,088)	(18)	(441,492)	(24)	(579,295)	22	(475,688)
Profit before taxation	2,391,142	34	1,788,345	(1)	1,798,259	(11)	2,020,883	39	1,458,477
Taxation	(497)	(24)	(657)	(15)	(771)	1,144	(62)	(53)	(133)
Profit for the year	2,390,645	34	1,787,688	(1)	1,797,488	(11)	2,020,821	39	1,458,344

	2017		2016		2015		2014		2013	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Vertical Analysis										
Sales	11,589,512	100	11,451,782	100	13,353,543	100	12,041,151	100	8,665,433	100
Cost of sales	(8,877,874)	(77)	(9,209,292)	(80)	(10,888,779)	(82)	(9,338,838)	(78)	(7,013,708)	(81)
Gross profit	2,711,638	23	2,242,490	20	2,464,764	18	2,702,313	22	1,651,725	19
Administrative expenses	(158,674)	(1)	(188,016)	(2)	(181,686)	(1)	(168,289)	(1)	(127,990)	(1)
Other expenses	(2,825)	-	(3,802)	-	(50,377)	-	(87,541)	(1)	-	-
Other income	110,224	1	98,761	1	7,050	-	153,695	1	410,430	5
Profit from operations	2,660,363	23	2,149,433	19	2,239,751	17	2,600,178	22	1,934,165	22
Finance cost	(269,221)	(2)	(361,088)	(3)	(441,492)	(3)	(579,295)	(5)	(475,688)	(5)
Profit before taxation	2,391,142	21	1,788,345	16	1,798,259	13	2,020,883	17	1,458,477	17
Taxation	(497)	-	(657)	-	(771)	-	(62)	(0)	(133)	(0)
Profit for the year	2,390,645	21	1,787,688	16	1,797,488	13	2,020,821	17	1,458,344	17

summary

(Amounts in thousand)	2017	2016	2015	2014	2013	2012
Summary of Balance Sheet						
Share capital	3,238,000	3,238,000	3,238,000	3,238,000	3,238,000	3,238,000
Maintenance reserve	227,182	227,182	227,182	227,182	227,182	227,182
Shareholders' funds / Equity	9,812,757	8,454,652	7,488,770	6,509,319	5,523,309	6,758,258
Long term borrowings	4,871,233	6,403,000	8,045,654	9,172,969	10,992,086	11,328,263
Capital employed	14,683,990	14,857,652	15,534,424	15,682,288	16,515,395	18,086,521
Property,plant & equipment	13,169,212	13,524,720	14,078,859	14,217,020	15,233,998	14,860,750
Long term assets	13,287,990	13,647,363	14,199,405	14,329,310	15,337,397	14,969,492
Net current assets (liabilities) / Working capital	1,396,000	1,210,289	1,335,019	1,352,978	1,177,998	3,117,029
Summary of Profit and Loss						
Sales	11,589,512	11,451,782	13,353,543	12,041,151	8,665,433	11,665,605
Gross profit	2,711,638	2,242,490	2,464,764	2,702,313	1,651,725	2,632,750
Profit from operations	2,660,363	2,149,433	2,239,751	2,600,178	1,934,165	2,509,686
Profit before taxation	2,391,142	1,788,345	1,798,259	2,020,883	1,458,477	2,105,414
Profit for the year	2,390,645	1,787,688	1,797,488	2,020,821	1,458,344	2,100,719
Summary of Cash Flows						
Net cash flow from operating activities	3,051,685	2,311,283	2,861,624	1,849,382	6,335,625	2,834,539
Net cash flow from investing activities	(83,532)	(179,401)	(263,016)	(172,011)	(120,821)	(77,558)
Net cash flow from financing activities	(3,290,039)	(2,888,570)	(2,768,969)	(2,914,904)	(5,117,323)	(2,342,958)
Changes in cash & cash equivalents	(321,886)	(756,688)	(170,361)	(1,237,533)	1,097,481	414,023
Cash & cash equivalents at year end	(3,151,263)	(2,829,377)	(2,072,689)	(1,902,328)	(664,795)	(1,762,276)
Summary of Actual Production						
Maximum Generation Possible - Mwh	1,869,812	1,881,005	1,855,782	1,860,135	1,861,134	1,881,296
Declared Capacity Billable - Mwh	1,874,511	1,886,110	1,850,050	1,859,061	1,546,652	1,891,214
Net Electrical Output - Mwh	1,737,346	1,264,667	1,424,015	1,721,959	1,333,619	1,767,038

ratios of last six years

(Ratios)		2017	2016	2015	2014	2013	2012
Profitability Ratios:							
Gross profit margin	(%)	23%	20%	18%	22%	19%	23%
Net profit margin	(%)	21%	16%	13%	17%	17%	18%
Net income to equity ratio	(%)	24%	21%	24%	31%	26%	31%
Liquidity Ratios:							
Current ratio	(Times)	0.92	0.92	0.94	0.98	0.94	1.26
Quick / acid test ratio	(Times)	0.87	0.86	0.88	0.90	0.85	1.21
Activity / Turnover Ratios:							
Total assets turnover ratio	(Times)	0.54	0.57	0.68	0.63	0.46	0.48
Investment / Market Ratios:							
Earnings per share	(PKR)	7.38	5.52	5.55	6.24	4.50	6.49
Price earnings ratio	(Times)	4.47	6.33	6.16	6.59	N/A	N/A
Dividend payout ratio	(%)	44%	54%	63%	49%	137%	55%
Dividend cover ratio	(Times)	2.27	1.84	1.59	2.05	0.73	1.83
Market value per share at							
the end of the year &	(PKR)	33.02	34.95	34.18	41.15	N/A	N/A
high during the year	(PKR)	38.25	35.47	46.50	44.55	N/A	N/A
low during the year	(PKR)	30.55	28.55	34.00	38.21	N/A	N/A
Breakup value per share	(PKR)	30.30	26.11	23.13	20.10	17.06	20.87
Cash dividend	(PKR per share)	3.25	3.00	3.50	3.04	6.17	3.55
Capital Structure Ratios:							
Weighted average cost of debt	(%)	5%	5%	4%	3%	4%	4%
Debt to equity ratio	(Times)	0.50	0.76	1.07	1.41	1.99	1.68
Interest cover ratio	(Times)	9.83	7.24	7.19	7.64	4.70	5.48

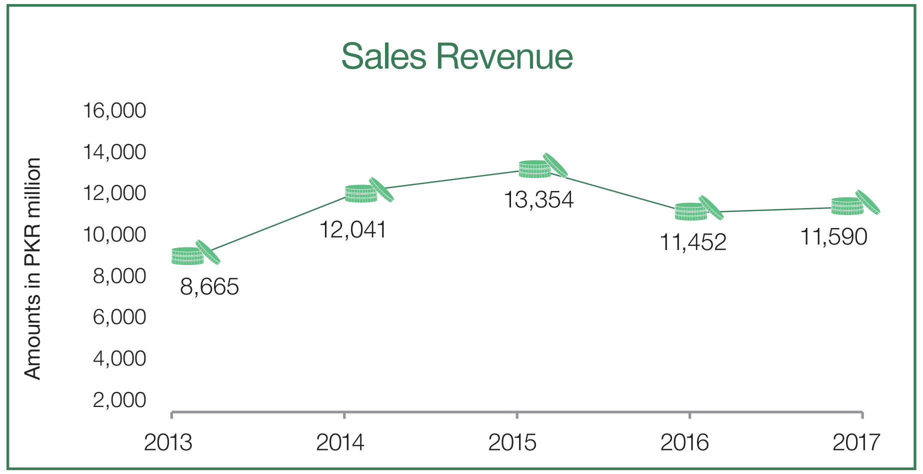
statements of analysis

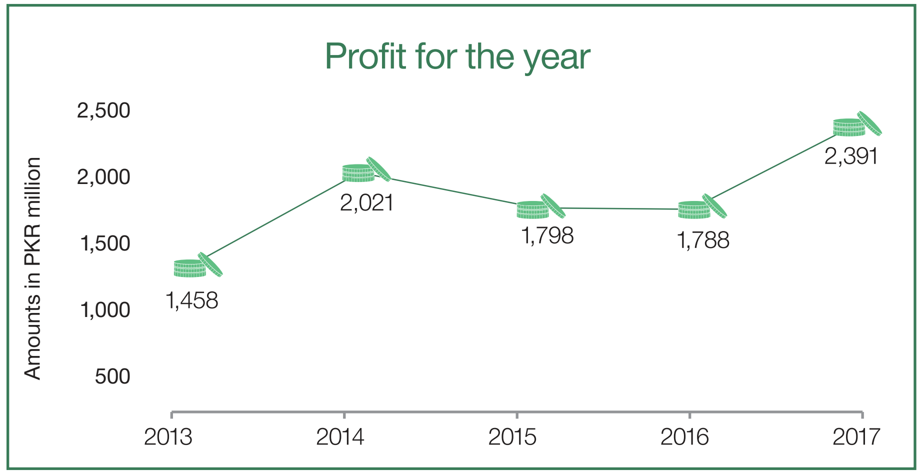
The gross profit margin of the Company this year has increased in 2017 compared to last year. Last year gross profit margin was depressed on account of power purchaser's (NTDC) transformer issue in 1H 2016 which impacted power off take in the region in which EPQL operates.

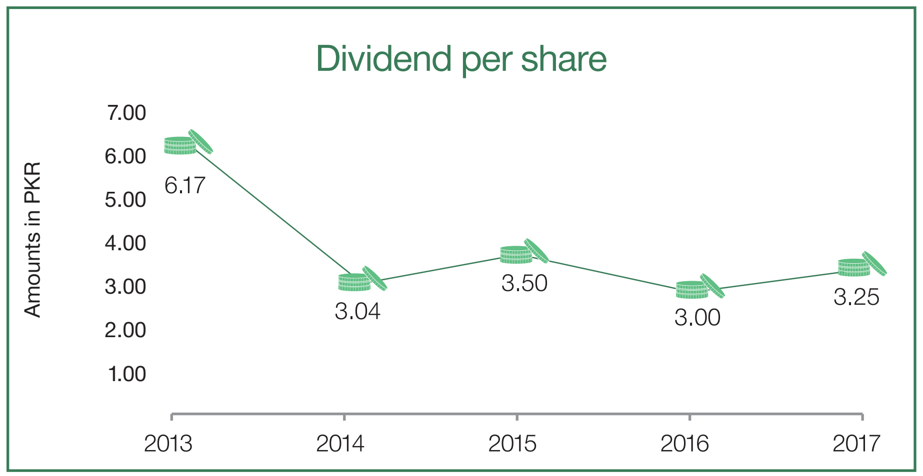
Effective working capital management has helped us to maintain our liquidity ratios at a comfortable level despite a surge in circular debt buildup towards the end of the year.

Stronger operational performance in 2017 has helped to improve the interest coverage ratio to around 10 for the year; demonstrating the Company's ability to fulfill its commitment towards its lenders.

snapshots

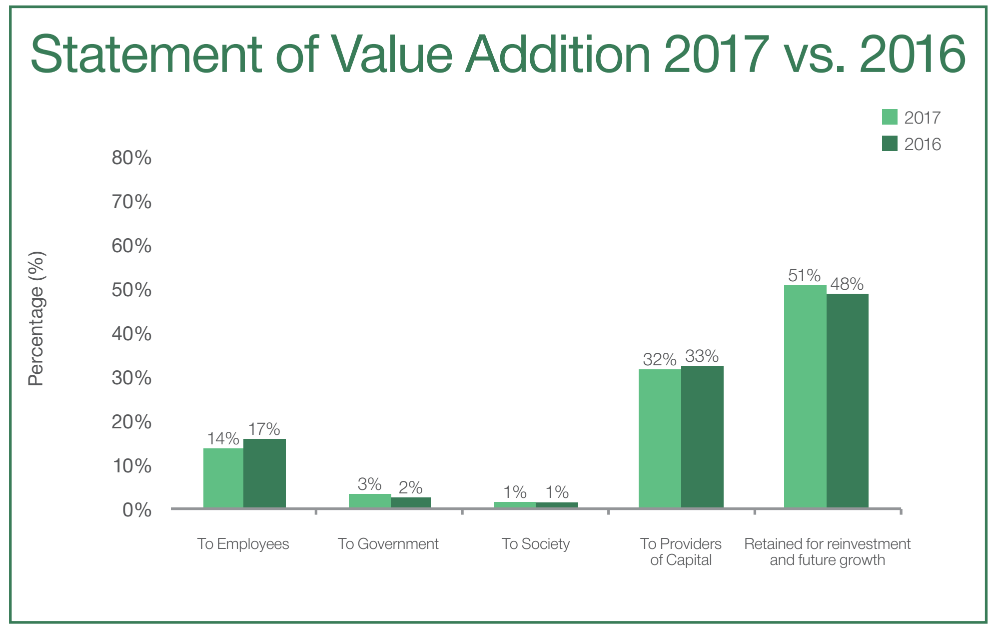






statement of value addition and distribution

(Amounts in thousand)	2017	2016
Wealth Generated		
Total revenue inclusive of sales tax and other income	13,057,463	12,890,682
Bought-in-raw material and services	(8,934,253)	(9,322,840)
	4,123,210	3,567,842
Wealth Distributed		
To Employees		
Salaries, benefits and other costs	582,755	600,378
To Government		
Income tax and sales tax	107,608	63,225
To Society		
Donation towards education, health, environment and natural disaster	21,464	21,848
To Providers of Capital		
Dividend to shareholders	1,052,350	809,500
Mark-up/interest expense on borrowed money	269,221	361,088
	1,321,571	1,170,588
Retained for reinvestment and future growth		
Depreciation, amortization and retained profit (net of dividend paid)	2,089,812	1,711,803
	4,123,210	3,567,842



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 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

We concentrate 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

We engage 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 Site 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 if 3.58 making it the only Engro subsidiary to achieve the certification within 2.5 years of commencement of commercial operations.

5-S Certification

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

ISO-14001 & OHSAS-18001

The Company conforms to the standards of ISO-14001 and OHSAS-18001. Surveillance audits are regularly carried out to ensure that the Company remains in conformity with the above certifications.

empowerment

for our localities

notice of the meeting

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of the Company will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi on Tuesday, March 27, 2018 at 10:00 a.m. to transact the following business:

A. Ordinary Business:

(1) To receive and consider the Audited Accounts for the year ended 31st December 2017 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 1.50 (15%) per share for the year ended December 31, 2017.

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, March 20, 2018 to Tuesday, March 27, 2018 (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, PECHS, Shahra-e-Faisal, Karachi PABX Nos. (92-21) 34380101-5 and email info.shares@famco.com.pk, by the close of business (5:00 p.m) on Monday, March 19, 2018 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.

(4) In accordance with the provisions of Section 242 of the Companies Act, 2017 and Circular No. 18/2017, a listed company, is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. In compliance with the said law, in order to receive your future dividends directly in your Bank account, you are required to provide the information mentioned on the Form placed on the Company's website and send the same to your brokers/the Central Depository Company Ltd, if the shares are held in the electronic form or to the Company's Shares Registrar if the shares are held in paper certificate form.

(5) Pursuant to SECP Circular No 10 of 2014 dated May 21, 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide the following information to the Share Registrar Office of the Company i.e. Messrs. FAMCO ASSOCIATES (PRIVATE) LIMITED, 8-F, next to Hotel Faran, Nursery, Block 6, PECHS, Shahrah-e-Faisal, Karachi PABX Nos (+9221) 34380101-5 and email info.shares@famco.com.pk.

I/We, of being a member of Engro Powergen Qadirpur Limited holder of Ordinary Share(s) as per Register Folio No. ____________ hereby opt for video conference facility at (Please insert name of the City)

____
Signature of member

UPDATE UNDER RULE 4 OF S.R.O. 27/1/2012

Note relating to Engro Energy Limited, formerly Engro Powergen Limited:
Engro Energy Limited, formerly Engro Powergen Limited, is the majority shareholder of Engro Powergen Qadirpir Limited. In 2015 the shareholders approved a short term loan/ financing facility of upto PKR. 4.5 billion, which was initially for a period of one year and renewal of the same for four further periods of one year each. The short term loan/ facility is still effective but has not been utilized till date.

By Order of the Board

Karachi,
February 01, 2018

SCHAANE ANSARI
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 Energy Limited (formerly Engro Powergen Limited).	223,049,992

2. Mutual Funds

Shareholder's category	No. of Shares Held
-	-

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

Shareholder's category	No. of shares Held
Mr. Shabbir Hashmi	1
Mr. Vaqar Zakaria	1
Ms. Aliya Yusuf	1
Mr. Javed Akbar	1
Mr. Shahid Hamid Pracha	1
Mr. Shamsuddin A. Shaikh	501
Mr. Mohsin Ali Mangi	1
Mr. Hasnain Moochhala	1
Total :	508

4. Executives 20,000

5. Public sector companies and corporations -

6. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds 5,383,755

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

Shareholder's category	No. of Shares Held
Engro Energy Limited (formerly Engro Powergen Limited).	223,049,992

8. Details of purchase/sale of shares by Directors, Executives* and their spouse(s) / minor children during 2017.

Name	Date of Purchase / Sale	Shares Purchased	Shares Sold	Rate
Mustafa Hasan Qureshi	January 10,2017	-	12,000	36.4
Abdul Sattar	March 09,2017	-	17,000	32.81
Muzzaffar Islam	April 06,2017	-	2,000	31.6
Muhammad Nauman	April 19,2017	-	7,500	32
Mohammad Asghar	April 26,2017	-	9,500	36
Ruhail Mohammed	April 27,2017	-	100,000	35.91
Waseem Anwar	May 04,2017	-	8,500	35.6
Syed Nabeel Gilani	October 05,2017	-	1,000	34
Muhammad Farooq Saleemi	November 13,2017	-	28,500	34.25
Muhammad Asad Waheed	December 11,2017	-	2,500	33.5
Muhammad Asad Waheed	December 12,2017	-	3,000	33.02

* For the purpose of declaration of share trades all employees of the company are considered as "Executives"

pattern of shareholding

As at December 31, 2017

No. of Shareholders	Size of Holding		No. of Shares
	From	To	
348	1	100	14,870
11,876	101	500	5,857,031
3,849	501	1,000	3,827,218
2,308	1,001	5,000	5,861,908
447	5,001	10,000	3,554,506
151	10,001	15,000	1,963,900
107	15,001	20,000	1,979,207
71	20,001	25,000	1,675,255
45	25,001	30,000	1,284,469
31	30,001	35,000	1,029,454
21	35,001	40,000	819,612
16	40,001	45,000	688,000
44	45,001	50,000	2,167,500
16	50,001	55,000	840,000
13	55,001	60,000	763,500
6	60,001	65,000	379,000
8	70,000	75,000	576,500
7	75,001	80,000	546,000
7	80,001	85,000	586,247
5	85,001	90,000	443,000
3	90,001	95,000	281,000
28	95,001	100,000	2,797,000
5	100,001	105,000	515,500
6	105,001	110,000	652,500
8	115,000	120,000	951,000
4	120,001	125,000	497,000
3	125,001	130,000	385,000
2	130,001	135,000	265,500
2	140,001	145,000	287,000
3	145,001	150,000	447,500
4	150,001	155,000	615,500
2	160,001	165,000	326,500
3	165,001	170,000	507,000
4	170,001	175,000	690,500
1	175,001	180,000	175,500
1	185,000	190,000	185,000
9	200,000	205,000	1,804,000
2	215,001	220,000	438,500
1	225,001	230,000	227,500
1	230,001	235,000	233,500
1	240,001	245,000	243,679
3	250,000	255,000	750,000
1	260,001	265,000	263,000
1	280,001	285,000	283,500
1	300,000	305,000	300,000
2	310,000	315,000	622,000
1	315,001	320,000	319,500
1	320,001	325,000	323,500
1	335,001	340,000	337,000
1	340,001	345,000	342,500
1	365,001	370,000	366,000
2	370,001	375,000	744,500
1	390,001	395,000	393,500
1	405,001	410,000	406,500
1	415,001	420,000	416,000
1	430,001	435,000	433,000
2	445,001	450,000	895,500
1	490,000	495,000	490,000
6	500,000	505,000	3,000,000
1	525,001	530,000	528,000
1	550,001	555,000	553,052
1	615,001	620,000	617,000
1	690,000	695,000	690,000
1	715,001	720,000	716,000
1	730,000	735,000	730,000
1	785,001	790,000	786,000
1	1,060,001	1,065,000	1,061,500
1	1,190,001	1,195,000	1,193,500
1	1,365,001	1,370,000	1,369,100
1	1,465,001	1,470,000	1,467,000
1	1,500,000	1,505,000	1,500,000
1	1,555,001	1,560,000	1,559,100
1	1,680,001	1,685,000	1,683,500
1	1,725,000	1,730,000	1,725,000
1	1,775,001	1,780,000	1,777,000
1	2,010,001	2,015,000	2,012,500
1	2,175,000	2,180,000	2,175,000
1	2,600,000	2,605,000	2,600,000
1	3,425,000	3,430,000	3,425,000
1	3,645,001	3,650,000	3,646,400
1	4,965,001	4,970,000	4,966,000
1	5,900,000	5,905,000	5,900,000
1	223,045,001	223,050,000	223,049,992
19,521			323,800,000

categories of shareholding

As at December 31, 2017

Shareholders' Category	No. of Shareholders	No. of Shares	Percentage of Holding
Directors, Chief Executive Officer, and their spouse(s) and minor children.	8	508	-
Associated companies, undertakings and related parties.	1	223,049,992	68.89
Banks, Development Financial Institutions, Non Banking Financial Institutions.	4	5,383,500	1.66
Share holders holding 10% or more shares	1	223,049,992	68.89
General Public (individuals)			
a. Local	19,402	70,643,374	21.82
b. Foreign	-	-	-
Others	106	24,722,626	7.64

shareholder information

Annual General Meeting

The annual shareholders meeting will be held at 10:00 a.m. on March 27, 2018 at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi.

Shareholders as of March 20, 2018 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, 2017 there were 19,521 shareholders on record of the Company's ordinary shares.

Circulation of Annual Audited Accounts through CD/DVD/USB

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 470(I)/2016 dated May 21, 2016 and in continuation with the SRO.787(1)/2014 dated 8th September, 2014, and approved by the Shareholders in the Extraordinary General Meeting of the Company held on October 14, 2016, the Company shall circulate its annual balance sheet, and profit and loss account, auditor's report and directors report etc. ("Annual Audited Accounts") to its members through CD/DVD/USB at their registered addresses, save for those who opt for a hardcopy of the Annual Audited Accounts. The standard request forms for Annual Audited Accounts is available at the Company's website www.engropowergen.com.

Alternatively members can fill up the Standard Request Forms respectively in the Annexures section at the end of the report.

E-dividend Mandate (Mandatory)

In accordance with the provisions of Section 242 of the Companies Act, 2017, and Section 4 of the Companies (Distribution of Dividends) Regulations, 2017 it is mandatory for a listed company, to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive your future dividends directly in your Bank account , then please provide the information mentioned on the Form placed on the Company's website www.engropowergen.com and the same to your brokers or the Central Depository Company Ltd. (in case the shares are held in the electronic form) and to our Share Registrars (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 2018 are:

- 1st quarter : 17th April 2018
- 2nd quarter : 08th August 2018
- 3rd quarter : 16th October 2018

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 : 18th April 2018
- 2nd quarter: 09th August 2018
- 3rd quarter: 17th October 2018

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

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

Change of Address

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

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

EPQL calendar 2018

	Dates
EPQL Board Audit Committee Meeting	31-Jan-18
EPQL Board Meeting	1-Feb-18
EPQL Annual General Meeting	27-Mar-18
EPQL Board Audit Committee Meeting	16-Apr-18
EPQL Board Meeting	17-Apr-18
EPQL Board Audit Committee Meeting	6-Aug-18
EPQL Board Meeting	8-Aug-18
EPQL Board Audit Committee Meeting	15-Oct-18
EPQL Board Meeting	16-Oct-18
EPQL Board Meeting	22-Nov-18

innovation

for our villages

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

We have reviewed the enclosed 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, 2017 to comply with the Code contained in the Regulations of the Pakistan Stock Exchange Limited 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 a part of our audit of the 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 Directors' 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 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 this requirement to the extent of the approval of the 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, 2017.

Chartered Accountants
Karachi
Date: February 21, 2018

Engagement Partner: Waqas A. Sheikh

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O.Box 4716, Karachi-74000, Pakistan
Tel; +92 (21) 32426682-6/32426711-5; Fax; +92 (21) 32415007/32427938/3242740; < www.pwc.com/pk >

auditors' report to the members

We have audited the annexed balance sheet of Engro Powergen Qadirpur Limited (the Company) as at December 31, 2017 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement 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 cash flow statement together with the notes forming part thereof conform with the 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, 2017 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 21, 2018

Engagement Partner: Waqas A. Sheikh

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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balance sheet
as at december 31, 2017

(Amounts in thousand)

	Note	2017	2016
		----------------(Rupees)----------------	
ASSETS			
Non-current assets			
Property, plant and equipment	4	13,169,212	13,524,720
Intangible assets	5	77,044	80,740
Long term loans and advances	7	39,243	39,412
Long term deposits		2,491	2,491
		13,287,990	13,647,363
Current assets			
Inventories	8	881,182	843,008
Trade debts	9	5,571,570	3,896,828
Short term investment	10	50,000	50,000
Loans, advances, deposits, prepayments and other receivables	11	1,427,680	1,552,910
Taxes recoverable		64,731	62,325
Balances with banks	12	7,409	39,623
		8,002,572	6,444,694
TOTAL ASSETS		21,290,562	20,092,057

Sameer Amin
Chief Financial Officer

Shahab Qader
Chief Executive Officer

Shamsuddin A. Shaikh
Chairman

(Amounts in thousand)

	Note	2017	2016
		----------------(Rupees)----------------	
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	3,238,000	3,238,000
Share premium		80,777	80,777
Maintenance reserve	14	227,182	227,182
Hedging reserve	15	(49,606)	(69,416)
Unappropriated profit		6,316,404	4,979,272
Remeasurement of retirement benefit obligation - Actuarial loss		-	(1,163)
Total equity		9,812,757	8,454,652
LIABILITIES			
Non-current liability			
Borrowings	16	2,819,315	4,610,647
Current liabilities			
Trade and other payables	17	3,366,958	2,290,697
Accrued interest / mark-up		30,942	24,708
Short term borrowings	18	3,208,672	2,919,000
Current portion of long term borrowing	16	2,051,918	1,792,353
		8,658,490	7,026,758
Total liabilities		11,477,805	11,637,405
Contingencies and Commitments	19		
TOTAL EQUITY AND LIABILITIES		21,290,562	20,092,057

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

Sameer Amin
Chief Financial Officer

Shahab Qader
Chief Executive Officer

Shamsuddin A. Shaikh
Chairman

profit and loss account for the year ended december 31, 2017

(Amounts in thousand except for earnings per share)	Note	2017	2016
		----------------(Rupees)----------------	
Sales	20	11,589,512	11,451,782
Cost of sales	21	(8,877,874)	(9,209,292)
Gross profit		2,711,638	2,242,490
Administrative expenses	22	(158,674)	(188,016)
Other expenses	23	(2,825)	(3,802)
Other income	24	110,224	98,761
Profit from operations		2,660,363	2,149,433
Finance cost	25	(269,221)	(361,088)
Workers' profits participation fund and Workers' welfare fund	26	-	-
Profit before taxation		2,391,142	1,788,345
Taxation	27	(497)	(657)
Profit for the year		2,390,645	1,787,688
Earnings per share - basic and diluted	28	7.38	5.52

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

Sameer Amin	Shahab Qader	Shamsuddin A. Shaikh
Chief Financial Officer	Chief Executive Officer	Chairman

statement of comprehensive income for the year ended december 31, 2017

(Amounts in thousand)	Note	2017	2016
		----------------(Rupees)----------------	
Profit for the year		2,390,645	1,787,688
Other comprehensive income / (loss):			
Item that may be reclassified subsequently to profit or loss:			
Hedging reserve - Gain / (Loss) for the year	15	16,985	(14,468)
Less: Reclassified to profit or loss	23	2,825	3,802
		19,810	(10,666)
Item that will not be reclassified to profit or loss:			
Remeasurement of retirement benefit			
obligation - Actuarial (loss)		-	(1,640)
Total comprehensive income for the year		2,410,455	1,775,382

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

Sameer Amin	Shahab Qader	Shamsuddin A. Shaikh
Chief Financial Officer	Chief Executive Officer	Chairman

statement of changes in equity
for the year ended december 31, 2017

(Amounts in thousand)

	Share capital	Share premium	Maintenance reserve (note 14)	Unappropriated profit	Remeasurement of retirement benefit obligation - Actuarial gain/(Loss)	Hedging reserve	Total
		Reserves					
		Capital		Revenue			
	Rupees						
Balance as at January 1, 2016	3,238,000	80,777	227,182	4,001,084	477	(58,750)	7,488,770
Total comprehensive income for the year	-	-	-	1,787,688	(1,640)	(10,666)	1,775,382
Transactions with owners							
Final dividend for the year ended December 31, 2015 @ Rs. 1.00 per share	-	-	-	(323,800)	-	-	(323,800)
1st Interim dividend @ Rs. 1.50 per share	-	-	-	(485,700)	-	-	(485,700)
	-	-	-	(809,500)	-	-	(809,500)
Balance as at December 31, 2016	3,238,000	80,777	227,182	4,979,272	(1,163)	(69,416)	8,454,652
Total comprehensive income for the year	-	-	-	2,390,645	-	19,810	2,410,455
Transfer of actuarial loss on previous retirement benefit plan	-	-	-	(1,163)	1,163	-	-
Transactions with owners							
Final dividend for the year ended December 31, 2016 @ Rs. 1.50 per share	-	-	-	(485,700)	-	-	(485,700)
1st Interim dividend @ Rs. 1.75 per share	-	-	-	(566,650)	-	-	(566,650)
	-	-	-	(1,052,350)	-	-	(1,052,350)
Balance as at December 31, 2017	3,238,000	80,777	227,182	6,316,404	-	(49,606)	9,812,757

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

Sameer Amin
Chief Financial Officer

Shahab Qader
Chief Executive Officer

Shamsuddin A. Shaikh
Chairman

statement of cashflows
for the year ended december 31, 2017

(Amounts in thousand)

	Note	2017	2016
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	3,054,419	2,323,936
Taxes paid		(2,903)	(7,915)
Long term loans and advances - net		169	(4,738)
Net cash generated from operating activities		3,051,685	2,311,283
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(78,482)	(174,778)
Purchases of intangible assets		(6,160)	(5,460)
Sale proceeds from disposal of property, plant and equipment		1,110	837
Net cash used in investing activities		(83,532)	(179,401)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term borrowing		(1,849,834)	(1,648,211)
Derivative settled - net		16,985	(14,468)
Finance cost paid		(412,119)	(420,934)
Dividends paid		(1,045,071)	(804,957)
Net cash used in financing activities		(3,290,039)	(2,888,570)
Net decrease in cash and cash equivalents		(321,886)	(756,688)
Cash and cash equivalents at beginning of the year		(2,829,377)	(2,072,689)
Cash and cash equivalents at end of the year	31	(3,151,263)	(2,829,377)

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

Sameer Amin
Chief Financial Officer

Shahab Qader
Chief Executive Officer

Shamsuddin A. Shaikh
Chairman

notes to the financial statements
for the year ended december 31, 2017

(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 repealed Companies Ordinance, 1984 (now the Companies Act, 2017), and its shares are quoted on the Pakistan Stock Exchange Limited. The Company is a subsidiary of Engro Energy Limited (formerly 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 16th floor, Harbour Front Building, Plot Number HC-3, Marine Drive, 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 owns a 217.3 MW combined cycle power plant located in District of Ghotki, Sindh 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 PPA 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 the years 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 repealed 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. The Ordinance has been repealed after the enactment of the Companies Act, 2017. However, as clarified by the SECP through its circular dated October 4, 2017, these financial statements have been prepared in accordance with the provisions of the repealed Ordinance.

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 judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement 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 2017**

The following new amendment to approved accounting standard is applicable for the financial year beginning on January 1, 2017 and is relevant to the Company:

- IAS 7 'Cash flow statements: This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. This amendment has resulted in additional disclosures in these financial statements.

(Amounts in thousand)

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2017 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 interpretation are not effective for the financial year beginning on January 1, 2017 and have not been early adopted by the Company:

- IFRIC 22 ' Foreign Currency Transactions and Advance Consideration' (effective for periods beginning on or after January 1, 2018). This interpretation clarifies the determination of the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. The Company is yet to assess the full impact of the standard.

- IFRS 9 'Financial instruments' (effective for annual periods beginning on or after July 1, 2018). IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the related guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI, not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model of IAS 39. For financial liabilities there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. The Company is yet to assess the full impact of the amendment.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after July 1, 2018). This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Company is yet to assess the full impact of the standard.

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, if any. 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 reporting date.

2.5 **Financial assets**

2.5.1 **Classification**

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

(Amounts in thousand)

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. Company's short term investments are classified under this category.

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 it off 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.

Income 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.

(Amounts in thousand)

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 amortised 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 **Inventories**

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 stores and spares 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.

(Amounts in thousand)

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

2.10 **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.

2.11 **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.

2.12 **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.

2.13 **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.

2.14 **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.

2.15 **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.

2.16 **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.

(Amounts in thousand)

2.17 **Retirement and other service benefits obligations**

2.17.1 **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 intermediary Holding Company - Engro Corporation Limited, of the Company operates a defined contribution provident fund and a defined contribution gratuity fund in which the permanent employees of the Company are members. Monthly contributions are made both by the Company and employees to the funds 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.

2.17.2 **Defined benefit plans**

A defined benefit plan is a post-employment benefit plan, 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.

Till last year, the Company operated a defined benefit gratuity fund for its management and non-management employees. However, during the year the fund has been curtailed and the members of this fund have opted to become the members of the defined contribution gratuity fund being maintained by the Engro Corporation Limited.

2.17.3 **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.

2.18 **Foreign currency transactions and translation**

These financial statements are presented in Pakistan Rupees, which is Company's functional 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 2.21 and note 6.

2.19 **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.

2.20 **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.

(Amounts in thousand)

2.21 **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.

2.22 **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.

2.23 **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 in respect of:

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 on an annual basis. Further, if any indication exists, the Company makes an estimate of recoverable amount of assets for possible impairment.

4 **PROPERTY, PLANT AND EQUIPMENT**

	2017	2016
	------------------(Rupees)------------------	
Operating assets, at net book value (note 4.1)	12,220,553	12,623,671
Capital work-in-progress (note 4.2)	15,420	45,513
Capital spares (note 4.3)	933,239	855,536
	13,169,212	13,524,720

(Amounts in thousand)

4.1 Operating assets

	Freehold land	Plant & machinery	Buildings & civil works	Furniture, fixtures and equipments	Vehicles	Total
			Rupees			
As at January 1, 2016						
Cost	83,127	14,426,436	2,430,617	113,962	104,415	17,158,557
Accumulated depreciation	-	(2,996,332)	(430,212)	(65,089)	(32,957)	(3,524,590)
Net book value	83,127	11,430,104	2,000,405	48,873	71,458	13,633,967
Year ended December 31, 2016						
Opening net book value	83,127	11,430,104	2,000,405	48,873	71,458	13,633,967
Additions to operating assets:						
- Transfers from capital work-in-progress (note 4.2)	-	137,381	64,896	7,381	-	209,658
- Transfers to capital spares (note 4.3)	-	(491,037)	-	-	-	(491,037)
- Capitalisation adjustment for exchange gain (note 6)	-	(2,566)	-	-	-	(2,566)
Disposals						
Cost	-	-	-	(104)	(3,051)	(3,155)
Accumulated depreciation	-	-	-	54	2,289	2,343
	-	-	-	(50)	(762)	(812)
Depreciation charge (note 4.1.2)	-	(634,145)	(75,428)	(15,170)	(796)	(725,539)
Net book value	83,127	10,439,737	1,989,873	41,034	69,900	12,623,671
As at January 1, 2017						
Cost	83,127	14,070,214	2,495,513	121,239	101,364	16,871,457
Accumulated depreciation	-	(3,630,477)	(505,640)	(80,205)	(31,464)	(4,247,786)
Net book value	83,127	10,439,737	1,989,873	41,034	69,900	12,623,671
Year ended December 31, 2017						
Opening net book value	83,127	10,439,737	1,989,873	41,034	69,900	12,623,671
Additions to operating assets:						
- Transfers from capital work-in-progress (note 4.2)	-	50,264	19,754	21,005	-	91,023
- Transfers to capital spares (note 4.3)	-	(60,151)	-	-	-	(60,151)
- Capitalisation adjustment for exchange loss (note 6)	-	309,944	-	-	-	309,944
Disposals (note 4.1.1)						
Cost	-	-	-	-	(2,033)	(2,033)
Accumulated depreciation	-	-	-	-	923	923
	-	-	-	-	(1,110)	(1,110)
Depreciation charge (note 4.1.2)	-	(650,600)	(77,056)	(14,580)	(588)	(742,824)
Net book value	83,127	10,089,194	1,932,571	47,459	68,202	12,220,553
As at December 31, 2017						
Cost	83,127	14,370,271	2,515,267	142,244	99,331	17,210,240
Accumulated depreciation	-	(4,281,077)	(582,696)	(94,785)	(31,129)	(4,989,687)
Net book value	83,127	10,089,194	1,932,571	47,459	68,202	12,220,553
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	Made of Disposal	Cost	Accumulated depreciation	Net book value	Sale proceeds / Receivable
		(Rupees)			
Vehicles					
Employee - Raja Ashfaq Ahmed	Under Company's policy	2,033	923	1,110	1,110
2016		3,155	2,343	812	837

	2017	2016
	(Rupees)	
4.1.2 The depreciation charge for the year has been allocated as follows:		
Cost of sales (note 21)	741,695	723,998
Administrative expenses (note 22)	1,129	1,541
	742,824	725,539

4.2 Capital work-in-progress

	Plant & machinery	Buildings & civil works	Furniture, fixtures and equipments	Intangible Assets	Total
			Rupees		
Year ended December 31, 2016					
Balance as at January 1, 2016	34,400	52,998	8,462	4,639	100,499
Additions / reclassifications during the year	153,558	11,898	5,642	9,140	180,238
Transferred to intangible assets (note 5)	-	-	-	(5,460)	(5,460)
Transferred to capital spares (note 4.3)	(20,106)	-	-	-	(20,106)
Transferred to operating assets (note 4.1)	(137,381)	(64,896)	(7,381)	-	(209,658)
Balance as at December 31, 2016	30,471	-	6,723	8,319	45,513
Year ended December 31, 2017					
Balance as at January 1, 2017	30,471	-	6,723	8,319	45,513
Additions / reclassifications during the year	38,257	20,801	22,376	3,208	84,642
Transferred to intangible assets (note 5)	-	-	-	(6,160)	(6,160)
Transferred to capital spares (note 4.3)	(17,552)	-	-	-	(17,552)
Transferred to operating assets (note 4.1)	(50,264)	(19,754)	(21,005)	-	(91,023)
Balance as at December 31, 2017	912	1,047	8,094	5,367	15,420

(Amounts in thousand)

4.3 **Capital spares**

	2017	2016
	------------------(Rupees)------------------	
Balance at beginning of the year	855,536	344,393
Add / (less):		
- Transfers from operating assets (notes 4.1 and 4.3.1)	60,151	491,037
- Additions (note 4.2)	17,552	20,106
Balance at end of the year	933,239	855,536

4.3.1 This represents net book value of those spares which were replaced and transferred to capital spares.

5. **INTANGIBLE ASSETS**

	Computer software	Right to use infrastructure facilities (note 5.2)	Total
	Rupees		
As at January 1, 2016			
Cost	48,779	96,627	145,406
Accumulated amortisation	(36,822)	(25,203)	(62,025)
Net book value	11,957	71,424	83,381
Year ended December 31, 2016			
Opening net book value	11,957	71,424	83,381
Additions during the year (note 4.2)	5,460	-	5,460
Amortisation for the year (note 5.1)	(4,236)	(3,865)	(8,101)
Closing net book value	13,181	67,559	80,740
As at January 1, 2017			
Cost	54,239	96,627	150,866
Accumulated amortisation	(41,058)	(29,068)	(70,126)
Net book value	13,181	67,559	80,740
Year ended December 31, 2017			
Opening net book value	13,181	67,559	80,740
Additions during the year (note 4.2)	6,160	-	6,160
Amortisation for the year (note 5.1)	(5,991)	(3,865)	(9,856)
Closing net book value	13,350	63,694	77,044
As at December 31, 2017			
Cost	60,399	96,627	157,026
Accumulated amortisation	(47,049)	(32,933)	(79,982)
Net book value	13,350	63,694	77,044

(Amounts in thousand)

	2017	2016
	------------------(Rupees)------------------	
5.1 Amortisation charge for the year has been allocated as follows:		
Cost of sales (note 21)	8,307	6,436
Administrative expenses (note 22)	1,549	1,665
	9,856	8,101

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. 2,834,031 (2016: Rs. 2,524,087) as at December 31, 2017, which includes exchange loss of Rs. 309,944 pertaining to current year (2016: net-off exchange gain of Rs. 2,566) in property, plant and equipment (note 4.1).

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:

(Amounts in thousand)

	(Increase) / Decrease	Increase / (Decrease)	Derivative financial asset/(liability)
	Unappropriated profit	Property, plant and equipment	
	Rupees		
As at January 1, 2016	5,039,601	(2,129,492)	(2,910,109)
For the year ended December 31, 2016			
- Recognition of exchange gain	(111,434)	111,434	-
- Change in fair value of derivatives	1,273,578	-	(1,273,578)
	1,162,144	111,434	(1,273,578)
As at December 31, 2016	6,201,745	(2,018,058)	(4,183,687)
For the year ended December 31, 2017			
- Recognition of exchange loss	186,852	(186,852)	-
- Change in fair value of derivatives	(1,909,138)	-	1,909,138
	(1,722,286)	(186,852)	1,909,138
As at December 31, 2017	4,479,459	(2,204,910)	(2,274,549)

7 LONG TERM LOANS AND ADVANCES

	2017	2016
	(Rupees)	
Executives (notes 7.1, 7.2 and 7.3)	54,708	55,232
Less: Current portion shown under current assets (note 11)	(15,465)	(15,820)
Balance as at end of the year	39,243	39,412

7.1 **Reconciliation of the carrying amount of loans and advances**

	2017	2016
Balance at beginning of the year	55,232	48,942
Add: Disbursements	16,315	24,362
Less: Repayments / Amortisation	(16,839)	(18,072)
Balance at end of the year	54,708	55,232

7.2 Loans and advances include interest free investment loan plan to executives amounting to Rs. 38,673 (2016: Rs. 38,972) 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. 16,035 (2016: Rs. 16,260) 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. 63,236 (2016: Rs. 60,078).

(Amounts in thousand)

8. **INVENTORIES**

	2017	2016
	(Rupees)	
High Speed Diesel (note 8.1)	379,524	381,244
Consumable stores	53,484	51,356
Spares	448,174	410,408
	881,182	843,008

8.1 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 inventory 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. **TRADE DEBTS - secured**

	2017	2016
	(Rupees)	
Considered good	5,571,570	3,896,828

9.1 Trade debts, including delayed payment charges (note 11.1), are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and as such are considered good.

9.2 Trade debts include:

- Rs. 2,104,915 (2016: Rs. 2,649,324) which is neither past due nor impaired; and
- Rs. 3,466,655 (2016: Rs. 1,247,504) which is overdue but not impaired. The overdue receivables carry mark-up at the rate of KIBOR plus 4.5% per annum. The ageing of overdue receivables is as follows.

	2017	2016
	(Rupees)	
Upto 3 months	2,763,461	1,247,504
3 to 6 months	703,194	-
	3,466,655	1,247,504

10. **SHORT TERM INVESTMENT**
- Held to maturity

	2017	2016
Term Deposit Receipt (note 10.1)	50,000	50,000

10.1 The Company has placed Rs. 50,000 (2016: Rs. 50,000) in Term Deposit Receipt with a conventional bank having a maturity of one month, carrying return at the rate of 3.95% (2016: 5.85%) per annum.

10.2 This investment has been made in respect of maintenance reserve (note 14).

(Amounts in thousand)

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

	2017	2016
	----------------(Rupees)----------------	
Current portion of long term loans and advances to executives		
- considered good (note 7)	15,465	15,820
Advances and deposits	14,137	1,848
Prepayments	60,274	61,856
Delayed payment charges (notes 11.1 and 11.2)	909,376	1,021,505
Receivable from associated undertakings:		
- Engro Energy Limited (formerly Engro Powergen Limited)	3,925	5,920
- Engro Fertilizers Limited	31	-
- Engro Powergen Thar (Private) Limited	1,985	1,826
- Engro Polymer & Chemicals Limited	59	59
- Engro Corporation Limited	773	-
- Sindh Engro Coal Mining Company Limited	4,519	610
Other receivables	2,524	1,443
Reimbursable cost from NEPRA in respect of:		
- Workers' profits participation fund (note 11.3)	208,974	236,385
- Workers' welfare fund (note 17.3)	205,638	205,638
	1,427,680	1,552,910

11.1 This represents mark-up on overdue trade debts, as referred to in note 9.2, of which Rs. 737,788 (2016: Rs. 958,029) is overdue.

	2017	2016
	----------------(Rupees)----------------	
11.2 The aging of over due delayed payment charges is as follows:		
Upto 3 months	31,993	25,045
3 to 6 months	41,577	35,558
More than 6 months	664,218	897,426
	737,788	958,029

11.3 This includes outstanding invoiced amount of Rs. 89,417 (2016: Rs. 146,968).

12. BALANCES WITH BANKS

	2017	2016
Current accounts:		
- Local currency	917	4,650
Deposit accounts:		
- Foreign currency (note 12.1)	2,969	3,196
- Local currency (notes 12.2)	3,523	31,777
	7,409	39,623

12.1 Foreign currency deposits carry return at the rate of 0.5% (2016: 0.1% - 1%) per annum.
12.2 Local currency deposits carry return at the rate of 3.75% (2016: 3.75% - 5%) per annum.
12.3 The Company maintains its bank balances under the coventional banking terms only.

(Amounts in thousand)

13 SHARE CAPITAL

13.1 Authorised Capital

2017	2016		2017	2016
------------(No. of Shares)-----------			----------------(Rupees)----------------	
330,000,000	330,000,000	Ordinary shares of Rs. 10 each	3,300,000	3,300,000

13.2 Issued, subscribed and paid-up capital

2017	2016		2017	2016
------------(No. 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

13.2.1 As at December 31, 2017, Engro Energy Limited (formerly Engro Powergen Limited), the Holding Company, held 223,050,000 (2016: 223,050,000) ordinary shares of the Company.

14. 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 Receipts as at December 31, 2017 (note 10). Till such time the amount is deposited again to the required level, the Company has unutilised short term financing available to meet any unexpected maintenance requirement that may arise in the foreseeable future.

15. HEDGING RESERVE

During the year, the Company entered into exchange rate forward agreements with its bank for amounts aggregating to USD 3,550 (2016: USD 5,500) to manage exchange rate exposure on repayments of its long term borrowing (note 16) and has made a gain of Rs. 16,985 (2016: loss of Rs. 14,468) 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)

16. **BORROWINGS, secured**

	2017	2016
	----------------(Rupees)----------------	
Long term borrowing	4,871,233	6,403,000
Less: Current portion shown under current liabilities	2,051,918	1,792,353
	2,819,315	4,610,647

16.1 The Company entered into a financing agreement with a consortium comprising of international financial institutions amounting to USD 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, 2017, the outstanding balance of the borrowing was USD 44,292 (2016: USD 61,394).

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 19.

16.2 Following are the changes in the borrowings for which cash flows have been classified as financing activities in the cash flow statement:

	2017	2016
	----------------(Rupees)----------------	
Balance as at January 1	6,403,000	8,045,654
Amortisation of transaction cost	8,123	8,123
Repayments	(1,849,834)	(1,648,211)
Exchange loss / (gain)	309,944	(2,566)
Balance as at December 31	4,871,233	6,403,000

17. **TRADE AND OTHER PAYABLES**

	2017	2016
	----------------(Rupees)----------------	
Creditors	1,724,553	284,650
Accrued liabilities (note 17.1)	1,070,090	1,523,644
Security deposits	2,879	3,390
Payable to associated undertakings:		
- Defined contribution fund maintained by Engro Corporation Limited	5,787	4,143
- Engro Corporation Limited	-	975
- Engro Vopak Terminal Limited	564	-
Dividend payable	20,528	13,249
Provisions (note 17.4)	310,567	212,193
Sales tax payable	9,165	7,944
Retirement and other service benefits obligations	-	2,492
Withholding tax payable	3,875	7,962
Workers' profits participation fund (note 17.2)	13,312	24,417
Workers' welfare fund (note 17.3)	205,638	205,638
	3,366,958	2,290,697

(Amounts in thousand)

17.1 Includes accrual in respect of gas charges amounting to Rs. 678,215 (2016: Rs. 848,844).

17.2 Workers' profits participation fund

	2017	2016
	----------------(Rupees)----------------	
Payable at beginning of the year	24,417	19,913
Add: Allocation for the year (note 26)	119,557	89,417
	143,974	109,330
Less:		
- Interest (note 25.2)	327	154
- Payment made during the year	(130,989)	(85,067)
Payable at end of the year	13,312	24,417

17.3 Workers' welfare fund

	2017	2016
Payable / Receivable at beginning of the year	205,638	205,638
Add: Charge for the year (note 26)	-	-
Payable / Receivable at end of the year	205,638	205,638

17.4 This represents provisions recognised on prudence basis in respect of certain claims raised against the Company.

18. **SHORT TERM BORROWINGS, secured**

	2017	2016
	----------------(Rupees)----------------	
Running finance utilised under mark-up arrangements	3,208,672	2,919,000

The Company has Working Capital / Running Finance Facility Agreements with Allied Bank Limited, NIB Bank Limited, The Bank of Punjab and Soneri Bank Limited. 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 April 2018.

The available facilities under these mark-up arrangements aggregates to Rs. 4,400,000 (2016: Rs. 4,400,000). The facilities carry mark-up at the rate of 3 months KIBOR plus 0.0% - 0.5% (2016: 3 months KIBOR plus 0.5% - 1.0%). 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.

19. **CONTINGENCIES AND COMMITMENTS**

	2017	2016
	----------------(Rupees)----------------	
Contingent liabilities - guarantees (note 19.1)	2,496,126	2,496,126
Commitments in respect of :		
- letter of credit in favour of Company's senior lenders (note 16.1)	886,386	840,663
- others	51,666	59,095
	938,052	899,758

(Amounts in thousand)

19.1 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.

19.2 A Corporate Guarantee amounting to USD 10,000 has been issued by Engro Corporation Limited in favour of the Company's bank to secure the repayment of foreign currency loan installments to its senior lenders.

20. SALES

	2017	2016
	----------------(Rupees)----------------	
Capacity purchase price	3,603,267	3,565,684
Energy purchase price (notes 20.1)	7,986,245	7,886,098
	11,589,512	11,451,782

20.1 Energy purchase price is net of sales tax of Rs. 1,357,727 (2016: Rs. 1,201,172) for current year sales invoices and Nil (2016: Rs. 138,992) in respect of prior period sales invoiced during the current year.

21. COST OF SALES

	2017	2016
	----------------(Rupees)----------------	
Gas and fuel oil consumed	7,198,726	7,556,051
Depreciation (note 4.1.2)	741,695	723,998
Amortisation (note 5.1)	8,307	6,436
Salaries, wages and staff welfare (note 21.1)	513,935	503,674
Insurance	174,588	174,918
Traveling	16,518	15,344
Repairs and maintenance	43,476	48,575
Purchased services (note 21.2)	31,634	26,487
Legal and professional services	14,090	14,367
Stores and spares consumed	34,277	40,623
Security	40,151	42,490
Communication and other office expenses	60,477	56,329
	8,877,874	9,209,292

21.1 Salaries, wages and staff welfare include Rs. 27,505 (2016: Rs. 30,397) in respect of staff retirement benefits.

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

(Amounts in thousand)

22. ADMINISTRATIVE EXPENSES

	2017	2016
	----------------(Rupees)----------------	
Salaries, wages and staff welfare (note 22.1)	68,820	96,704
Legal and professional services	17,100	18,445
Purchased services (note 21.2)	19,263	13,029
Communication and other office expenses	21,804	25,178
Contributions for corporate social responsibility (note 22.2)	21,464	21,848
Depreciation (notes 4.1.2)	1,129	1,541
Amortisation (note 5.1)	1,549	1,665
Traveling	4,189	5,070
Auditors' remuneration (note 22.3)	3,356	4,536
	158,674	188,016

22.1 Salaries, wages and staff welfare include Rs. 8,560 (2016: Rs. 7,281) in respect of staff retirement benefits.

22.2 This includes Rs. 9,800 (2016: Rs. 9,200) paid to Engro Foundation and Rs. 8,700 (2016: Rs. 9,490) paid to Engro Corporation Limited for reimbursement of salaries of Engro Corporation Limited employees rendering services to Engro Foundation.

	2017	2016
	----------------(Rupees)----------------	
22.3 Auditors' remuneration		
Fee for:		
- annual statutory audit	525	500
- half yearly review	160	150
- other assurance services	504	1,281
- taxation services	1,994	2,365
- review of compliance with the Code of Corporate Governance	40	40
Reimbursement of expenses	133	200
	3,356	4,536

23. OTHER EXPENSES

	2017	2016
Reclassification of hedge to profit or loss	2,825	3,802

24. OTHER INCOME

	2017	2016
Financial assets:		
Exchange gain	159	-
Non financial assets:		
Insurance claim (note 24.1)	110,065	98,736
Gain on disposal of property, plant and equipment	-	25
	110,224	98,761

(Amounts in thousand)

24.1 Due to the NTDC's auto transformer incident at Guddu in 2016, the plant was on standby mode till the completion of repair work due to which the Company's Energy Purchase Payments (EPP) were affected. The Company had lodged a Business Interruption (BI) claim against this with the insurers. During the year, the insurers agreed to settle the BI loss suffered by the Company and, accordingly, the Company received Rs. 110,000 in this respect.

25. FINANCE COST

	2017	2016
	----------------(Rupees)----------------	
Interest / markup on:		
- long term borrowing	270,754	297,023
- short term borrowings	147,599	113,455
Financial / bank charges (note 25.2)	138,395	103,952
	556,748	514,430
Less:		
Interest income on bank deposits	(1,656)	(2,119)
Delayed payment charges - overdue trade debts	(285,871)	(151,223)
	269,221	361,088

25.1 Interest / mark-up on borrowings is based on coventional banking terms.

25.2 Includes interest of Rs. 327 (2016: Rs. 154) on payments due to Workers' profits participation fund.

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

	2017	2016
	----------------(Rupees)----------------	
Provision for :		
- Workers' profits participation fund (note 17.2)	119,557	89,417
- Workers' welfare fund (notes 17.3 and 26.2)	-	-
	119,557	89,417
Recoverable from NTDC	(119,557)	(89,417)
	-	-

26.1 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).

26.2 The Honorable Supreme Court (HSC) through order dated November 10, 2016 annulled the amendments made in the Workers' Welfare Fund Ordinance, 1971 through Finance Acts of 2006 and 2008, and restored the original ordinance under which Workers' welfare fund is not applicable on the income of the Company. Further, in case of Company, Sindh Workers' Welfare Fund Act, 2014 is applicable, under which exempt income, i.e. income from power supply operations is not subject to Workers' welfare fund. Accordingly, no provision for Worker Welfare Fund has been recognised for the current year, however, provisions in respect of prior periods, made under the Federal Workers' Welfare Fund Ordinance, 1971 have been retained as the income tax authorities have filed a review petition against the aforementioned order of the HSC during the year.

(Amounts in thousand except for earnings per share)

27. TAXATION - current

	2017	2016
	----------------(Rupees)----------------	
For the year	497	657

27.1 Represents tax at the rate of 30% (2016: 31%) on bank profits as per the requirments of Income Tax Ordinance 2001.

28. EARNINGS PER SHARE

	2017	2016
	----------------(Rupees)----------------	
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Profit for the year	2,390,645	1,787,688
	Number of shares	
Weighted average number of ordinary shares (in thousand)	323,800	323,800
	Rupees	
Earnings per share - basic and diluted	7.38	5.52

29. PROVIDENT FUND

29.1 The employees of the Company participate in provident fund maintained by Engro Corporation Limited. Monthly contributions are made both by the Company and employees to the fund at the rate of 10% of basic salary. Accordingly, the following information is based upon unaudited financial statements of provident fund for the year ended June 30, 2017 and audited financial statements for the year ended June 30, 2016:

	June 30, 2017	June 30, 2016
	----------------(Rupees)----------------	
Size of the fund - Total assets	3,941,927	3,386,894
Cost of the investments made	2,493,496	2,920,257
Percentage of investments made	92%	92%
Fair value of investments	3,643,638	3,108,947

(Amounts in thousand)

29.2 The breakup of investments is as follows:

	2017		2016	
	Rupees	%	Rupees	%
National Savings Schemes	824,473	23	808,579	26
Government securities	1,152,661	32	727,842	23
Listed securities and unit trust	817,729	22	974,172	31
Balances with banks in savings account	848,775	23	598,355	19
	3,643,638	100	3,108,948	100

29.3 During the year, the Company has made contribution of Rs. 57,712 (2016: Rs. 56,431) to the aforementioned defined contribution plan and as at June 30, 2017 the members balances of Company's employees in this provident fund amounted to Rs. 109,735 (2016: Rs. 88,520).

29.4 The investments out of the fund have been made in accordance with the provisions of section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for the purpose.

30. CASH GENERATED FROM OPERATIONS

	2017	2016
	----------------(Rupees)----------------	
Profit before taxation	2,391,142	1,788,345
Adjustment for non-cash charges and other items:		
- Depreciation (note 4.1.2)	742,824	725,539
- Amortisation (note 5.1)	9,856	8,101
- Provisions	98,374	208,383
- Gain on disposal of property, plant and equipment (note 24)	-	(25)
- Reclassification of hedge to profit and loss (note 23)	2,825	3,802
- Finance cost	426,476	418,600
Working capital changes (note 30.1)	(617,078)	(828,809)
	3,054,419	2,323,936

30.1 WORKING CAPITAL CHANGES

	2017	2016
Decrease / (Increase) in current assets:		
Inventories	(38,174)	(16,749)
Trade debts	(1,674,742)	(1,136,517)
Loans, advances, deposits, prepayments and other receivables - net	125,230	93,514
	(1,587,686)	(1,059,752)
Increase in current liabilities:		
Trade and other payables	970,608	230,943
	(617,078)	(828,809)

(Amounts in thousand)

31. CASH AND CASH EQUIVALENTS

	2017	2016
	----------------(Rupees)----------------	
Balances with banks (note 12)	7,409	39,623
Short term investments (note 10)	50,000	50,000
Short term borrowings (note 18)	(3,208,672)	(2,919,000)
	(3,151,263)	(2,829,377)

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

32.1 The aggregate amounts charged during the year in respect of remuneration, including all benefits, for the Chief Executive, Directors and Executives of the Company are as follows:

	2017			2016		
	Directors		Executives	Directors		Executives
	Chief Executive	Others		Chief Executive	Others	
	----------(Rupees)----------					
Managerial remuneration	11,016	-	322,373	16,595	-	288,932
Contribution for staff retirement benefits	1,291	-	30,143	2,596	-	18,575
Bonus	7,626	-	73,926	11,148	-	58,677
Other benefits	1,145	-	2,963	50	-	2,894
Fees	-	1,940	-	-	1,900	-
Total	21,078	1,940	429,405	30,389	1,900	369,078
Number of persons, including those who worked part of the year	2	8	91	1	7	93

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

32.3 Premium charged in the financial statements in respect of directors' indemnity insurance policy, purchased by the Company during the year, amounted to Rs. 445 (2016: Rs. 582).

(Amounts in thousand)

33. FINANCIAL INSTRUMENTS BY CATEGORY

	2017	2016
	----------------(Rupees)----------------	
33.1 Financial assets as per balance sheet		
- Held to maturity		
Short term investments	50,000	50,000
- Loans and receivables		
Long term deposits	2,491	2,491
Loans, deposits and other receivables	1,392,512	1,528,618
Trade debts	5,571,570	3,896,828
Balances with banks	7,409	39,623
	7,023,982	5,517,560
33.2 Financial liabilities as per balance sheet		
- Financial liabilities measured at amortised cost		
Borrowings	8,079,905	9,322,000
Trade and other payables	2,821,522	1,826,661
Accrued interest / mark-up	30,942	24,708
	10,932,369	11,173,369

33.3 **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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

34.1 **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.

(Amounts in thousand)

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.

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, 2017.

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:

	2017	2016
	----------------(Rupees)----------------	
Short term investment	50,000	50,000
Trade debts	2,104,915	2,649,324
Long term deposits	2,491	2,491
Loans, deposits and other receivables	654,724	570,589
Balances with banks	7,409	39,623
	2,819,539	3,312,027

(Amounts in thousand)

The carrying value of financial assets which are past due but not impaired are as follows:

	2017	2016
	----------------(Rupees)----------------	
Trade debts	3,466,655	1,247,504
Loans, deposits and other receivables	737,788	958,029
	4,204,443	2,205,533

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

Name of bank / financial institutions	Rating agency	Rating	
		Short term	Long term
Allied Bank Limited	PACRA	A1+	AA+
Bank of Punjab	PACRA	A1+	AA
MCB Bank (formerly NIB Bank)	PACRA	A1+	AAA
Soneri Bank Limited	PACRA	A1+	AA-
Al Barakah Bank	PACRA	A1+	A
Bank Al Falah	PACRA	A1+	AA+
National Bank of Pakistan	PACRA	A1+	AAA
Faysal Bank	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 from the balance sheet date.

34.2 **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 and US Consumer Price Index.

(Amounts in thousand)

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.

	2017	2016
	----------------(Rupees)----------------	
The proportion of debt to equity at the year end was:		
Total borrowings (notes 16 and 18)	8,079,905	9,322,000
Less: Balances with banks (note 12)	7,409	39,623
Net Debt	8,072,496	9,282,377
Total Equity	9,812,757	8,454,652
Total Capital	17,885,253	17,737,029
Gearing ratio	0.45	0.52

35. NUMBER OF EMPOLYEES.

	Number of employees		Average number of employees	
	2017	2016	2017	2016
Management employees	64	71	68	74
Non- management employees	43	45	44	46
	107	116	112	120

36. CAPACITY AND PRODUCTION

	2017	2016
	------------------(MWh)------------------	
Maximum generation possible	1,869,812	1,881,005
Declared capacity billed	1,874,511	1,886,110
Net electrical output	1,737,346	1,264,667

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

(Amounts in thousand)

37. TRANSACTIONS WITH RELATED PARTIES

Related parties comprises of Dawood Hercules Corporation Limited, Engro Corporation Limited, Engro Energy Limited (formerly Engro Powergen Limited) and their associated undertakings. Related parties also include 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:

		2017	2016
		----------------(Rupees)----------------	
Nature of relationship	**Nature of transactions**		
Holding Company			
	Purchase of services	76,452	102,780
	Services rendered	178,105	202,510
Associated undertakings			
	Purchase of services	81,141	95,462
	Services rendered	21,076	38,692
Key management personnel			
	Managerial remuneration, including bonus	62,681	70,582
	Contribution / Charge for retirement benefit schemes	5,798	7,434
Staff retirement benefits			
Managed and operated by the Company - Gratuity fund	Contribution	2,492	1,005
Managed and operated by the Engro Corporation Limited			
- Provident fund	Contribution	56,347	55,809
- Gratuity fund	Contribution	18,791	14,730
- Pension fund	Contribution	1,565	3,147

38. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on February 1, 2018 has proposed a final cash dividend of Rs. 1.5 per share for the year ended December 31, 2017 amounting to Rs. 485,700 for approval of the members at the Annual General Meeting to be held on March 27, 2018.

39. CORRESPONDING FIGURES

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

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 1, 2018 by the Board of Directors of the Company.

Sameer Amin
Chief Financial Officer

Shahab Qader
Chief Executive Officer

Shamsuddin A. Shaikh
Chairman

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/our proxy to vote for me and on my/our behalf at the annual general meeting of the Company to be held on the 27th day of March, 2018 and at any adjournment thereof.

Signed this ______________ day of ________ 2018.

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.

standard request form
circulation of annual audited accounts.

The Share Registrar
Engro Powergen Qadirpur Ltd.
FAMCO Associates (Pvt.) Ltd.
8-F, Near Hotel Faran
Nursery, Block-6, P.E.C.H.S.,
KARACHI.

Date: ________________

Dear Sirs,

Subject: Request for Hard Copy of Annual Audited Accounts of Engro Powergen Qadirpur Limited.

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 470(I)/2016 dated May 21, 2016 and approved by the Shareholders in the Extraordinary General Meeting of the Company held on October 14, 2016, the Company shall circulate its annual Audited Accounts, and profit and loss account, auditor's report and directors report etc. ("Annual Audited Accounts") to its members through CD/DVD/USB at their registered addresses, save for those who opt for a hardcopy of the Annual Audited Accounts by filling out the details below and sending it to the Company's share registrar and Company Secretary.

I/we ________________________________ S/o, D/o, W/o ________________________ being a registered shareholder of Engro Powergen Qadirpur Ltd. with the particulars as mentioned below would request that our name be added to the list of Shareholders of the Company who opt for delivery of a hardcopy of the Annual Audited Accounts of the Company and hereby request you send to us the Annual Audited Accounts in hard copy form at our registered address as contained in the member register instead of providing the same through CD/DVD/USB.

Name of Shareholder	
Folio No. / CDC ID No.	
CNIC/NICOP/ Passport No.	
Cell No. (if any)	

Yours Truly,

____
Signature of Shareholder

Copy to:
Ms. Schaane Ansari
Company Secretary
Engro Powergen Qadirpur Ltd.
16th Floor, The Harbour Front, Dolmen City,
HC-3, Block 4, Clifton, Karachi-75600.

engro powergen qadirpur

پراکسی فارم

میں/ہم ____________________ کی طرف

سے ____________ بحثیت اینگرو پاورجن قادر پور لمیٹڈ کے رکن، اور ____________ عمومی حصص یافتہ جن کی مالیت فی حصص

حصص کی تعداد

رجسٹر فولیو نمبر ________ اور/یا سی ڈی سی participant آئی ڈی نمبر ________ اور ذیلی اکاؤنٹ نمبر ________ اپنی دانست میں

________ کی طرف سے ________ کو بطور پراکسی تعینات کرتا ہوں یا بطور پراکسی کی حیثیت ختم کر رہا/رہی ہوں تاکہ یہ میری طرف سے کمپنی

کے سالانہ عام اجلاس میں شرکت کریں اور ووٹ دیں جو بتاریخ 27 مارچ 2018ء کو منعقد کیا جائے گا۔

دستخط ____________ مورخہ/بتاریخ ________ / ________ 2018ء

گواہان:

۱۔ دستخط : ____________

نام : ____________

پتہ : ____________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر : ____________

پاسپورٹ نمبر : ____________

____

دستخط شیئر ہولڈر

دستخط کمپنی میں کیئے جانے والے دستخط سے مماثلت رکھتے ہوں

۲۔ دستخط : ____________

نام : ____________

پتہ : ____________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر : ____________

پاسپورٹ نمبر : ____________

نوٹ : پراکسیوں بھیجنے کی صورت میں پراکسی فارم کمپنی کو سالانہ عام اجلاس کے انعقاد سے 48 گھنٹے پہلے تک کمپنی کو موصول ہو جانے چاہیں۔ منتخب پراکسی کمپنی کا ممبر نہیں ہونا چاہیے۔

سی ڈی سی شیئر ہولڈرز اور ان کی نمائندہ پراکسی کو اپنی اصل قومی شناختی کارڈ کی یا پاسپورٹ کی منظور شدہ کاپی اس فارم کے ساتھ کمپنی کو بھیجنی ہے

ڈائریکٹرز کی ذمہ داریوں کا اعلامیہ

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

۱۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے منصفانہ طور پر اس کے معاملات کی صورت حال، سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیاں پیش کرتے ہیں۔

۲۔ کمپنی کے مالیاتی کھاتے درست انداز میں منظّم کئے گئے ہیں

۳۔ مالیاتی گوشواروں کی تیاری میں مسلسل مناسب اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور حسابات کے گوشوارے مناسب عاقلانہ فیصلوں پر مبنی ہیں۔

۴۔ مالیاتی گوشواروں کی تیاری میں عالمی فنانشل رپورٹنگ معیارات جیسا کہ پاکستان میں قابل اطلاق ہیں، اُن کی مکمل اور درست پیروی کی گئی ہے اور معلومات مفصل انداز میں بیان کی گئی ہے

۵۔ نظام کے داخلی کنٹرول کی ساخت محفوظ ہے اور اس کا مؤثر اطلاق اور نگرانی کی گئی ہے

٦۔ ادارے کے مستقبل میں اپنے کام جاری رکھنے پر کوئی قابل ذکر خدشات نہیں ہیں

۷۔ کارپوریٹ گورننس کی بہترین پریکٹسز سے کسی قسم کا مادی گریز نہیں کیا گیا ہے، جیسا کہ لسٹنگ ریگولیشن میں تفصیلات شامل ہیں

۸۔ کمپنی کے چار ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام کو مکمل کیا ہے جو پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کی جانب سے آفر کی جاتی ہے۔ ایک ڈائریکٹر اس تربیتی پروگرام سے مستثنیٰ ہیں اور ایک ڈائریکٹر کی تربیت ابھی جاری ہے

بورڈ کے اجلاس اور حاضری

2017ء میں بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ڈائریکٹرز کی ان اجلاسوں میں حاضری کا ریکارڈ مندرجہ ذیل ہے:

ڈائریکٹرز کے نام	حاضری
(1) جناب شمس الدین شیخ	4
محترمہ عالیہ یوسف	4
(2) جناب غیاث خان	1
(3) جناب حسنین موچھالا	3
(2) جناب جہانگیر پراچہ	1
جناب جاوید اکبر	5
(4) جناب محسن علی منگی	4
(5) جناب روحیل محمد	1
جناب شبیر ہاشمی	5
(1) جناب شہاب قادر	4
جناب شاہد حامد پراچہ	5
جناب وقار زکریا	5

1 21 مارچ 2017ء کو بورڈ آف ڈائریکٹرز میں منتخب ہوئے
2 20 مارچ 2017ء کو بورڈ آف ڈائریکٹرز سے مستعفی ہوئے
3 4 جولائی 2017ء کو بورڈ آف ڈائریکٹرز میں منتخب ہوئے
4 5 جولائی 2017ء کو بورڈ آف ڈائریکٹرز میں منتخب ہوئے
5 4 اپریل 2017ء کو بورڈ آف ڈائریکٹرز سے مستعفی ہوئے

مالی سال 2017ء میں بورڈ کی آڈٹ کمیٹی نے چار اجلاس کئے۔ ان اجلاسوں میں حاضری کی تفصیلات درج ذیل ہیں:

ڈائریکٹرز کے نام	حاضری
جناب جاوید اکبر	4
محترمہ عالیہ یوسف	4
جناب شبیر ہاشمی	4

مالی سال 2017ء میں بورڈ کی معاوضہ کمیٹی نے ایک اجلاس منعقد کیا۔ اس اجلاس میں حاضری ریکارڈ درج ذیل ہے:

ڈائریکٹرز کے نام	حاضری
(1) جناب شمس الدین شیخ	-
(1) جناب غیاث خان	1
جناب جاوید اکبر	1
جناب وقار زکریا	1

(1) 21 مارچ 2017ء کو جناب غیاث خان کی جگہ جناب شمس الدین شیخ کو بطور چیئر مین بورڈ معاوضہ کمیٹی مقرر کیا گیا

شمس الدین شیخ
چیئرمین

Shahab Qader

شہاب قادر
چیف ایگزیکٹو آفیسر

کمپنی کے دفاتر میں ماحول کو پروفیشنل رکھنے کی ہر ممکن کوشش کی جاتی ہے اور ہمارا مقصد ایک ایسے کلچر کو فروغ دینا ہے جہاں ہر مکتبہ فکر کے لوگ ایک ساتھ مل کر کام کریں اسی لئے ہم نے متنوع ورک فورس کی تشکیل کے لئے اقدامات لئے ہیں۔ اس کے علاوہ معذور افراد کی صلاحیتوں سے استفادہ حاصل کرنے اور انہیں بھی ترقی کے یکساں مواقع فراہم کرنے کی پالیسی پر ہم پہلے دن سے عمل کر رہے ہیں۔

ہم ملازموں کی صحت اور بہتری کو اولین ترجیح دیتے ہیں۔ اپنی اسی سوچ کی عکاسی کرتے ہوئے ہم نے مالی سال 2017ء میں ملازمین کی بہتری کی مہم چلائی جس میں ہر ملازم کی جسمانی، ذہنی، اور سماجی بہتری پر توجہ مرکوز کی گئی۔ اس پروگرام کو گلوبل سینٹر فار ہیلتھی ورک پلیسز کی جانب سے سرٹیفیکٹ بھی دیا گیا۔

صحت حفاظت اور ماحولیات

ہمیں بخوبی اندازہ ہے کہ مناسب حفاظتی اقدامات لئے بنا اپنے ملازمین اور ہمارے آپریشنز کو محفوظ نہیں بنایا جاسکتا، اسی لئے ہم اپنے ملازمین کو EPQL پروسیزز اور HSE اسٹنڈرز کے مطابق کام کرنے کا محفوظ ماحول فراہم کرنے کی ہر ممکن کوشش کرتے ہیں اور ہمارا یہی استدلال ماحولیات کے لئے بھی ہے۔ ہم نے سال 2017ء میں نگرانی کرنے والی اپنی سرگرمیوں کو اپنے آپریشنز اور ایچ ایس ای معیارات کو بین الاقوامی معیارات کے عین مطابق رکھا ہے۔ ہم نے نیشنل انوائرمنٹل کوالٹی اسٹینڈرز اور ورلڈ بینک گروپ کی ہدایات پر 100 فیصد عمل درآمد کیا ہے۔ کمپنی نے کامیابی سے ISO 14001 اور OHSAS 18001 کی ریٹنگ حاصل کیں جو ہمارے صحت حفاظت اور ماحولیات کے حوالے سے عزم کا اعادہ کرتے ہیں۔ مزید براں ہم نے 5S اور ڈیو پونٹس آکیوپیشنل ہیلتھ اور انڈسٹریل ہائی جین آڈٹ میں بھی مطلوبہ نتائج کامیابی سے حاصل کئے۔

0

2017 میں

لوس ورک ڈے انجریز (LWI)

ہماری توجہ مسلسل اپنے معیار کو بین الاقوامی معیار سے مطابق رکھنے پر مرکوز رہتی ہے۔ ہمارے پراسز سیفٹی مینجمنٹ کا معیار اور پراسز سیفٹی اینڈ رسک مینجمنٹ سسٹم کا اندازہ صرف اس بات سے ہی لگا لیجئے کہ پانچ سالہ آپریشنز میں ہم نے لاس ورک ڈے انجری زیرو رکھی ہے۔ ہم صرف اس پر ہی اکتفا نہیں کر رہے بلکہ مسلسل اپنے نظام کو مزید بہتر بنانے میں مصروفِ عمل ہیں۔

100%

WEQ فیصد مطابقت

اور ورلڈ بینک گروپ گائیڈ لائنز سے

مستقبل قریب کا منظر نامہ

تیل کی عالمی قیمتوں میں مسلسل اضافے کے رجحان کی وجہ سے گیس سے پر چلنے والے آئی پی پیز کی پیداوار بڑھنے کا امکان ہے کیونکہ یہ نا صرف ماحول دوست ہیں بلکہ ان کی آپریشنل استعداد کار بھی بہتر ہے اور آپریشنل لاگت بھی کم ہے۔ مزید براں 2016ء میں گرڈ کو اپ گریڈ کرنے کی وجہ سے بھی ہمیں پاور پرچیزر کو ذائد ترسیل کرنے میں مدد ملی جو مستقبل قریب میں بھی جاری رہے گی۔

جیسا کہ پہلے بھی آپ کے علم میں لایا جاچکا ہے کہ حکومت پاکستان نے گردشی قرضے کو کم کرنے کے لئے خاطر خواہ اقدامات نہیں کئے ہیں۔ ہم سمجھتے ہیں کہ مربوط اقدامات کی غیر موجودگی میں اس مسئلے کی جڑ کو ختم نہیں کیا جاسکتا ہے اس لئے اگلے سال پاور سیکٹر کو اس مسئلے کا سامنا کرنا پڑے گا۔

مستقبل میں کمپنی بدستور پلانٹ اور آلات کے قابل اعتماد ہونے، متبادل فیول آپشن اور آپریشنل استعداد کار میں بہتری کے دیگر اقدامات پر اپنی توجہ مرکوز رکھے گی تا کہ تمام حصول یافتگان کے فائدے کے لئے نیشنل گرڈ کو بجلی کی بلاتعطل ترسیل یقینی بنائی جاسکے۔

کلیدی حصہ داری اور فروخت کئے گئے شیئرز

مالی سال 31 دسمبر 2017ء کے اختتام پر کمپنی کی سب سے بڑی شیئر ہولڈنگ کمپنی اینگرو انرجی لمیٹڈ ہے۔ شیئر ہولڈنگ کے عمومی نقشے اور حصص یافتگان کے مخصوص طبقوں کی شیئر ہولڈنگ کی معلومات جو رپورٹنگ فریم ورک کے تحت درکار ہے، اور ڈائریکٹرز، اُن کی ذوجہ یا شوہر اور کم عمر بچوں کے نام پر کی جانب سے شیئرز کی خرید و فروخت کا بیان اس رپورٹ میں شامل ہیں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنس ریٹائر ہو چکے ہیں اور اہلیت کی بنیاد پر خود کو دوباری تقرری کے لئے پیش کرتے ہیں۔ بورڈ کی آڈٹ کمیٹی اُن کی بطور آڈیٹر برائے سال 31 دسمبر 2017ء تقرری کی سفارش کرتی ہے۔

منافع منقسمہ

سال کے دوران کمپنی نے 9 اگست 2017ء کو 1.75 روپے فی حصص عبوری منافع منقسمہ دینے کا اعلان کیا۔ اور 1.50 روپے فائنل منافع 1 فروری کو۔ اب تک کا مکمل منافع 3.25 روپے 2017 کے لیے رہا۔

ریٹائرمنٹ 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)، گریجوٹی فنڈز اور ڈی سی پروویڈنٹ فنڈ شامل ہیں۔ اینگرو کارپوریشن کے گریجویٹی فنڈز اور اینگرو کارپوریشن پروویڈنٹ فنڈ کا نظم ونسق حتمی پیرنٹ کمپنی کے پاس ہے اس کے اپنے ملازمین اور تمام ذیلی اداروں بشمول اینگرو قادر پور لمیٹڈ کے ملازمین اس میں شامل ہیں۔

مندرجہ ذیل میں بیان فنڈز کو ٹیکس کی اتھارٹیز نے تسلیم کیا ہے۔ اینگرو کارپوریشن پروویڈنٹ فنڈ اور اینگرو کارپوریشن گریجویٹی فنڈز کے آڈٹ شدہ اکاؤنٹس بتاریخ 31 دسمبر 2016ء سے 30 جون 2017ء درج میں رقم کئے گئے ہیں۔

اینگرو پاورجن قادر پور لمیٹڈ
ڈائریکٹرز جائزہ رپورٹ برائے اختتام سال ۳۱ دسمبر ۲۰۱۷

ڈائریکٹرز آڈٹ شدہ مالیاتی گوشوارے اور ڈائریکٹرز جائزہ رپورٹ برائے اختتام سال ۳۱ دسمبر ۲۰۱۷ مسرت سے پیش کرتے ہیں۔

مرکزی سرگرمی

اینگرو پاورجن قادر پور لمیٹڈ (EPQL) کو توانائی کی پیداوار اور فروخت کے کاروبار کے بنیادی مقصد کے تحت قائم کیا گیا۔ کمپنی نے ضلع گھوٹکی نزد قادر پور میں 217.3 میگاواٹ کا کمبائنڈ سائیکل پاور پلانٹ قائم کیا اور 27 مارچ 2010ء سے تجارتی سرگرمیوں کا آغاز کیا۔ یہ منصوبہ اس لئے منفرد ہے کیونکہ اس میں رساؤ والی گیس (کم BTU اور گندھک کی وافر مقدار سے مزین) permeate کو بھی توانائی کی پیداوار میں استعمال کیا جاتا ہے۔ جبکہ اس سے پہلے یہ گیس شعلہ کی نظر کر کے ضائع کردی جاتی تھی۔ رساؤ والی گیس کے منفرد استعمال کی بدولت اینگرو پاورجن قادر پور لمیٹڈ کا شمار ملک بھر میں قائم کم موقع جاتی لاگت (Opportunity cost) والے تھرمل پلانٹس میں ہوتا ہے۔ منصوبے سے پیدا ہونے والی بجلی نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی کو 26 اکتوبر 2007ء کو ہونے والے معاہدے 'پاور پرچیز اگریمنٹ' کے تحت فروخت کی جاتی ہے۔ بعد از دستخط یہ معاہدہ تجارتی سرگرمیوں کے آغاز سے اگلے 25 سالوں کے لئے کارآمد ہے۔

ہماری کمپنی اینگرو انرجی لمیٹڈ (سابقہ اینگرو پاورجن لمیٹڈ) کا ماتحت ادارہ ہے جو ہماری کمپنی کے 68.89 فیصد حصص کی مالک ہے۔ سنہ 2014ء میں کمپنی کا پاکستان اسٹاک ایکسچینج (PSX) میں اندراج ہوا۔

مارکیٹ کا جائزہ

پاکستان کا پاور سیکٹر ایک اہم تبدیلی کے مرحلے سے گذر رہا ہے کیونکہ اب حکومتِ پاکستان نے ملک میں جاری توانائی کے بحران پر قابو پانے کے لئے اپنی توجہ اس سیکٹر پر مرکوز کی ہوئی ہے کیونکہ توانائی کے بحران سے ملک کو معاشی اور سماجی ابتری کا سامنا ہے۔ طلب اور رسد میں تین سے چار ہزار میگاواٹ کے فرق کو بتدریج کم کرنے کے لئے حکومت نے تیز تر بنیادوں پر اقدامات لینا شروع کردیئے ہیں جن میں شمالی پنجاب میں آر ایل این جی منصوبوں کی تکمیل، کشمیر اور خیبر پختونخواہ میں پن بجلی کے کئی منصوبے اور سندھ میں مقامی اور درآمد شدہ کوئلے سے بجلی بنانے کے منصوبے شامل ہیں۔ توانائی کے ان منصوبوں میں کئی اگلے دو سے تین سالوں میں اپنی تجارتی سرگرمیوں کا آغاز کردیں گے جس کی وجہ سے بجلی کی طلب اور رسد میں بڑھتے فرق کو کم کرنے میں 20-2019 تک معاونت ہوگی۔

ان منصوبوں کی بروقت تکمیل کے ساتھ حکومت کو موجودہ ٹرانسمیشن سسٹم کو بھی اپ گریڈ کرنے کا مسئلہ بھی درپیش ہے تاکہ اضافی پیداوار کو زیادہ مؤثر انداز میں نظام میں داخل کیا جاسکے۔ اس چیلنج سے نبرد آزما ہونے کے لئے نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی موجودہ نظام کو مزید فعال بنانے کے لئے اپ گریڈ کررہی ہے اور نئے سرکٹ متعارف کروا رہی ہے۔ حکومت پاکستان اس ضمن میں ملکی اور بین الاقوامی سرمایہ کاروں کو سہولیات فراہم کررہی ہے تاکہ ٹرانسمیشن لائنز کو بہتر بنایا جاسکے۔

گردشی قرضہ

گردشی قرضہ مقامی توانائی کے شعبے کے لئے مستقل لمحہ فکریہ بنا ہوا ہے۔ گردشی قرضے کی وجوہات میں مہنگا فیول مکس، بجلی کی چوری، دورانِ ترسیل لائن لاسز کا ہونا اور مختصر ریکوری ہیں۔ حالانکہ وفاقی حکومت نے فیول مکس کو بہتر بنانے کے لئے بہتر اقدامات کئے ہیں تاہم دیگر غور طلب امور پر توجہ نہیں دی گئی ہے۔ جیسے جیسے نئے منصوبے آن لائن آتے جارہے ہیں اور تیل کی عالمی قیمتوں میں اضافہ ہورہا ہے گردشی قرضے کی صورتحال میں کوئی مثبت تبدیلی متوقع نہیں ہے اور یہ حکومت پاکستان اور توانائی کے سیکٹر کے لئے ایک اہم مسئلہ بنا رہا گا۔ اس ضمن میں پالیسی کی سطح پر ٹھوس اقدامات کی ضرورت ہے تاکہ گردشی قرضے کو پیدا کرنے والے تمام عوامل کا تدارک کیا جاسکے۔

آپریشنل جائزہ

کمپنی نے زیرِ جائزہ مالی سال 2017ء میں 100.3 فیصد بلنگ کے قابل فیکٹر کی دستیابی کو یقینی بنایا۔ گزشتہ سال 2016ء میں بھی پلانٹ نے 100.3 فیصد بلنگ کے قابل فیکٹر کی دستیابی کی تھی۔ پلانٹ نے نیشنل گرڈ میں 1,737 گیگاواٹ کی نیٹ الیکٹرکل آؤٹ پٹ (NEO) شامل کی جس کا لوڈ فیکٹر 92.9 فیصد رہا جبکہ گزشتہ سال لوڈ فیکٹر 67.2 فیصد رہا تھا۔ لوڈ فیکٹر میں کمی کی بنیادی وجہ خریدار (NTDC) کے آٹو ٹرانسفارمر سے جڑے معاملات تھے جس میں آتشزدگی ہوگئی تھی۔ ان معاملات کے حل ہونے کے بعد EPQL کے پلانٹ نے 2017ء میں زائد ترسیل برقرار رکھی۔

مالیاتی جائزہ

زیرِ جائزہ مالی سال 2017ء کے دوران فروخت آمدن 11,590 ملین روپے ریکارڈ کی گئی۔ جبکہ گزشتہ مالی سال میں کمپنی کی فروخت آمدن 11,452 ملین روپے تھی۔ فروخت آمدن میں اضافے کی وجہ لوڈ فیکٹر رہا جو اوپر بیان کیا گیا ہے۔ اس کے نتیجے میں کمپنی کا مجموعی منافع پچھلے سال کے مجموعی منافع 2,243 ملین روپے سے بڑھ کر اس سال 2,712 ملین روپے ہوگیا۔ پچھلے سال کے مقابلے میں منافع میں اضافے کی اہم وجہ 2017ء میں طلب میں اضافہ اور کم آپریشنل اور اخراجات ہیں۔

گذشتہ سال پاور پرچیزر 'این ٹی ڈی سی' کے ٹرانسفارمر میں ہونے والی آتشزدگی کی وجہ سے طلب میں کمی دیکھی گئی تھی جس کی وجہ سے 2016ء میں ہمارا پلانٹ پیداوار نہ کر پایا تھا۔

کمپنی کے کھاتوں میں موجود دیگر آمدن سے مُراد نقصان کے بیمہ کی رقم ہے جو سال 2016ء کی پہلی ششماہی میں خریدار کے آٹو ٹرانسفارمر میں خرابی ہوجانے کی وجہ سے کمپنی کے آپریشنز کو ہونے والے نقصان کی مد میں کمپنی کو وصول ہوئی۔ فنانشل لاگت میں کمی اور ایندھن کی ترسیل کرنے والوں کو وقت پر ادائیگی کی بدولت فنانشل اخراجات زیرِ جائزہ مالی سال میں پچھلے سال کی لاگت 361 ملین روپے کے مقابلے میں گھٹ کر 269 ملین روپے رہ گئے۔

سال کے دوران دو مالیاتی اداروں سے حاصل فنانسنگ کی مد میں 19.6 ملین ڈالر کی قسطیں ادا کی گئیں جس میں پرنسپل ری پیمنٹ 17.1 ملین ڈالر تھیں۔ نتیجتاً منصوبے پر حاصل کئے جانے والے 144 ملین ڈالر کے غیر ملکی قرضے اب 44 ملین ڈالر رہے گئے ہیں۔

این ٹی ڈی سی سے وصولیابی 2017ء تک 4,294 ملین روپے رہی جبکہ 31 دسمبر 2016ء میں یہ وصولیابی 2,353 ملین روپے تھی۔ اس طرح SNGPL کو واجب الادا رقم 31 دسمبر 2017ء تک 1,716 ملین روپے رہی جبکہ 31 دسمبر 2016ء کو واجب الادا رقم 597 ملین روپے رہی تھی۔

کمپنی کا نیٹ منافع سال 2017ء کے اختتام تک 2,391 ملین ریکارڈ کیا گیا جبکہ گزشتہ سال 2016ء میں کمپنی کا نیٹ منافع 1,788 ملین تھا، نتیجتاً فی شیئر آمدنی 2017ء کے اختتام پر 7.38 روپے رہی جبکہ پچھلے سال کی اسی مدت میں فی شیئر آمدن 5.52 روپے رہی تھی۔

گیس کا منظر نامہ

کمپنی نے سوئی ناردرن گیس پائپ لائنز سے قادر پور گیس فیلڈ سے 75 ایم ایم سی ایف ڈی رساؤ والی گیس کی ترسیل کا معاہدہ (گیس سپلائی اگریمنٹ) کیا ہوا ہے۔ یوں تو قادر پور گیس فیلڈ کے ذخائر منصوبے کی عمر کے ساتھ ہی ختم ہوجائیں گے تاہم کمپنی گیس میں کمی کے اثرات سے محفوظ ہے کیونکہ اس معاہدے کے تحت کمپنی اپنے پلانٹ کو ملے جلے فیول یعنی گیس کے ساتھ ہائی اسپیڈ ڈیزل پر بھی چلانے کی مجاز ہے۔ مزید براں لاگو معاہدے (IA) میں بیان شرائط کے تحت حکومت پاکستان کمپنی کو پلانٹ گیس پر واپس لانے اور گیس میں کمی کے نتیجے میں متبادل ایندھن پر پلانٹ چلانے، زرتلافی کی ادائیگی کی ذمہ دار ہوگی۔ جس کے نتیجے میں کمپنی نے طویل المعیاد ایندھن کی تلاش اور بندوبست کے کام پر عمل شروع کردیا ہے۔

سماجی سرمایہ کاری

ہمیں اپنی سماجی سرگرمیوں میں سرمایہ کاری کی تاریخ پر فخر ہے۔ اپنے قیام سے ہی اینگرو پاورجن قادر پور نے میزبان کمیونٹیوں کی سماجی سماجی ترقی کو اپنی اولین ترجیح رکھا ہے۔ اس حوالے سے کمپنی نے پلانٹ سائٹ سے ملحقہ مقامی آبادی کی فلاح بہبود اور ترقی کے لئے کئی منصوبوں کا آغاز کیا ہے۔

زیرِ جائزہ سال میں بھی کمپنی نے مقامی آبادی کو زیادہ سے زیادہ سماجی اور معاشی مواقع فراہم کرنے کے اپنے مشن کو جاری رکھا۔ سال بھر ہماری توجہ مقامی آبادیوں میں ہنرمند افرادی قوت پیدا کرنے پر مرکوز رہی۔ اس سال EPQL نے ٹیکنکل ٹریننگ کالج (TTC) ڈہرکی سے 30 لوگوں کی ووکیشنل ٹریننگ کا انعقاد کیا تاکہ جو مہارت ان مقامی لوگوں کو چاہیے وہ انہیں مہیا کی جاسکیں اور وہ مقامی نوجوان انڈسٹری میں ہنرمند انسانی وسائل کی مطلوبہ طلب پوری کرسکیں۔

زیرِ جائزہ سال 2017ء میں 30 نوجوانوں کو اس کالج میں ووکیشنل ٹریننگ کو منتخب کیا گیا ہے۔ یہاں ملنے والی تربیت کی بنیاد پر یہ نوجوان اپنی کفالت کرسکیں گے اور کاروبار کا آغاز کرنے کی صلاحیت حاصل کرلیں گے۔

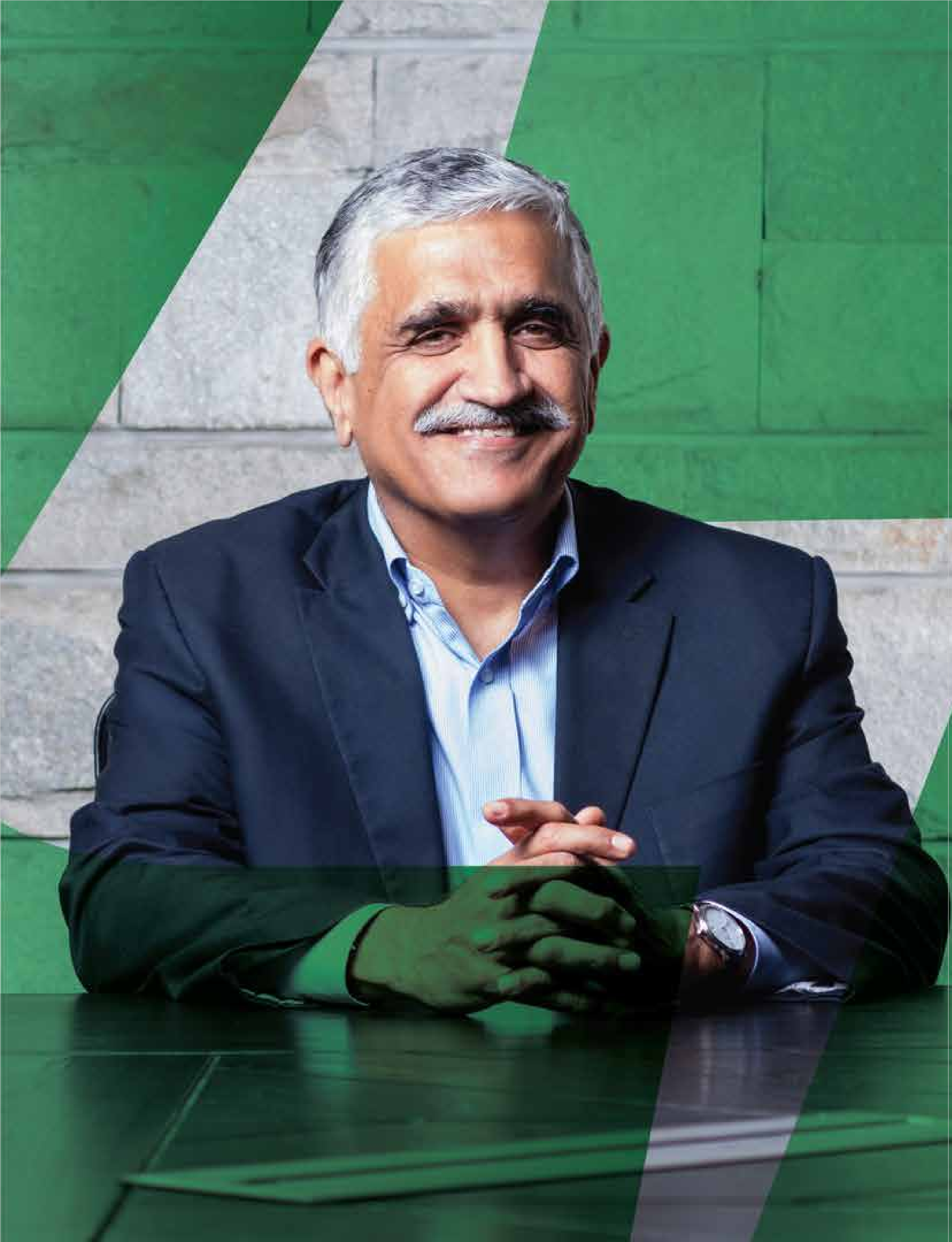
کسی بھی معاشرے میں تعلیم کمیونٹی کی ترقی کے سفر میں کلیدی حیثیت رکھتی ہے۔ ہمارا ماننا ہے کہ درست سمت میں اختیار کی جانے والی پالیسیاں اور حکمت عملی کسی معاشرے میں مثبت تبدیلی لاسکتی ہیں۔ اس سال ہم نے ٹی ٹی سی کی مدد سے اسکول اور کالج کی سطح پر طالب علموں کو اسپانسر کیا ہے۔

مقامی آبادی کو علاج معالجہ کی بنیادی سہولیات فراہم کرنے کی ہماری تاریخ پہلے دن سے ہماری ثابت قدمی کا عندیہ ہے۔ اس سال ہم نے محکمہ صحت حکومت سندھ کے ساتھ تعاون سے پلانٹ کی سائٹ اور اطراف کا کچے علاقے میں جان لیوا پر قابل علاج ہپاٹائٹس بی اور سی سے حفاظتی ٹیکوں کا انعقاد کیا۔

اس سرگرمی سے تقریباً 3,800 مقامی آبادی کے افراد مستفید ہوئے۔ مزید براں ان افراد کے چیک اپ کے بعد دیگر امراض سے بھی واقفیت ہوئی جس پر ہم نے ان افراد کو علاج کی سہولت فراہم کی۔ ہمارا سالانہ آنکھ کے چیک اپ کا کیمپ الشفاء ٹرسٹ کے تعاون سے علاقے میں لگایا گیا اور علاقے کے غریب ترین طبقے کے 1,200 لوگوں کی آنکھوں کا مفت چیک اپ اور علاج کیا گیا۔

ہمارے لوگ

کسی بھی ادارے کی کامیابی صلاحیتوں سے مزین ورک فورس میں پنہاں ہے اسی لئے ہم مسلسل نئے متفرق ٹیلنٹ کی تلاش میں سرگرداں رہتے ہیں۔ اس کے علاوہ اپنے موجودہ ٹیلنٹ کی حوصلہ افزائی اور اُن کی انفرادی صلاحیتوں میں اضافے کے لئے بھی کمپنی نے گذشتہ سالوں کی طرح کئی اقدامات لئے۔ یہ ہماری خوبی ہے جو ہم نے اپنی کمپنی میں ایک ایسے کارپوریٹ کلچر کو فروغ دیا جہاں پیشہ ورانہ اور عمدگی اپنی جگہ خود بناتی ہے۔ یہ ہماری خواہش ہے کہ ہم ایک ایسا ادارہ بنیں جہاں نا صرف پاکستان بلکہ بیرون ملک سے بھی ملازمت کرنا لوگوں کی پہلی خواہش ہو۔



چیئر مین کا جائزہ

معزز شیئر ہولڈرز،

سب سے پہلے میں آپ کا تہہ دل سے مشکور ہوں کہ آپ نے سرمایہ کاری کرنے کے لئے ہماری کمپنی کو منتخب کیا۔ آپ کا اینگرو پاور جن قادر پور لمیٹڈ پر اعتماد ہمارے لئے باعث عزت ہے۔ یہ ہمارے لئے اعزاز کی بات ہے کہ ہم آپ کے سامنے 2017ء کی اس سالانہ رپورٹ کو پیش کررہے ہیں جو تبدیلی اور بہتری کا سال ثابت ہوا۔

کمپنی کی لیڈرشپ نے سال 2017ء میں عمدہ آپریشنل استعداد کار کو برقرار رکھنے کے ساتھ مستقبل کے لئے ہمہ گیر اقدامات لئے۔ اپنی مہارت کو ابھرتی ہوئی مارکیٹ میں مسابقتی حیثیت کو برقرار رکھنے کے لئے ہم نے شاندار عملدرآمد کیا۔ ہم اپنے سرمایہ کاروں کو یہ یقین دہانی کروانا چاہتے ہیں کہ آنے والے سالوں کے لئے ہم نے مارکیٹ کے حالات اور اپنی اعلیٰ قدر کو حاصل کرنے کی مربوط منصوبہ بندی کر رکھی ہے۔

ہم پاکستان کی ابھرتی ہوئی متحرک مارکیٹ میں توانائی کی پیداوار، ترسیل، انفراسٹرکچر کی مد میں سرمایہ کاری، فنانسنگ کے مواقعوں اور جدید ٹیکنالوجی سے مزین ہوکر اپنے قدم جمارہے ہیں۔ اسی لئے اینگرو پاور جن قادر پور لمیٹڈ کا قابل اعتماد اور مسابقتی کاروباری ماڈل کلیدی حیثیت رکھتا ہے۔ یہ ماڈل ہمارے شیئر ہولڈرز کے لئے قدر میں اضافہ کرنے میں معاون ہے کیونکہ اس میں ہماری بھرپور توجہ ڈیجیٹل ٹیکنالوجیز، آپریشنز، ملازمین، اثاثوں کا منظّم نظام اور بہتری کے لئے نظم وضبط اور مسلسل جدت پر مرکوز رہتی ہے۔ ہمیں یقین ہے کہ اینگرو پاور جن قادر پور لمیٹڈ کا چیزوں کو کرنے کے طریقہ کار سے مستقبل میں یقیناً منافع میں اضافہ ہوگا۔

اینگرو پاور جن قادر پور لمیٹڈ ہمیشہ منافع سے آگے اپنے وجود کے مقصد پر نظر رکھتی ہے اسی لئے ہم نے سماج میں موجود ہمارے کئی حصول یافتگان کے لئے قدر میں اضافہ کرنا اپنا نسب العین بنایا ہے۔ ہم ایک ذمہ دار ادارے کے ساتھ ساتھ ایک اچھی فنانشل کاروباری ساکھ قائم رکھنے کے لئے بھی کوشاں ہیں۔ ہماری حتیٰ الامکان کوشش ہوتی ہے کہ اپنے شیئر ہولڈر، ملازمین، حکومت، سپلائیرز، شراکت دار اور ہماری سائٹس اور پلانٹس کے اطراف موجود اور اندرون سندھ کمیونٹیوں کے لئے سماجی اقتصادی بہتری میں اپنا کردار ادا کریں۔ ہمیں جہاں موقع ملا وہاں ہم اپنے تمام حصول یافتگان کی خدمت کریں گے اور مستقبل میں بھی اپنے اس مقصد سے پیچھے نہیں ہٹیں گے۔

یقیناً آگے ہمارے لئے کئی چیلنجز ہیں جن سے ہم نے نبرد آزما ہونا ہے تاہم ہمارے آپریشنل اور اسٹریٹجک منصوبہ بندیوں پر عمل درآمد کرتی ٹیم، توانائی کے سیکٹر میں ہمارا وسیع تجربہ اور ہمارے شیئر ہولڈرز اور شراکت داروں کی جانب ہم پر اعتماد ہمیں نئے سال میں قدر میں اضافہ اور مواقعوں کی نوید سُناتا ہے۔ میں ایک بار پھر آپ کا اس ترقی کے سفر میں اعتماد کرنے پر دل کی گہرائیوں سے شکریہ ادا کرتا ہوں۔

Shams

شمس الدین شیخ

چیئر مین