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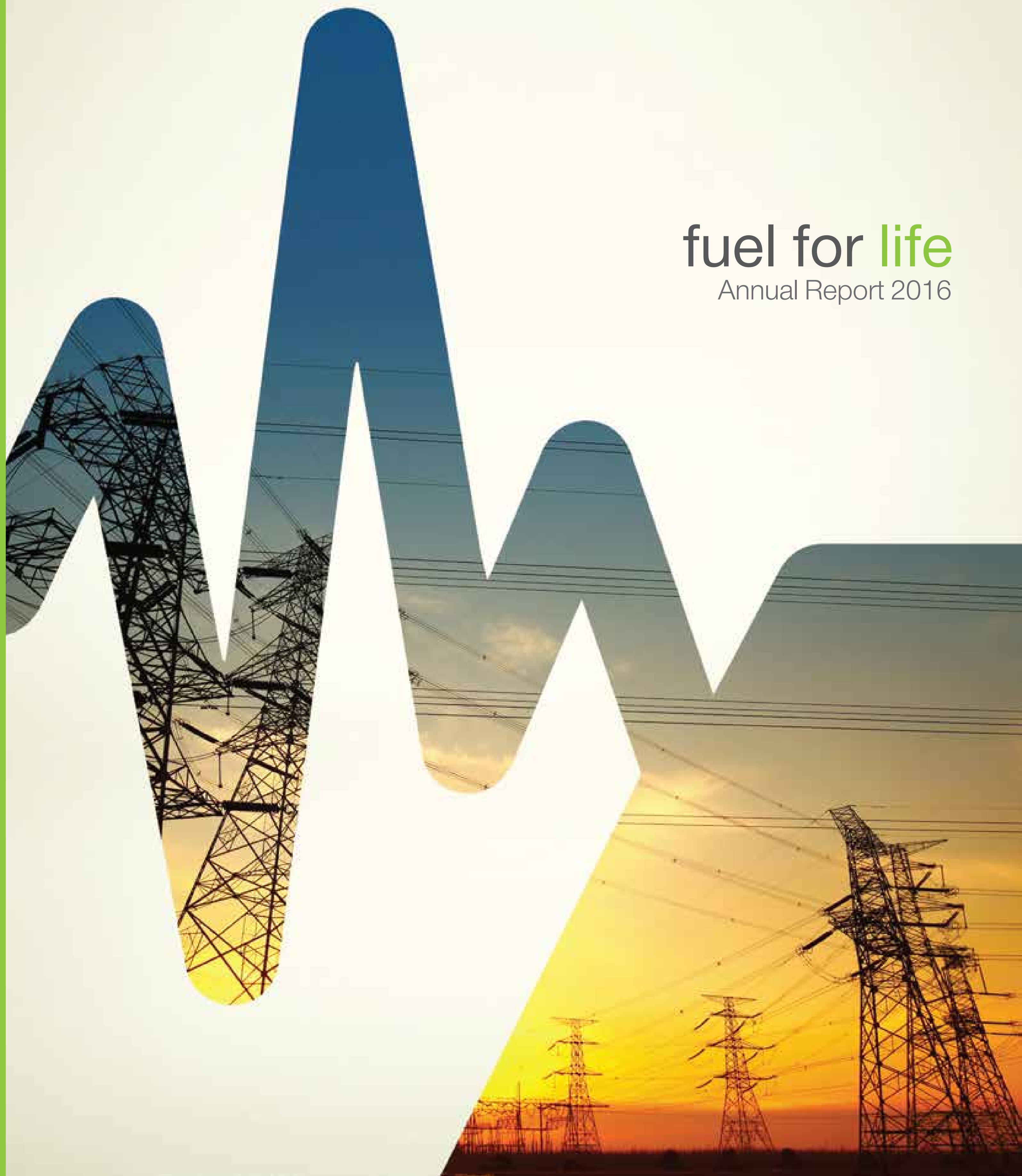
www.engropowergen.com

engro powergen qadirpur

fuel for life

Annual Report 2016



fuel for life

about the cover

Last year we focused on providing 'power to you'. This year we extended our reach to provide power to the life that you live as a community. Your life that is made up of the homes that shelter you, the community that warms you and the environment that envelops you. Fueling and powering it in a way that not only enriches it in the most cost effective way but also preserves it for generations to come.

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lighting up homes

company information

Board of Directors
Ghias Khan - Chairman
Jahangir Piracha - Chief Executive Officer
Aliya Yusuf
Javed Akbar
Ruhail Mohammad
Shabbir Hashmi
Shahid Hamid Pracha
Vaqar Zakaria

Company Secretary
Schaane Ansari

Chief Financial Officer
Farooq Barkat Ali

Corporate Audit Manager
Jaseem Ahmed Khan

Bankers/Development Finance Institution (DFI)
Albaraka Bank Ltd.
Allied Bank Ltd.
Bank Alfalah Ltd.
Faysal Bank Ltd.
Habibsons Bank Ltd. London
National Bank of Pakistan
NIB Bank Ltd.
Pak Kuwait Investment Company (Pvt) Ltd.
Soneri Bank Ltd.
The Bank of Punjab

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

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

Website
www.engropowergen.com

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

Share Registrar
FAMCO Associates (Private) Limited
8-F, Next to Hotel Faran, Nursery, Block 6
P.E.C.H.S, Shahra-e-Faisal, Karachi
Telephone: +92(21) 34380101-05
Fax: +92(21) 34380106

our history

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 2016

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 environment practices as per World Bank and National Environmental Quality Standards

Ensure reliability and sustainability of operations and business processes

Explore options on alternate sources of fuel supply for future needs

Develop and retain talent

our milestones

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

September 2005
Permeate gas allocation from Qadirpur Gas field approved

February 2006
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

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.

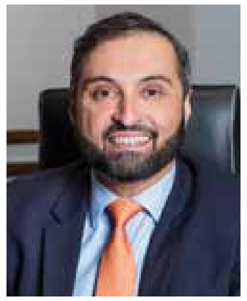
preserving the environment

board of directors

left to right (standing)
Shahid Hamid Pracha
Shabbir Hashmi
Vaqar Zakaria
Ruhail Mohammad

left to right (sitting)
Aliya Yusuf
Ghias Khan
Jahangir Piracha
Javed Akbar

directors' profiles



Ghias Khan
Chairman

Ghias Khan is the President and Chief Executive Officer of Engro Corporation Limited. Before being appointed President and CEO in December 2016 he had held several executive and board roles across Dawood Hercules Group companies.

Joining Dawood group via acquisition in 2005, Ghias was the CEO of Inbox Business Technologies, one of Pakistan's largest technology companies. During his 15 years at Inbox, Ghias grew the employees to over 1900, and pivoted the company from a computer manufacturer to a systems integrator, and then again to a technology enabled digital services company.

Most recently Ghias was the Executive Director & Head of the Chairman's Corporate Office at Dawood Hercules. He was the principal aide of the Chairman of the Group on a range of matters of institutional importance including but not limited to board governance, communications, external relationships and special projects. Ghias also served as Chairman of Elixir Securities from 2011-2014.

Ghias is a strong believer in the social enterprise and the responsibility of businesses to environmental and human wellbeing.

Ghias holds an MBA from the Institute of Business Administration in Karachi. He joined the EPQL board in 2016.

Jahangir Piracha
Chief Executive Officer

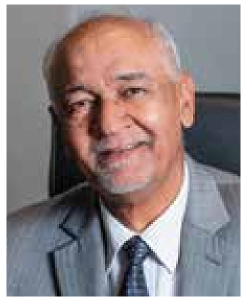
Jahangir Piracha is the Chief Executive Officer - EPQL. Prior to this assignment, he was Vice President – Manufacturing at Engro Polymer & Chemicals Ltd. He has previously worked as General Manager Human Resource & Corporate Services, also with the same company.

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

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

Aliya Yusuf
Director

Aliya Yusuf is a Partner at the law firm 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 and in the energy, pharmaceutical and communication sectors and real estate development. She is a graduate of the University of Cambridge. She joined the EPQL Board in 2008.



Javed Akbar
Director

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

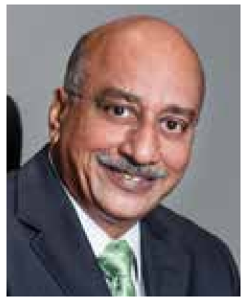
Prior to his retirement in 2006, he was Chief Executive of Engro Vopak Terminal Limited, a joint venture between Engro and Royal Vopak of Holland. After his retirement, he established a consulting company specializing in analyzing and forecasting petroleum, petrochemical and energy industry trends and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

directors' profiles

Ruhail Mohammad
Director

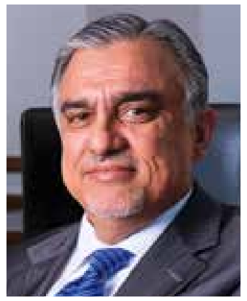
Ruhail Mohammed is currently the Chief Executive Officer of Engro Fertilizers Limited. Prior to his current position, he was the Chief Financial Officer of Engro Corporation Limited and also the Chief Executive Officer of Engro Powergen Limited. He holds an MBA degree in Finance from the Institute of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

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



Shabbir Hashmi
Director

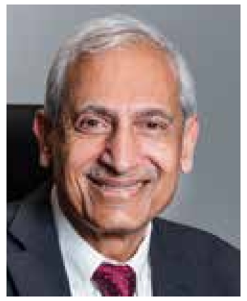
Shabbir Hashmi has more than 30 years of project finance and private equity experience. At Actis Capital, one of the largest private equity investors in the emerging market, he has led the Pakistan operations. Prior to Actis, he was responsible for a large regional portfolio of CDC Group Plc for Pakistan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



Shahid Hamid Pracha
Director

Shahid Hamid Pracha chairs the Boards of Dawood Lawrencepur Limited, Tengaga Generasi Limited, Reon Limited and Sach International (Pvt) Limited. In addition to Engro Fertilizers Limited, he is a director of Engro Powergen Limited and Engro Powergen Qadirpur Limited. He has been associated with the Dawood Hercules Group since 2007 and formerly served on the Engro Corporation Limited and Hub Power Company Limited boards. He retired as Chief Executive of Dawood Hercules Corporation in October 2014 after previously working as the CEO of The Dawood Foundation, the philanthropic arm of the group. Whilst in that role, he was concurrently the first CEO of The Karachi Education Initiative, the sponsoring entity of the Karachi School for Business & Leadership.

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



Vaqar Zakaria
Director

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

He has assisted the Planning Commission, energy ministries, state owned utilities, the World Bank, the Asian Development Bank, and the private sector in the development of energy infrastructure, policies to promote investment in the energy sector, and in formulating short and long-term energy plans. He played a key role in setting up Hagler Bailly Pakistan in 1990, where he continues to oversee all organizational matters. He has also been instrumental in establishing the Himalayan Wildlife Project, an NGO active in setting up national parks and assisting the communities and government in management of the protected areas. He holds Bachelors and Msater's degrees in Chemical Engineering from the Massachusetts Institute of Technology (MIT), USA. He joined the EPQL Board in 2008.

board committees

Board Audit Committee

The committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the power to call 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 2016.

Committee Members:

Javed Akbar	Chairman
Aliya Yusuf	Member
Shabbir Hashmi	Member

The Secretary of the committee is Jaseem Ahmed Khan.

Board Compensation Committee

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

The committee met twice physically and once on circulation during 2016.

Committee Members:

Ghias Khan[1]	Chairman
Javed Akbar	Member
Vaqar Zakaria	Member
Jahangir Piracha	By invitation

The Secretary of the committee is Sarah Aziz.

[1] Ghias Khan joined as Chairman after resignation of Khalid Siraj Subhani.

functional committees

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

Management Committee (MANCOM)

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

Committee Members:

Jahangir Piracha	Chairman
Farooq Nazim Shah	Member
Farooq Barkat Ali	Member
Sarah Aziz	Member

The Secretary of the committee is 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. It is an advisory body to the CEO for all employee related matters.

Committee Members:

Jahangir Piracha	Chairman
Farooq Nazim Shah	Member
Farooq Barkat Ali	Member

The Secretary of the committee is Sarah Aziz.

internal control framework

Responsibility

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

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

Framework

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

Review

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

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

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

Audit

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

Directors

As at December 31, 2016 the Board comprises of one executive Director, one independent Director, six non-executive Directors of whom two are executives in other Engro Companies, who have the collective responsibility for ensuring that the affairs of EPQL are managed competently and with integrity.

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

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

management committee

left to right
Farooq Nazim Shah
Jahangir Piracha
Farooq Barkat Ali
Sarah Aziz

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, 2016 the Board included the following members:

Category	Name
Independent Director	Javed Akbar
Executive Director / CEO	Jahangir Piracha
Non-Executive Directors	Ghias Khan Shabbir Hashmi Ruhail Mohammad Shahid Hamid Pracha Aliya Yusuf Vaqar Zakaria

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

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

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

4. One casual vacancy occurred on the Board on November 30, 2016, which was filled up by the directors within 9 days.

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

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

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

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

9. Six directors have attended the directors training program conducted by the Pakistan Institute of Corporate Governance (PICG). One of the directors is exempted from taking the directors training program. One director has attended the directors training program and is in the process of completing the requirements for certification.

10. The board has approved appointment of the Company Secretary in the current year and also approved the renumeration and terms and conditions of employment of the CFO and head of Internal Audit.

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

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

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

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

15. The Board has formed an Audit Committee. It comprises of three members, of whom 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. Up to November 30, 2016, it comprised of three members, of whom one was an independent director and two were non-executive directors. The Chairman of the Committee was a non-executive director. Due to resignation of Mr. Khalid Siraj Subhani, his replacement has to be nominated on the committee and a new Chairman will be appointed in due course.

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 (if any), of names of persons from the said list.

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

Ghias Khan
Chairman

Jahangir Piracha
Chief Executive Officer

warming communities

CEO's message

The sustained and persistent profitability of any organization or entity is inextricably linked to the prosperity of its wider surroundings, be it economic conditions and financial dynamics or political climates and governmental actions and policies. Through our purpose-inspired strategy, Engro Powergen Qadirpur Limited (EPQL) aims to not only fuel inclusive growth for our broader community at large but also create unique and environmentally viable solutions to alleviate the nation's energy dilemma.

Building on our long term growth strategy, the year 2016 was no different in terms of our sustainable performance. The Company demonstrated a billable availability factor of 100.3% in 2016 compared to 99.7% last year and dispatched a total net electrical output of 1,265 GwH to the National Grid demonstrating a load factor of 67.2% compared to 76.7% last year. The decline in load factor this year was primarily at power purchaser's (NTDC's) end in which their transformer caught fire and went out of operation. However, the Plant remained on standby mode until the completion of transformer repair and was entitled to full Capacity Purchase Payments (CPP) throughout the period. Sales revenue for the year 2016 was PKR 11,452 million compared to PKR 13,354 million last year. The decrease in sales revenue is mainly attributable to a decline in load factor as explained above. Notably, improvement in working capital position, lower running finance costs and timely payments to the fuel supplier all helped to reduce financing cost this year which ties into our model of sustainability. The Company earned a net profit of PKR 1,788 million for 2016 compared to PKR 1,798 million last year. Earnings per share are of PKR 5.52 for 2016 as compared to PKR 5.55 last year.

With a clear intention to ensure the safety of our systems, employees and the environment at large, EPQL has continued to keep its Health, Safety and Environment (HSE) management systems and processes in line with international best practices. With the help of a multidisciplinary team, EPQL also engrossed itself in a detailed study of Process Hazard Analysis (PHA). We held true to our commitment to safety by completing 0.81 million man-hours in 2016 without any Lost Workday Injury (LWI) raising the count to 5.48 million man-hours without any LWI from Commercial Operations Date (COD) in March 2010 to year end 2016. In our pursuit for excellence at all levels EPQL was also awarded the 5-S certification by National Productivity Organization (NPO), Ministry of Industries Government of Pakistan (GoP).

I believe that if we are to remain dedicated to our purpose of delivering impact at the national level then we must continue to evolve and metamorphose as an organization. To this end in 2016, we amplified our focus on employee development and wellness initiatives including the first ever Employee Wellness Drive.

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

As we embrace the times ahead, I am convinced in my belief that we are strategically and critically postured to provide innovative and cutting-edge solutions for the Country's growing energy needs. According to governmental statistics, there is currently a 5,000-6,000 MW demand-supply deficit in the domain of energy. In order to eliminate this deficit by 2018-2019, EPQL will remain resolute in its vision and ambition. I strongly believe that we have the requisite expertise to leverage our position as a profitable power generation and solutions provider to make a difference and create sustained value for Pakistan at large.

Jahangir Piracha

Jahangir Piracha
Chief Executive Officer

operational highlights 2016

100.3%
Billable Available Capacity

1,265 GWh
Net Electrical Output

73%
Utilization Factor

100%
National Environmental Quality and World Bank Guideliness compliance

5.48
Million Man hours without LWI from COD to Dec 31 2016

67%
Load Factor

key figures

(All amounts in PKR million except earnings per share)

	2016	2015
Sales Revenue	11,452	13,354
Gross Profit	2,243	2,465
Profit after Tax	1,788	1,798
Total Assets	20,092	19,552
Total Equity	8,455	7,489
EBITDA	2,883	2,963
Capex	180	290
Cash flow from Operations	2,316	2,862
Earning per Share	5.52	5.55

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, 2016.

Principal Activity

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

Listing of Company Shares on Stock Exchanges

The Company is a subsidiary of Engro Powergen Limited (EPL) which has a majority shareholding of ~69% in the Company. The Company was listed on the Pakistan Stock Exchange (PSX) in 2014.

Market Review

The power sector of Pakistan is presently 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 around 5,000 - 6,000 MW at peak levels and cater for future demand growth, the GoP is actively working on Fast Track RLNG Projects in North Punjab and local / imported Coal projects in Sindh. Most of these power projects are expected to come online in next 2-3 years. 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.

Circular Debt

The Government of Pakistan has made considerable efforts to alleviate the severe liquidity constraints of IPPs with a view to manage circular debt, which has been a persistent problem in the domestic energy sector and a cause of concern for the whole power sector. Also, the buildup of circular debt during the year was slowed down due to the unprecedented fall in global oil prices in the last couple of years, which gave much needed breathing space to oil based IPPs. While a number of steps have been taken to reduce the principal overdue amounts due to IPPs, there has been little to no improvement in the settlement of outstanding interest despite several commitments. We have seen in the past that the underlying issues fueling circular debt had been expensive generation mix and high transmission & dispatch losses. With recent volatility in the global 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.

Operational Overview

The Company demonstrated a billable availability factor of 100.3% in 2016 compared to 99.7% last year. It dispatched a total net electrical output of 1,265 GwH to the National Grid demonstrating a load factor of 67.2% compared to 76.7% last year. The decline in load factor this year was primarily on account of power purchaser's (NTDC's) transformer which caught fire and went out of operation on January 21, 2016. As reported earlier, this incident impacted power evacuation in the region in which our Plant operates. Following the incident, the Plant remained on standby mode until the completion of transformer repair and resumed its normal operations from April 29, 2016 onwards. The Plant was entitled to full Capacity Purchase Payments (CPP) throughout the period as demonstrated by the billable availability factor mentioned above.

100.3%

Billable Availability Factor in 2016

Financial Review

Sales revenue for the year 2016 was PKR 11,452 million compared to PKR 13,354 million last year. The decrease in sales revenue is mainly attributable to a decline in load factor as explained above with a corresponding decline in the cost of generation. Gross profit for the year was PKR 2,243 million against PKR 2,465 million last year. The decline in gross profit is primarily due to lower absorption of operation and maintenance costs on account of Plant being on standby mode because of power purchaser's (NTDC's) transformer as explained above in 'Operational Overview'. Other income this year represents insurance income for settlement of repair expenditure along with business interruption loss suffered by the Company in 2014-15. Improvement in working capital position, lower running finance costs and timely payments to the fuel supplier helped to reduce financing cost this year which stood at PKR 361 million compared to PKR 442 million last year. During the year, two senior lenders' installments aggregating US$ 18.6 million (principal repayment US$ 15.8 million) were paid. As a result, the total foreign loan now stands at US$ 61 million against the total project loan of US$ 144 million.

Overdues from NTDC stood at PKR 2,353 million as on December 31, 2016 vs PKR 1,691 million as on December 31, 2015. Similarly, overdue amount payable to Sui Northern Gas Pipelines Limited (SNGPL) on December 31, 2016 was PKR 597 million vs PKR 583 million in 2015. The Company earned a net profit of PKR 1,788 million for 2016 as compared to PKR 1,798 million last year. Earnings per share are of PKR 5.52 for 2016 as compared to PKR 5.55 last year.

PKR 5.52

Earning per share in 2016

Gas Scenario

The Company has a Gas Supply Agreement (GSA) with Sui Northern Gas Pipelines Limited (SNGPL), for supply of 75 MMCFD permeate gas from the Qadirpur Gas Field. Due to the unique nature of fuel supply the Company faces a lower risk of gas curtailment. Although the existing source of gas supply from the Qadirpur gas field is expected to deplete over the life of the project, the Company is insulated 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

Since its inception Engro Powergen Qadirpur has maintained a significant social footprint across the communities that host us. Our social investments constitute a variety of programs in different sectors which are primarily centered on the communities surrounding our plant site.

In 2016 company continued its mission to improve community engagement and provide them with greater socio economic opportunities. Increased social investments and community engagement activities in the neighboring villages and Qadirpur have also helped us create a sustainable impact by understanding the needs of the communities and then devising programs accordingly.

Through the year our primary focus remained on increasing the impact and outreach of our livelihoods programs specifically through the Technical Training College (TTC) at Daharki – an independent concern which Engro helped establish. The TTC offers 3-year Diploma in Associated Engineering (DAE) in Chemical and Mechanical technologies along with shorter-term vocational training programs providing opportunity to the local youth to meet the industry demand.

In 2016, total enrolment for the DAE program was 405 students whilst the number of graduates for the year stood at 61 bringing the graduate alumni network to 165 to date. In addition, 68 DAE graduates have been placed from the total pool of DAE graduates, with 70% of the employed pool of graduates being placed at Engro subsidiaries. Similarly, on the vocational courses front, a total of 595 students were sponsored in 23 courses by National Vocational and Technical Training Commission, Benazir Bhutto Shaheed Youth Development Program, and Indus Resource Center. The incubation park which was established in 2015 to enhance entrepreneurship for the purpose of job creation, currently has 9 self-employed entrepreneurs from the vocational training graduate batch working on order with PKR 400,000 in fabrication and carpentry.

Through the year 2016, Engro adopted schools witnessed an increase from 1,461 students to 1,681 – an improvement of 15% due to infrastructure development and the establishment of computer labs. Female enrolment also saw an increase and went up from 32% previously to 39%. Given the increase in enrolment the dropout rate has declined to 4% which is a 5% improvement from the year before as a result of community engagement and parent teacher meetings. Furthermore, in 2016 there was also a spike in the number of graduates that continued to secondary education, going up from 72% in 2016 to 91% in 2016.

As part of improving health of the people in the communities residing in the Qadirpur area, the Company continued to partner with Al-Shifa Eye Trust for its annual eye camp activity conducted in Ghotki District where almost a thousand patients received treatment. EPQL also worked hand in hand with the district administration to provide support to around 35 families under the Ghotki Sindh Shuhada Foundation. Realizing the importance of cattle as a source of livelihood for the local communities, the Company also conducted free animal vaccination drives in the nearby villages where approximately 1700 cattle were vaccinated.

EnVison, an employee volunteering program, provided various opportunities to employees to participate in activities linked to various social causes. Employees based in Qadirpur and Karachi took active part in different activities thus culminating in amassing a total of 671 hours in volunteerism work.

GLOBAL HEALTHY WORKPLACE

Certification

Our People

The Company's success thus far can be attributed to one factor above others: we have consistently sought to attract, hire and retain some of the most talented people in Pakistan. Our ability to create high performance teams in a culture of inclusiveness, professionalism and excellence is what drives our success more than anything else. To this end, the Company strives to become the employer of choice for the most talented people in Pakistan and around the world.

The Company also prides itself in creating a welcoming environment, both in terms of the physical space it offers as well as the culture of the firm. Engro is particularly proud of the diversity within our firm's culture. We make it a point to recruit people from different backgrounds, and have been successful in increasing the proportion of women who work at the Company. Recognizing that diversity comes in many forms, Engro is particularly proud of a policy that encourages affirmative action with regard to the recruitment of people with disabilities (PWD).

Through the year 2016 the Company maintained its aggressive approach towards training and development of all its employees.

The Company recognizes that while compensation policies may attract talent, in order to retain them at the Company, there are certain intangibles that need to present in order to induce employees to stay on at the Company. Building on this premise specific employer value propositions have been introduced which include car lease and house financing at special rates, tax return filing services and discounted fitness and recreational club memberships amongst others. This year the Company also started its first ever Employee Wellness Drive which was centered around catering the Wellness dimensions for every Employee, namely Physical Health, Mental Health, Spiritual Wellbeing and Social Wellbeing. The program was also certified by the 'Global Center for Healthy Workplaces'.

Health, Safety & Environment

We realize that without adequate safety measures, both our employees and our operations would be at risk. For this very reason, we remain committed to providing the safest working environment to our employees, particularly at manufacturing facilities whilst remaining cognizant of our environmental duties and responsibilities.

Our outstanding performance in maintaining the highest health and safety measures, is a result of investing considerably in physical infrastructure, as well as creating an institutional architecture where health and safety are monitored at every level of the organizational hierarchy.

At EPQL we are committed to surpass the standards required by law and adopts much tougher health and safety policies, including those outlined by the Occupational Health and Safety Administration of the United States and the Dupont Workplace Safety Standards. Like every other year, in 2016 we have continued to keep our HSE management systems and processes in line with international best practices. All HSE systems and processes are regularly assessed and audited internally and by third parties. During the year, a detailed study of Process Hazard Analysis (PHA) for all major processes was carried out by an experienced multidisciplinary team.

The Company upheld its utmost commitment to safety by completing 0.81 million man-hours in 2016 without any Lost Workday Injury (LWI) raising the count to 5.48 million man-hours without any LWI from Commercial Operations Date (COD) to year end 2016 and thus maintaining zero Total Recordable Injiury Rate (TRIR).

During the year, a surveillance audit for ISO-14001 and OHSAS-18001 compliance audit was carried out by a third party The Company was found in compliance with the above standards and conformed to the certification requirements.

We continue to constantly monitor our effluent discharges and ensure that we operate within desirable limits. Quarterly testing of effluents and emissions were conducted through Environmental Protection Agency (EPA) approved third party consultants and the results were found satisfactory. EPQL head office has been certified by WWF as a Green office.

EPQL has been awarded the 5-S certification by National Productivity Organization (NPO), Ministry of Industries GoP.

0

Total Recordable Injury Rate (TRIR)

Near Term Outlook

The Company's Plant at Qadirpur would continue to receive uninterrupted supply of permeate gas in 2017. Recently the Government has decided to reduce the gas price for IPPs by approx 35%; this coupled with some 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, with upgradation of grid, we expect to receive higher dispatch from the power purchaser in the future.

As mentioned earlier, despite improvement in payments to IPPs during 2016, the GoP has not been able to settle outstanding interest dues of IPPs which is a major component of circular debt in the energy sector. We believe that in the absence of any concrete measures to address its root cause, circular debt will remain a challenge for the industry going forward in the short-term.

Going forward the Company will continue to maintain its focus on plant & 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, 2016 major shareholder of the Company is Engro Powergen Ltd. A statement of the general pattern of shareholding along with pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework and the statement of purchase and sale of shares by Directors and their spouses and minor children is shown later in this report.

Auditors

The existing auditors, Messrs A.F. Ferguson & Co, Chartered Accountants retire and being eligible, have offered themselves for re-appointment. The Board Audit Committee has recommended their appointment as auditors for the year ending December 31, 2017.

Dividend

During the year, the Company announced an interim dividend of PKR 1.50 per share on August 8, 2016 and a final dividend of PKR 1.50 per share on February 6, 2017; thus taking the total dividend payout for 2016 at PKR 3.0 per share.

Retirement Benefit Funds

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

The above-mentioned funds are recognized by the tax authorities. The latest actuarial valuation of EPQL DB gratuity fund was carried out as on December 31, 2016 and the financial statements have been audited up to December 31, 2015. In case of Engro Corporation provident fund and Engro Corporation gratuity funds audited accounts are available for June 30, 2016 and December 31, 2015 respectively.

PKR 3.0

Dividend per share in 2016

	Engro Corporation Provident Fund[1]	Engro Corporation Gratuity Funds[1]	EPQL DB Gratuity Fund
Audited upto	30-Jun-16	31-Dec-15	31-Dec-15
		Rs. in million	
Net assets as per last audited financial statements	3,206	1,032	8
National Savings Scheme	791	434	-
Government Securities	702	461	-
Listed Securities	927	228	-
Balance with Banks	596	27	10
Others	190	(118)	2
Payables	-	-	(4)
Total	3,206	1,032	8

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

Statement of Directors' Responsibilities

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

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departures there from have been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There is no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Six directors have attended the directors training program conducted by the Pakistan Institute of Corporate Governance (PICG). One of the directors is exempted from taking the directors training program. One director has attended the directors training program and is in the process of completing the requirements for certification.

Board Meetings and Attendance

In 2016, the Board of Directors held 5 meetings. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended	Director's Name	Meetings Attended
Khalid Siraj Subhani[1]	5	Ruhail Mohammad	5
Aliya Yusuf	4	Shabbir Hashmi	4
Ghias Khan[2]	-	Shahid Hamid Pracha	2
Jahangir Piracha	5	Vaqar Zakaria	5
Javed Akbar	5		

[1] resigned from the Board of Directors on November 30, 2016
[2] appointed to the Board of Directors on December 9, 2016

In 2016, the Board Audit Committee held 4 meetings. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended	Director's Name	Meetings Attended
Javed Akbar[1]	1	Shabbir Hashmi	4
Aliya Yusuf	3	Shahid Hamid Pracha[1]	3

[1] The Board Audit Committee was reconstituted on October 17, 2016; where Shahid Hamid Pracha was replaced by Javed Akbar. Javed Akbar was also appointed the Chairman of the Board Audit Committee

In 2016, the Board Compensation Committee held 2 meetings. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended	Director's Name	Meetings Attended
Khalid Siraj Subhani[1]	2	Javed Akbar[1]	1
Aliya Yusuf[2]	1	Vaqar Zakaria	2

[1] Khalid Siraj Subhani resigned dated November 30, 2016. Accordingly, the Board Compensation Committee will be reconstituted and a new Chairman will be appointed in due course.

[2] The Board Compensation Committee was reconstituted on October 21, 2016 in which Javed Akbar was appointed in place of Aliya Yusuf.

Ghias Khan
Chairman

Jahangir Piracha
Chief Executive Officer

horizontal analysis

balance sheet

(Amounts in thousand)

	2016 Rs.	16 Vs.15 %	2015 Rs.	15 Vs. 14 %	2014 Rs.	14 Vs. 13 %	2013 Rs.	13 Vs. 12 %	2012 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	(69,416)	18	(58,750)	17	(50,109)	100	-	-	-
Unappropriated profits	4,979,272	24	4,001,084	33	3,013,096	52	1,976,627	(38)	3,212,299
Remeasurement of retirement benefit obligation - actuarial gain	(1,163)	(344)	477	28	373	(48)	723	100	-
Total equity	8,454,652	13	7,488,770	15	6,509,319	18	5,523,309	(18)	6,758,258
NON-CURRENT LIABILITIES									
Borrowings	4,610,647	(28)	6,394,878	(17)	7,713,518	(20)	9,586,454	(5)	10,133,340
CURRENT LIABILITIES									
Creditors, accrued and other liabilities	2,290,697	24	1,845,188	36	1,358,164	(15)	1,593,488	(59)	3,841,314
Accrued interest / mark up	24,708	(30)	35,165	30	27,149	(35)	41,792	(44)	74,990
Current portion of borrowings	1,792,353	9	1,650,776	13	1,459,451	4	1,405,632	18	1,194,923
Short-term borrowings	2,919,000	37	2,136,842	9	1,961,029	122	882,469	(63)	2,362,476
Total current liabilities	7,026,758	24	5,667,971	18	4,805,793	22	3,923,381	(48)	7,473,703
TOTAL EQUITY AND LIABILITIES	20,092,057	3	19,551,619	3	19,028,630	-	19,033,144	(22)	24,365,301
ASSETS									
NON-CURRENT ASSETS									
Property, plant and equipment	13,524,720	(4)	14,078,859	(1)	14,217,020	(7)	15,233,998	3	14,860,750
Intangible assets	80,740	(3)	83,381	2	81,585	(3)	83,967	(10)	93,098
Long term deposits	2,491	-	2,491	-	2,491	-	2,491	-	2,491
Long term loans and advances	39,412	14	34,674	23	28,214	67	16,941	29	13,153
Total non-current assets	13,647,363	(4)	14,199,405	(1)	14,329,310	(7)	15,337,397	2	14,969,492
CURRENT ASSETS									
Inventories	843,008	2	826,259	7	769,886	5	734,109	11	660,295
Trade debts	3,896,828	41	2,760,311	26	2,192,805	360	476,333	(93)	7,300,126
Short-term investments	50,000	-	50,000	(11)	56,000	100	-	-	-
Loans, advances, deposits, prepayments and other receivables	1,552,910	(6)	1,646,424	1	1,628,013	(27)	2,223,730	70	1,306,758
Taxes recoverable	62,325	13	55,067	10	49,915	14	43,901	54	28,430
Balances with banks	39,623	180	14,153	424	2,701	(99)	217,674	117	100,200
Total current assets	6,444,694	20	5,352,214	14	4,699,320	27	3,695,747	(61)	9,395,809
TOTAL ASSETS	20,092,057	3	19,551,619	3	19,028,630	-	19,033,144	(22)	24,365,301

vertical analysis

balance sheet

(Amounts in thousand)

	2016		2015		2014		2013		2012	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
EQUITY AND LIABILITIES										
EQUITY										
Share capital	3,238,000	16	3,238,000	17	3,238,000	17	3,238,000	17	3,238,000	13
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	(69,416)	-	(58,750)	-	(50,109)	-	-	-	-	-
Unappropraited profits	4,979,272	25	4,001,084	20	3,013,096	16	1,976,627	10	3,212,299	13
Remeasurement of retirement benefit obligation - actuarial gain	(1,163)	-	477	-	373	-	723	-	-	-
Total equity	8,454,652	42	7,488,770	38	6,509,319	34	5,523,309	29	6,758,258	28
NON-CURRENT LIABILITIES										
Borrowings	4,610,647	23	6,394,878	33	7,713,518	41	9,586,454	50	10,133,340	42
CURRENT LIABILITIES										
Creditors, accrued and other liabilities	2,290,697	11	1,845,188	9	1,358,164	7	1,593,488	8	3,841,314	16
Accrued interest / mark up	24,708	-	35,165	-	27,149	-	41,792	-	74,990	-
Current portion of borrowings	1,792,353	9	1,650,776	8	1,459,451	8	1,405,632	7	1,194,923	5
Short-term borrowings	2,919,000	15	2,136,842	11	1,961,029	10	882,469	5	2,362,476	10
Total current liabilities	7,026,758	35	5,667,971	29	4,805,793	25	3,923,381	21	7,473,703	31
TOTAL EQUITY AND LIABILITIES	20,092,057	100	19,551,619	100	19,028,630	100	19,033,144	100	24,365,301	100
ASSETS										
NON-CURRENT ASSETS										
Property, plant and equipment	13,524,720	67	14,078,859	72	14,217,020	75	15,233,998	80	14,860,750	61
Intangible assets	80,740	-	83,381	-	81,585	-	83,967	-	93,098	-
Long term deposits	2,491	-	2,491	-	2,491	-	2,491	-	2,491	-
Long term loans and advances	39,412	-	34,674	-	28,214	-	16,941	-	13,153	-
Total non-current assets	13,647,363	68	14,199,405	73	14,329,310	75	15,337,397	81	14,969,492	61
CURRENT ASSETS										
Inventories	843,008	4	826,259	4	769,886	4	734,109	4	660,295	3
Trade debts	3,896,828	19	2,760,311	14	2,192,805	12	476,333	3	7,300,126	30
Short-term investments	50,000	-	50,000	-	56,000	-	-	-	-	-
Loans, advances, deposits, prepayments and other receivables	1,552,910	8	1,646,424	8	1,628,013	9	2,223,730	12	1,306,758	5
Taxes recoverable	62,325	-	55,067	-	49,915	-	43,901	-	28,430	-
Balances with banks	39,623	-	14,153	-	2,701	-	217,674	1	100,200	-
Total current assets	6,444,694	32	5,352,214	27	4,699,320	25	3,695,747	19	9,395,809	39
TOTAL ASSETS	20,092,057	100	19,551,619	100	19,028,630	100	19,033,144	100	24,365,301	100

horizontal and vertical analyses

Profit and Loss Account

(Amounts in thousand)

Horizontal Analysis	2016	16 Vs. 15	2015	15 Vs. 14	2014	14 Vs. 13	2013	13 Vs. 12	2012
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.
Sales	11,451,782	(14)	13,353,543	11	12,041,151	39	8,665,433	(26)	11,665,605
Cost of sales	(9,209,292)	(15)	(10,888,779)	17	(9,338,838)	33	(7,013,708)	(22)	(9,032,855)
Gross profit	2,242,490	(9)	2,464,764	(9)	2,702,313	64	1,651,725	(37)	2,632,750
Administrative expenses	(188,016)	3	(181,686)	8	(168,289)	31	(127,990)	4	(122,562)
Other expenses	(3,802)	(92)	(50,377)	(42)	(87,541)	100	-	(100)	(3,844)
Other income	98,761	1,301	7,050	(95)	153,695	(63)	410,430	12,181	3,342
Profit from operations	2,149,433	(4)	2,239,751	(14)	2,600,178	34	1,934,165	(23)	2,509,686
Finance cost	(361,088)	(18)	(441,492)	(24)	(579,295)	22	(475,688)	18	(404,272)
Profit before taxation	1,788,345	(1)	1,798,259	(11)	2,020,883	39	1,458,477	(31)	2,105,414
Taxation	(657)	(15)	(771)	1,144	(62)	(53)	(133)	(97)	(4,695)
Profit for the year	1,787,688	(1)	1,797,488	(11)	2,020,821	39	1,458,344	(31)	2,100,719

Vertical Analysis	2016		2015		2014		2013		2012	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Sales	11,451,782	100	13,353,543	100	12,041,151	100	8,665,433	100	11,665,605	100
Cost of sales	(9,209,292)	(80)	(10,888,779)	(82)	(9,338,838)	(78)	(7,013,708)	(81)	(9,032,855)	(77)
Gross profit	2,242,490	20	2,464,764	18	2,702,313	22	1,651,725	19	2,632,750	23
Administrative expenses	(188,016)	(2)	(181,686)	(1)	(168,289)	(1)	(127,990)	(1)	(122,562)	(1)
Other expenses	(3,802)	-	(50,377)	-	(87,541)	(1)	-	-	(3,844)	-
Other income	98,761	1	7,050	-	153,695	1	410,430	5	3,342	-
Profit from operations	2,149,433	19	2,239,751	17	2,600,178	22	1,934,165	22	2,509,686	22
Finance cost	(361,088)	(3)	(441,492)	(3)	(579,295)	(5)	(475,688)	(5)	(404,272)	(3)
Profit before taxation	1,788,345	16	1,798,259	13	2,020,883	17	1,458,477	17	2,105,414	18
Taxation	(657)	-	(771)	-	(62)	(0)	(133)	(0)	(4,695)	-
Profit for the year	1,787,688	16	1,797,488	13	2,020,821	17	1,458,344	17	2,100,719	18

summary of balance sheet

(Amounts in thousand)

Summary of Balance Sheet	2016 Rs.	2015 Rs.	2014 Rs.	2013 Rs.	2012 Rs.	2011 Rs.
Share capital	3,238,000	3,238,000	3,238,000	3,238,000	3,238,000	3,236,000
Maintenance reserve	227,182	227,182	227,182	227,182	227,182	207,975
Shareholders' funds / Equity	8,454,652	7,488,770	6,509,319	5,523,309	6,758,258	5,109,513
Long term borrowings	6,403,000	8,045,654	9,172,969	10,992,086	11,328,263	11,481,495
Capital employed	14,857,652	15,534,424	15,682,288	16,515,395	18,086,521	16,591,008
Property,plant & equipment	13,524,720	14,078,859	14,217,020	15,233,998	14,860,750	14,445,804
Long term assets	13,647,363	14,199,405	14,329,310	15,337,397	14,969,492	14,563,534
Net current assets (liabilities) / Working capital	1,210,289	1,335,019	1,352,978	1,177,998	3,117,029	2,027,474
Summary of Profit and Loss						
Sales	11,451,782	13,353,543	12,041,151	8,665,433	11,665,605	8,338,210
Gross profit	2,242,490	2,464,764	2,702,313	1,651,725	2,632,750	2,288,349
Profit from operations	2,149,433	2,239,751	2,600,178	1,934,165	2,509,686	2,215,856
Profit before taxation	1,788,345	1,798,259	2,020,883	1,458,477	2,105,414	1,786,606
Profit for the year	1,787,688	1,797,488	2,020,821	1,458,344	2,100,719	1,785,941
Summary of Cash Flows						
Net cash flow from operating activities	2,315,826	2,861,624	1,849,382	6,335,625	2,834,539	1,566,821
Net cash flow from investing activities	(179,401)	(263,016)	(172,011)	(120,821)	(77,558)	(16,044)
Net cash flow from financing activities	(2,893,113)	(2,768,969)	(2,914,904)	(5,117,323)	(2,342,958)	(1,973,986)
Changes in cash & cash equivalents	(756,688)	(170,361)	(1,237,533)	1,097,481	414,023	(423,209)
Cash & cash equivalents at year end	(2,829,377)	(2,072,689)	(1,902,328)	(664,795)	(1,762,276)	(2,176,299)
Summary of Actual Production						
Maximum generation possible - MWh	1,881,005	1,855,782	1,860,135	1,861,134	1,881,296	1,889,200
Declared capacity billable- MWh	1,886,110	1,850,050	1,859,061	1,546,652	1,891,214	1,890,500
Net electrical output- MWh	1,264,667	1,424,015	1,721,959	1,333,619	1,767,038	1,665,400

ratios of last six years

Ratios:		2016	2015	2014	2013	2012	2011
Profitability Ratios:							
Gross profit margin	(%)	20%	18%	22%	19%	23%	27%
Net profit margin	(%)	16%	13%	17%	17%	18%	21%
Net income to equity ratio	(%)	21%	24%	31%	26%	31%	35%
Liquidity Ratios:							
Current ratio	(Times)	0.92	0.94	0.98	0.94	1.26	1.20
Quick / acid test ratio	(Times)	0.86	0.88	0.90	0.85	1.21	1.12
Activity / Turnover Ratios:							
Total assets turnover ratio	(Times)	0.57	0.68	0.63	0.46	0.48	0.40
Investment /Market Ratios:							
Earnings per share	(PKR)	5.52	5.55	6.24	4.50	6.49	5.58
Price earnings ratio	(Times)	6.33	6.16	6.59	N/A	N/A	N/A
Dividend payout ratio	(%)	54%	63%	49%	137%	55%	51%
Dividend cover ratio	(Times)	1.84	1.59	2.05	0.73	1.83	1.95
Market value per share at the end of the year end	(PKR)	34.95	34.18	41.15	N/A	N/A	N/A
high during the year	(PKR)	35.47	46.50	44.55	N/A	N/A	N/A
low during the year	(PKR)	28.55	34.00	38.21	N/A	N/A	N/A
Breakup value per share	(PKR)	26.11	23.13	20.10	17.06	20.87	15.79
Cash dividend	(PKR per share)	3.00	3.50	3.04	6.17	3.55	2.86
Capital Structure Ratios:							
Weighted average cost of debt	(%)	5%	4%	3%	4%	4%	4%
Debt to equity ratio	(Times)	0.76	1.07	1.41	1.99	1.68	2.25
Interest cover ratio	(Times)	7.24	7.19	7.64	4.70	5.48	5.28

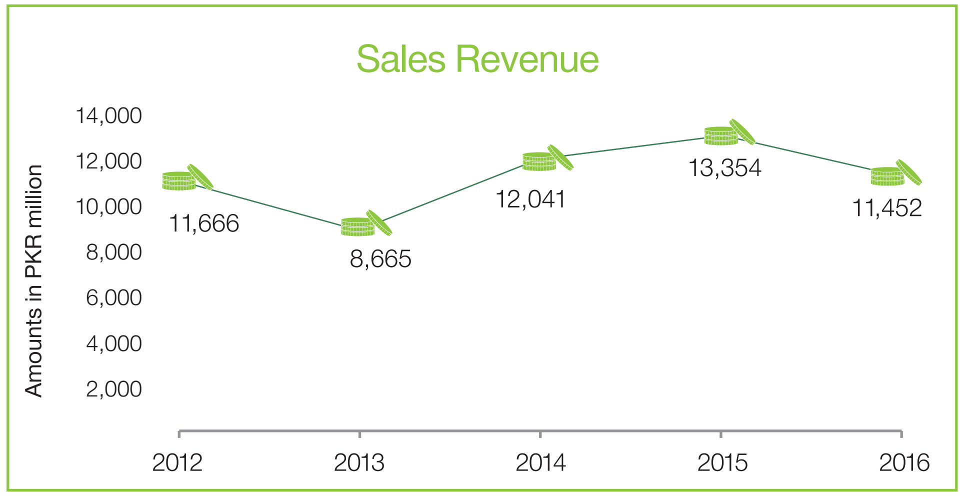
statements of analysis

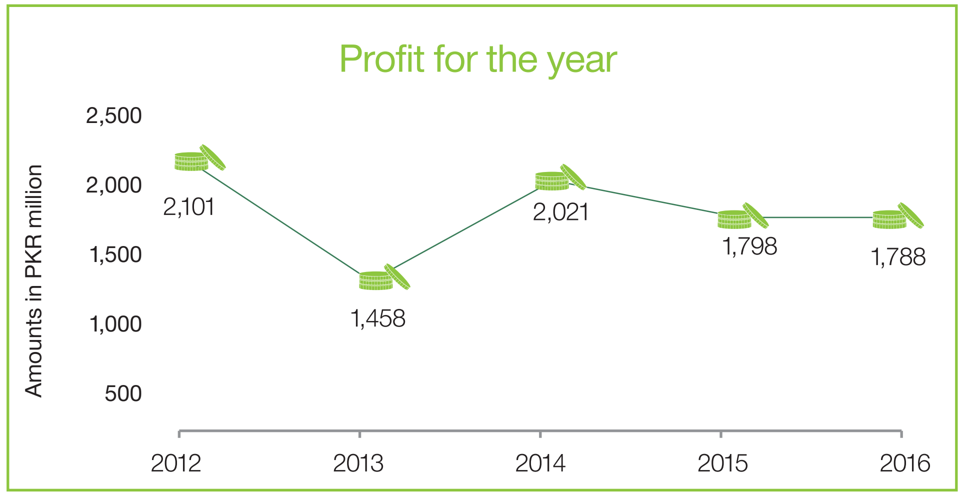
The gross profit margin of the Company this year has increased compared to 2015. This increase in gross profit margin is on account of active steps taken by the management to curtail its operational and maintenance costs to counter the loss of electrical output due to power purchaser's (NTDC) transformer shutdown during 1H 2016. Despite these external challenges, the Company was able to maintain a stable earning per share of PKR 5.52 in 2016 versus PKR 5.55 last year.

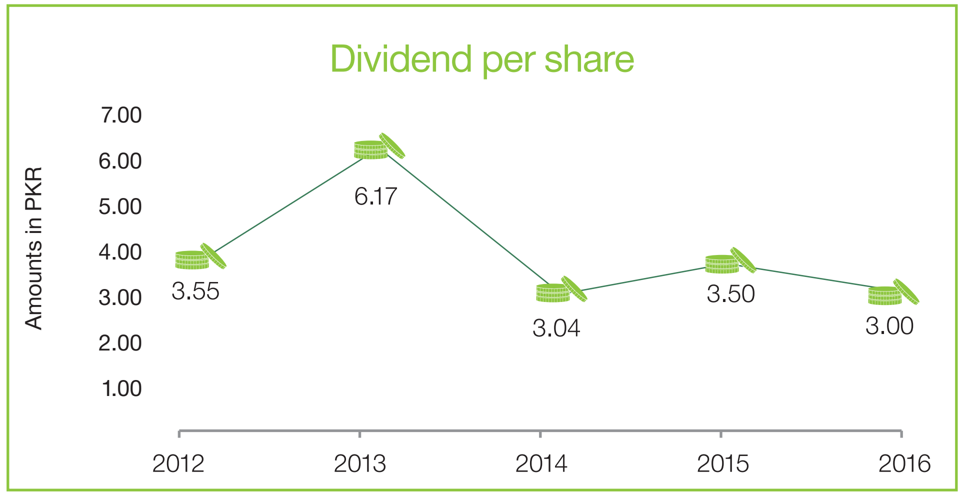
Effective working capital management and timely payments by the power purchaser helped us to maintain our liquidity ratios at a comfortable level.

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

snapshots



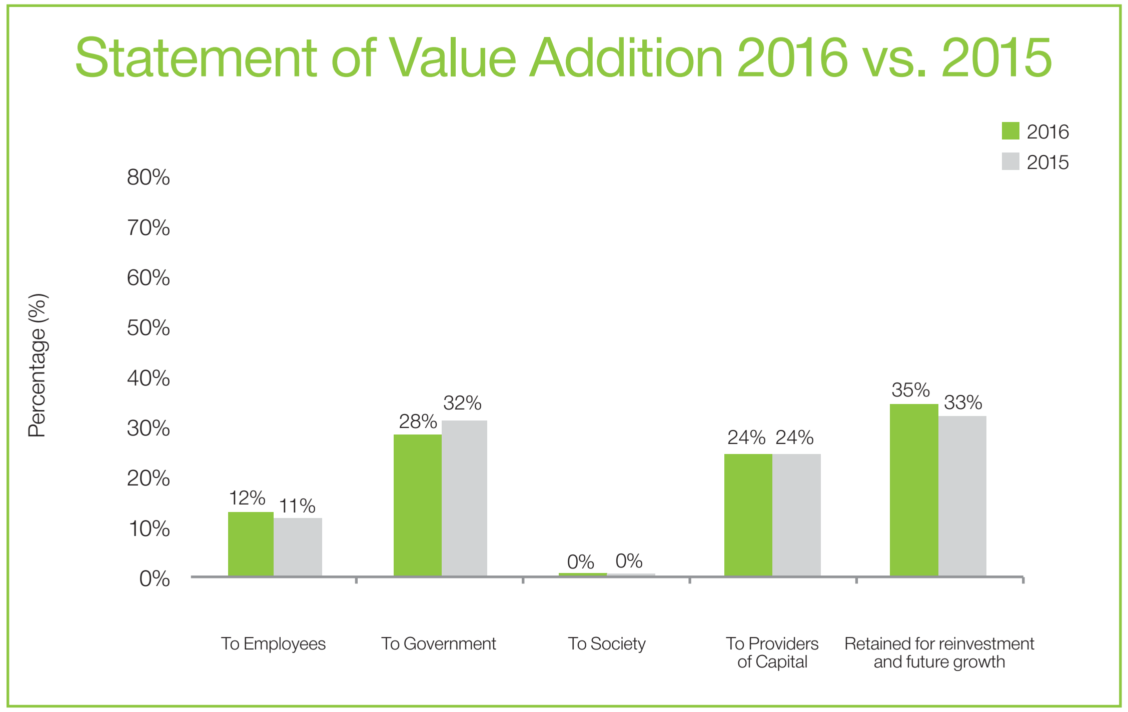




statement of value addition and distribution

(Amounts in thousand)

	2016	2015
Wealth Generated		
Total revenue inclusive of sales tax and other income	12,890,682	15,012,374
Bought-in-raw material and services	(8,045,244)	(9,819,580)
	4,845,438	5,192,794
Wealth Distributed		
To Employees		
Salaries, benefits and other costs	600,378	558,697
To Government		
Income tax and sales tax	1,340,821	1,652,552
To Society		
Donation towards education, health, environment and natural disaster	21,848	19,738
To Providers of Capital		
Dividend to shareholders	809,500	809,500
Mark-up/interest expense on borrowed money	361,088	441,492
	1,170,588	1,250,992
Retained for reinvestment and future growth		
Depreciation, amortization and retained profit (net of dividend paid)	1,711,803	1,710,815
	4,845,438	5,192,794



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

DuPont Certification

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

5-S Certification

EPQL has been awarded the 5-S Certification by National Productivity Organization (NPO), Ministry of Industries, GoP.

ISO-14001 & OHSAS-18001

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

Cashing in on
Life

notice of the meeting

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of the Company will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi on Monday, March 20, 2017 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 2016 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, 2016

N.B

(1) The share transfer books of the Company will be closed and no transfers of shares will be accepted for registration from Monday 13th March, 2017 to Monday 20th March, 2017 (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 by the close of business (5:00 p.m) on Friday, 10th March, 2017 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.

Update Under Rule 4 of S.R.O. 27/1/2012

Note relating to Engro Powergen Limited

Engro Powergen Limited is the majority shareholder of Engro Powergen Qadirpir Limited. In 2016 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

Schaane Ansari
Company Secretary

February 6, 2017
Karachi.

key shareholding & shares traded

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

1. Associated Companies, Undertakings and Related Parties

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

2. Mutual Funds

CDC - Trustee Picic Energy Fund	177
CDC - Trustee Picic Stock Fund	65,000
CDC - Trustee Atlas Stock Market Fund	585,000
Total :	650,177

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

Jahangir Piracha	1
Javed Akbar	1
Ghias Khan	1
Ruhail Mohammad	114,001
Shabbir Hashmi	1
Shahid Hamid Pracha	1
Vaqar Zakaria	1
Aliya Yusuf	2,001
Total :	116,008

4. Executives 50,001

5. Public sector companies and corporations -

6. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds 946,000

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

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

8. Details of purchase/sale of shares by Directors, Executives* and their spouse(s) / minor children during 2016.

Name	Date of Purchase / Sale	Shares Purchase	Shares Sold	Rate
Aamir Aslam	13-Jan-16	-	3,000	33.90
Ahsen Aamir Murad	22-Jun-16	-	500	29.63
Zeeshan Zahid Ansari / Faaiza Mansoor	26-Jul-16	-	500	31.49
Farzana Rashid Butt	25-Jul-16	-	4,000	30.29
Farzana Rashid Butt	26-Jul-16	-	6,000	30.86
Farzana Rashid Butt	15-Sep-16	-	10,000	31.12
Farzana Rashid Butt	16-Sep-16	-	5,000	30.86
Farzana Rashid Butt	19-Sep-16	-	2,000	30.84
Farzana Rashid Butt	20-Sep-16	-	8,000	30.91

Name	Date of Purchase / Sale	Shares Purchase	Shares Sold	Rate
Farzana Rashid Butt	21-Sep-16	-	5,000	31.86
Farzana Rashid Butt	6-Oct-16	-	35,000	32.54
Farzana Rashid Butt	7-Oct-16	-	500	32.15
Farzana Rashid Butt	10-Oct-16	-	24,500	32.34
Aamir Aslam	10-Nov-16	-	37,000	31.57

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

pattern of shareholding

As at December 31, 2016

No of ShareHolder	Size of Holding		No of Shares
	From	To	
340	1	100	15,125
13,112	101	500	6,471,752
4,277	501	1,000	4,253,815
2,736	1,001	5,000	6,873,582
501	5,001	10,000	4,005,306
181	10,001	15,000	2,348,400
97	15,001	20,000	1,822,206
84	20,001	25,000	1,990,943
54	25,001	30,000	1,524,336
24	30,001	35,000	790,954
19	35,001	40,000	723,224
13	40,001	45,000	559,000
39	45,001	50,000	1,926,000
20	50,001	55,000	1,058,000
12	55,001	60,000	695,000
7	60,001	65,000	446,000
13	70,000	75,000	948,500
9	75,001	80,000	705,447
6	80,001	85,000	502,247
8	85,001	90,000	707,050
3	90,001	95,000	283,500
29	95,001	100,000	2,893,164
5	105,000	110,000	537,000
3	110,001	115,000	340,000
6	115,001	120,000	709,500
6	125,000	130,000	750,000
3	130,001	135,000	395,500
2	135,001	140,000	276,500
4	145,001	150,000	598,000
4	150,001	155,000	611,000
3	160,000	165,000	485,000
4	165,001	170,000	672,563
2	170,001	175,000	344,000
1	180,001	185,000	182,500
1	185,001	190,000	188,000
7	200,000	205,000	1,405,000
3	205,001	210,000	628,563
3	215,000	220,000	649,500
2	225,001	230,000	454,179
7	245,000	250,000	1,745,000
3	260,000	265,000	785,000
4	300,000	305,000	1,200,000
1	310,000	315,000	310,000
3	315,001	320,000	957,000
2	340,000	345,000	684,000
1	350,001	355,000	351,000
1	355,001	360,000	358,000
1	365,001	370,000	366,000
1	370,001	375,000	370,500
1	390,001	395,000	393,500
1	410,000	415,000	410,000
1	430,001	435,000	433,000
3	500,000	505,000	1,500,000
2	525,001	530,000	1,055,552
1	585,000	590,000	585,000
1	600,000	605,000	600,000
1	615,001	620,000	617,000
1	785,001	790,000	786,000
1	940,001	945,000	943,500
1	1,200,001	1,205,000	1,202,500
1	1,365,001	1,370,000	1,369,100
2	1,500,000	1,505,000	3,000,000
1	1,555,001	1,560,000	1,559,100
1	1,725,000	1,730,000	1,725,000
1	2,010,001	2,015,000	2,012,500
1	2,175,000	2,180,000	2,175,000
1	2,270,001	2,275,000	2,271,000
1	2,305,001	2,310,000	2,309,000
1	2,310,001	2,315,000	2,312,000
1	2,600,000	2,605,000	2,600,000
1	3,425,000	3,430,000	3,425,000
1	3,665,001	3,670,000	3,669,400
1	5,900,000	5,905,000	5,900,000
1	223,045,001	223,050,000	223,049,992
21,696	Total:		323,800,000

categories of shareholding

As at December 31, 2016

Shareholders' Category	No. of Shareholders	No. of Shares	Percentage of Holding
Directors, Chief Executive Officer, and their spouse(s) and minor children.	9	116,008	0.04
Associated companies, undertakings and related parties.	1	223,049,992	68.89
Banks, Development Financial Institutions, Non Banking Financial Institutions.	4	685,000	0.21
Insurance Companies	3	261,000	0.08
Modarabas and mutual funds	3	650,177	0.20
Shareholders holding 10% or more shares	1	223,049,992	68.89
General Public (individuals)			
a. Local	21,570	70,944,731	21.90
b. Foreign	-	-	-
Others	106	28,093,092	8.68

shareholder information

Annual General Meeting

The annual shareholders meeting will be held at 10:00 a.m. on March 20, 2017 at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi.

Shareholders as of March 13, 2017 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, 2016 there were 21,696 shareholders on record of the Company's ordinary shares.

Circulation of Annual Reports 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, auditors' 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 electronic transmission 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.

Holding of General Meetings through Video Conference Facility

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

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

E-dividend Mandate (Optional)

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

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

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

Quarterly Results

The Company issues quarterly financial statements. The planned dates for release of the quarterly results in 2017 are:

- 1st quarter : April 21, 2017
- 2nd quarter: August 09, 2017
- 3rd quarter: October 23, 2017

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

- 1st quarter : April 24, 2017
- 2nd quarter: August 10, 2017
- 3rd quarter: October 24, 2017

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 2017

	Dates
EPQL Board Audit Committee Meeting	3-Feb-17
EPQL Board Meeting	6-Feb-17
EPQL AGM	20-Mar-17
EPQL Board Audit Committee Meeting	20-April-17
EPQL Board Meeting	21-April -17
EPQL Board Audit Committee Meeting	8-Aug-17
EPQL Board meeting	9-Aug-17
EPQL Board Audit Committee Meeting	20-Oct-17
EPQL Board Meeting	23-Oct-17
EPQL Board Meeting	22-Nov-17

pwc **A. F. FERGUSON & CO.**

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Engro Powergen Qadirpur Limited (the Company) for the year ended December 31, 2016 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange, in which the Lahore and Islamabad stock exchanges have merged), where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of 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 of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2016.

Chartered Accountants
Karachi
Date: February 21, 2017

Engagement Partner: Waqas A. Sheikh

A.F. FERGUSON & CO., Chartered Accountants, a memeber 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) 32415007/32427938/32424740; <www.pwc.com/pk>

pwc **A. F. FERGUSON & CO.**

auditors' report to the members

We have audited the annexed balance sheet of Engro Powergen Qadirpur Limited (the Company) as at December 31, 2016 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, 2016 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
Dated: February 21, 2017

Engagement Partner: Waqas A. Sheikh

A.F. FERGUSON & CO., Chartered Accountants, a memeber firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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balance sheet
as at december 31, 2016

(Amounts in thousand)

	Note	2016 Rupees	2015 Rupees
Assets			
Non-current assets			
Property, plant and equipment	4	13,524,720	14,078,859
Intangible assets	5	80,740	83,381
Long term loans and advances	7	39,412	34,674
Long term deposits		2,491	2,491
		13,647,363	14,199,405
Current assets			
Inventories	8	843,008	826,259
Trade debts	9	3,896,828	2,760,311
Short term investments	10	50,000	50,000
Loans, advances, deposits, prepayments and other receivables	11	1,552,910	1,646,424
Taxes recoverable		62,325	55,067
Balances with banks	12	39,623	14,153
		6,444,694	5,352,214
Total Assets		20,092,057	19,551,619

(Amounts in thousand)

	Note	2016 Rupees	2015 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	(69,416)	(58,750)
Unappropriated profit		4,979,272	4,001,084
Remeasurement of retirement benefit obligation - Actuarial (loss) / gain		(1,163)	477
Total equity		8,454,652	7,488,770
Liabilities			
Non-current liability			
Borrowings	16	4,610,647	6,394,878
Current liabilities			
Trade and other payables	17	2,290,697	1,845,188
Accrued interest / mark-up		24,708	35,165
Short term borrowings	18	2,919,000	2,136,842
Current portion of long term borrowing	16	1,792,353	1,650,776
		7,026,758	5,667,971
Total liabilities		11,637,405	12,062,849
Contingencies and Commitments	19		
Total Equity and Liabilities		20,092,057	19,551,619

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

Ghias Khan
Chairman

Jahangir Piracha
Chief Executive Officer

Ghias Khan
Chairman

Jahangir Piracha
Chief Executive Officer

profit and loss account for the year ended december 31, 2016

(Amounts in thousand except for earnings per share)

	Note	2016	2015
		Rupees	
Sales	20	11,451,782	13,353,543
Cost of sales	21	(9,209,292)	(10,888,779)
Gross profit		2,242,490	2,464,764
Administrative expenses	22	(188,016)	(181,686)
Other expenses	23	(3,802)	(50,377)
Other income	24	98,761	7,050
Profit from operations		2,149,433	2,239,751
Finance cost	25	(361,088)	(441,492)
Workers' profits participation fund and Workers' welfare fund	26	-	-
Profit before taxation		1,788,345	1,798,259
Taxation	27	(657)	(771)
Profit for the year		1,787,688	1,797,488
Earnings per share - basic and diluted	28	5.52	5.55

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

Ghias Khan
Chairman

Jahangir Piracha
Chief Executive Officer

statement of comprehensive income for the year ended december 31, 2016

(Amounts in thousand)

	Note	2016	2015
		Rupees	
Profit for the year		1,787,688	1,797,488
Other comprehensive income / (loss):			
Item that may be reclassified subsequently to profit or loss			
Hedging reserve - loss for the year	15	(14,468)	(11,683)
Less: Reclassified to profit or loss	23	3,802	3,042
		(10,666)	(8,641)
Item that will not be reclassified to profit or loss			
Remeasurement of retirement benefit obligation - Actuarial (loss) / gain	29	(1,640)	104
Total comprehensive income for the year		1,775,382	1,788,951

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

Ghias Khan
Chairman

Jahangir Piracha
Chief Executive Officer

statement of changes in equity for the year ended december 31, 2016

(Amounts in thousand)

	Share capital	Reserves: Capital – Share premium	Reserves: Capital – Maintenance reserve (note 15)	Reserves: Revenue – Un appropriated profit	Reserves: Revenue – Remeasurement of retirement benefit obligation - Actuarial gain	Reserves: Revenue – Hedging reserve	Total
	Rupees						
Balance as at January 1, 2015	3,238,000	80,777	227,182	3,013,096	373	(50,109)	6,509,319
Total comprehensive income for the year	-	-	-	1,797,488	104	(8,641)	1,788,951
Transactions with owners							
1st Interim dividend @ Rs. 1.50 per share	-	-	-	(485,700)	-	-	(485,700)
2nd Interim dividend @ Rs. 1.00 per share	-	-	-	(323,800)	-	-	(323,800)
	-	-	-	(809,500)	-	-	(809,500)
Balance as at December 31, 2015	3,238,000	80,777	227,182	4,001,084	477	(58,750)	7,488,770
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

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

Ghias Khan
Chairman

Jahangir Piracha
Chief Executive Officer

statements of cash flow for the year ended december 31, 2016

(Amounts in thousand)

	Note	2016	2015
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	2,328,479	2,874,007
Taxes paid		(7,915)	(5,923)
Long term loans and advances - net		(4,738)	(6,460)
Net cash generated from operating activities		2,315,826	2,861,624
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(174,778)	(281,962)
Purchases of intangible assets		(5,460)	(8,013)
Sale proceeds from disposal of property, plant and equipment		837	26,959
Net cash used in investing activities		(179,401)	(263,016)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term borrowing		(1,662,678)	(1,511,139)
Finance cost paid		(420,935)	(457,036)
Dividends paid		(809,500)	(800,794)
Net cash used in financing activities		(2,893,113)	(2,768,969)
Net decrease in cash and cash equivalents		(756,688)	(170,361)
Cash and cash equivalents at beginning of the year		(2,072,689)	(1,902,328)
Cash and cash equivalents at end of the year	31	(2,829,377)	(2,072,689)

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

Ghias Khan
Chairman

Jahangir Piracha
Chief Executive Officer

notes to the financial statements
for the year ended december 31, 2016

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Engro Powergen Qadirpur Limited (the Company), is a public listed company, incorporated in Pakistan, under the Companies Ordinance, 1984, and its shares are quoted on the Pakistan Stock Exchange Limited. The Company is a subsidiary of Engro Powergen Limited, which is a wholly owned subsidiary of Engro Corporation Limited. Engro Corporation Limited is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company).The Company's registered office is located at 4th floor, Harbour Front Building, Plot Number HC-3, 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 has a 217.3 MW combined cycle power plant and commenced commercial operations therefrom on March 27, 2010. The electricity generated is transmitted to the National Transmission and Despatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007. This 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 periods presented, unless otherwise stated.

2.1 Basis of preparation

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

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

2.1.3 The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its 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 2016

The following standard and amendments to published standards are mandatory for the financial year beginning on or after January 1, 2016 and are relevant to the Company:

- IFRS 7 'Financial instruments: Disclosures'. The amendment clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34. This amendment is retrospective. The Company's current accounting treatment is already in line with this standard.

- IAS 34 'Interim financial reporting'. This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective. It is unlikely that the standard will have any significant impact on the Company's financial statements.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2016 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 amendment to published standards is not effective for the financial year beginning on January 1, 2016 and has not been early adopted by the Company:

- IAS 7 'Cashflow statements: Disclosures' (effective for periods beginning on or after January 1, 2017). 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. It is unlikely that the amendment will have any significant impact on the Company's financial statements.

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

2.2 Property, plant and equipment

Except for freehold land, capital work-in-progress and capital spares, all assets are stated at cost less accumulated depreciation and impairment, if any. Freehold land and capital spares are stated at cost. Capital work-in-progress is stated at cost less impairment, 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.

a) At fair value through profit or loss

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

b) Loans and receivables

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

c) Held to maturity

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

d) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose 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.

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.

(Amounts in thousand)

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.

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.

(Amounts in thousand)

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 are liable 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.

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 for the Company's permanent employees. Monthly contributions are made both by the Company and employees to the fund at the rate of 10% of basic salary in case of provident fund and at the rate of 5.33% and 3% of basic salary in case of gratuity fund.

2.17.2 Defined benefit plans

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

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

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.

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 Transactions with related parties

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

(Amounts in thousand)

2.24 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 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. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

4. PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	Rupees	
Operating assets, at net book value (note 4.1)	12,623,671	13,633,967
Capital work-in-progress (note 4.2)	45,513	100,499
Capital spares (note 4.3)	855,536	344,393
	13,524,720	14,078,859

(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, 2015						
Cost	83,127	13,277,763	2,419,546	104,257	128,018	16,012,711
Accumulated depreciation	-	(2,428,175)	(355,233)	(50,269)	(46,975)	(2,880,652)
Net book value	83,127	10,849,588	2,064,313	53,988	81,043	13,132,059
Year ended December 31, 2015						
Opening net book value	83,127	10,849,588	2,064,313	53,988	81,043	13,132,059
Additions to operating assets:						
- Transfers from capital work-in-progress (note 4.2)	-	207,621	11,071	11,421	14,860	244,973
- Transfers from capital spares (note 4.3)	-	677,058	-	-	-	677,058
- Capitalisation adjustment for exchange loss (note 6)	-	364,019	-	-	-	364,019
Provision for impairment (notes 4.1.2 & 23)						
Cost	-	(100,025)	-	-	-	(100,025)
Accumulated depreciation	-	52,690	-	-	-	52,690
	-	(47,335)	-	-	-	(47,335)
Disposals						
Cost	-	-	-	(1,716)	(38,463)	(40,179)
Accumulated depreciation	-	-	-	128	19,854	19,982
	-	-	-	(1,588)	(18,609)	(20,197)
Depreciation charge (note 4.1.3)	-	(620,847)	(74,979)	(14,948)	(5,836)	(716,610)
Net book value	83,127	11,430,104	2,000,405	48,873	71,458	13,633,967
As at 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	83127	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 (note 4.1.1)						
Cost	-	-	-	(104)	(3,051)	(3,155)
Accumulated depreciation	-	-	-	54	2,289	2,343
	-	-	-	(50)	(762)	(812)
Depreciation charge (note 4.1.3)	-	(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 December 31, 2016						
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
Annual rate of depreciation		4% - 16%	2.5% - 8%	15% - 25%	19% - 23%	

(Amounts in thousand)

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

Sold to	Mode of Disposal	Cost	Accumulated depreciation	Net book value	Sale proceeds
		Rupees			
Furniture, fixtures and equipments					
EFU General Insurance	Insurance claim	104	54	50	75
Vehicles					
Employees					
Iftikhar Ahmed Dar	Under Company's policy	1,406	1,055	351	351
Sarah Aziz	Under Company's policy	1,645	1,234	411	411
		3,051	2,289	762	762
2016		3,155	2,343	812	837
2015		40,179	19,982	20,197	26,959

4.1.2 This represents net book value of machinery and equipment, identified as damaged in a major inspection activity carried out during last year. Provision for impairment was recognised thereagainst last year and during the year these items have been fully written off.

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

	2016	2015
	Rupees	
Cost of sales (note 21)	723,998	711,789
Administrative expenses (note 22)	1,541	4,821
	725,539	716,610

4.2 Capital work-in-progress

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

(Amounts in thousand)

4.3 Capital spares

	2016	2015
	Rupees	
Balance at beginning of the year	344,393	1,021,451
Add / (less):		
Transfers from / (to) Operating assets - Net (notes 4.1 and 4.3.1)	491,037	(677,058)
Additions (note 4.2)	20,106	-
Balance at end of the year	855,536	344,393

4.3.1 This represents cost of capital spares transferred to operating assets amounting to Nil (2015: Rs. 764,900) less net book value of those spares which were replaced and transferred to capital spares amounting to Rs.491,037 (2015:Rs. 87,842).

5. INTANGIBLE ASSETS

	Computer software	Right to use infra-structure facilities (note 5.2)	Total
	Rupees		
As at January 1, 2015			
Cost	40,766	96,627	137,393
Accumulated amortisation	(34,470)	(21,338)	(55,808)
Net book value	6,296	75,289	81,585
Year ended December 31, 2015			
Opening net book value	6,296	75,289	81,585
Additions during the year (note 4.2)	8,013	-	8,013
Amortisation for the year (note 5.1)	(2,352)	(3,865)	(6,217)
Closing net book value	11,957	71,424	83,381
As at 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 December 31, 2016			
Cost	54,239	96,627	150,866
Accumulated amortisation	(41,058)	(29,068)	(70,126)
Net book value	13,181	67,559	80,740

(Amounts in thousand)

	2016	2015
	Rupees	
5.1 Amortisation charge for the year has been allocated as follows:		
Cost of sales (note 21)	6,436	4,870
Administrative expenses (note 22)	1,665	1,347
	8,101	6,217

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) inrespect 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. 2,524,087 (2015: Rs. 2,526,653) as at December 31, 2016, which is net off exchange gain of Rs. 2,566 pertaining to current year (2015: Exchange loss of Rs. 364,019) in property, plant and equipment (note 4.1).

(Amounts in thousand)

6.1 Additional disclosure under SRO 24 (1) 2012

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

	(Increase) / Decrease Unappropriated profit	Increase / (Decrease) Property, plant and equipment	Increase / (Decrease) Derivative financial asset / (liability)
		Rupees	
As at January 1, 2015	2,209,285	(1,984,722)	(224,563)
For the year ended December 31, 2015			
- Recognition of exchange loss	257,273	(257,273)	-
- Change in fair value of derivatives	2,685,546	-	(2,685,546)
	2,942,819	(257,273)	(2,685,546)
As at December 31, 2015	5,152,104	(2,241,995)	(2,910,109)
For the year ended December 31, 2016			
- Recognition of exchange gain	(2,556)	2,556	-
- Change in fair value of derivatives	1,273,578	-	(1,273,578)
	1,271,022	2,556	(1,273,578)
As at December 31, 2016	6,423,126	(2,239,439)	(4,183,687)

7. LONG TERM LOANS AND ADVANCES	2016	2015
	Rupees	
Executives (notes 7.1 and 7.2)	55,232	48,942
Less: Current portion shown under current assets (note 11)	(15,820)	(14,268)
Balance as at end of the year	39,412	34,674

7.1 Reconciliation of the carrying amount of loans and advances	2016	2015
	Rupees	
Balance at beginning of the year	48,942	37,006
Add: Disbursements	24,362	24,766
Less: Repayments / Amortisation	(18,072)	(12,830)
Balance at end of the year	55,232	48,942

7.2 Loans and advances include interest free investment loan plan to executives amounting to Rs. 38,972 (2015: Rs. 35,705) 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. 16,260 (2015: Rs. 13,237) 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. 60,078 (2015: Rs. 48,942).

(Amounts in thousand)

8. INVENTORIES	2016	2015
	Rupees	
High Speed Diesel (note 8.1)	381,244	382,085
Consumable stores	51,356	57,290
Spares	410,408	386,884
	843,008	826,259

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 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	2016	2015
	Rupees	
Considered good	3,896,828	2,760,311

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. 2,649,324 (2015: Rs. 2,282,433) which is neither past due nor impaired; and

- Rs. 1,247,504 (2015: Rs. 477,878) which is overdue but not impaired. The overdue receivables carry mark-up at the rate of KIBOR plus 4.5% per annum. These receivables are overdue by upto 3 months.

10. SHORT TERM INVESTMENT - Held to maturity	2016	2015
	Rupees	
Term Deposit Receipt (note 10.1)	50,000	50,000

10.1 The Company has placed Rs. 50,000 (2015: Rs. 50,000) in Term Deposit Receipt with a conventional bank having a maturity of one month, carrying return at the rate of 5.85% (2015: 6.5%) per annum.

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

11. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - considered good	2016	2015
	Rupees	
Current portion of long term loans and advances to executives - considered good (note 7)	15,820	14,268
Advances and deposits	1,848	13,677
Prepayments	61,856	61,674
Delayed payment charges (notes 11.1 and 11.2)	1,021,505	1,066,282
Receivable from associated undertakings:		
- Engro Powergen Limited	5,920	677
- Engro Powergen Thar (Private) Limited	1,826	61
- Engro Polymer & Chemicals Limited	59	54
- Engro Vopak Terminal Limited	-	16,281
- Engro Foods Limited	-	116
- Sindh Engro Coal Mining Company Limited	610	94
Other receivable	1,443	3,721
Reimbursable cost from NEPRA in respect of:		
- Workers' profits participation fund (note 11.3)	236,385	263,881
- Workers' welfare fund (note 17.3)	205,638	205,638
	1,552,910	1,646,424

(Amounts in thousand)

11.1 This represents mark-up on overdue trade debts, as referred to in note 9.2, of which Rs. 958,029 (2015: Rs. 1,040,167) is overdue.

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

	2016	2015
	Rupees	
Upto 3 months	25,045	83,151
3 to 6 months	35,558	58,497
More than 6 months	897,426	898,519
	958,029	1,040,167

11.3 This includes outstanding invoiced amount of Rs. 146,968 (2015: Rs. 173,968).

12. BALANCES WITH BANKS

	2016	2015
	Rupees	
Current accounts:		
- Local currency	4,650	557
Deposit accounts:		
- Foreign currency (note 12.1)	3,196	2,811
- Local currency (note 12.2)	31,777	10,785
	39,623	14,153

12.1 Foreign currency deposits carry return at the rate of 0.1% - 1% (2015: 0.1%) per annum.

12.2 Local currency deposits carry return at the rate of 3.75% - 5% (2015: 4% - 7%) per annum.

12.3 The Company maintains its bank balances under the coventional banking terms only.

13. SHARE CAPITAL

13.1 Authorised capital

2016	2015		2016	2015
(Number 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

2016	2015		2016	2015
(Number of Shares)			Rupees	
323,800,000	323,800,000	Ordinary shares of Rs. 10 each, fully paid in cash	3,238,000	3,238,000

13.2.1 As at December 31, 2016, Engro Powergen Limited, the Holding Company, held 223,050,000 (2015: 223,050,000) ordinary shares of the Company.

(Amounts in thousand)

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, 2016 (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 5,500 (2015: USD 11,405) to manage exchange rate exposure on repayments of its long term borrowing (note 16) and has incurred a loss of Rs. 14,468 (2015: Rs. 11,683) on these covers. Under the aforementioned agreements the Company would pay respective rate agreed at the initiation of the respective agreement on settlement date.

16. BORROWINGS, secured

	2016	2015
	Rupees	
Long term borrowing	6,403,000	8,045,654
Less: Current portion shown under current liabilities	1,792,353	1,650,776
	4,610,647	6,394,878

16.1 The Company entered into a financing agreement with a consortium comprising of international financial institutions amounting to US$ 144,000. The finance carries markup at the rate of six months LIBOR plus 3% payable semi-annually over a period of twelve years. The principal is repayable in twenty semi-annual instalments commencing from December 15, 2010. As at December 31, 2016, the outstanding balance of the borrowing was US$ 61,394 (2015: US$ 77,146).

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.

(Amounts in thousand)

17. TRADE AND OTHER PAYABLES

	2016	2015
	Rupees	
Creditors	284,650	286,972
Accrued liabilities (note 17.1)	1,523,644	1,305,269
Security deposits	3,390	2,023
Payable to associated undertakings:		
- Retirement contribution fund	4,143	4,360
- Engro Corporation Limited	975	9
Dividend payable	13,249	8,706
Provisions (note 17.4)	212,193	3,810
Sales tax payable	7,944	6,912
Retirement and other service benefits obligations (note 29)	2,492	1,005
Withholding tax payable	7,962	571
Workers' profits participation fund (note 17.2)	24,417	19,913
Workers' welfare fund (note 17.3)	205,638	205,638
	2,290,697	1,845,188

17.1 Includes accrual in respect of gas charges amounting to Rs. 848,844 (2015: Rs. 753,078).

	2016	2015
	Rupees	
17.2 Workers' profits participation fund		
Payable at beginning of the year	19,913	11,044
Add: Allocation for the year (note 26)	89,417	89,913
	109,330	100,957
Less:		
- Interest (note 25.2)	154	154
- Payment made during the year	(85,067)	(81,198)
Payable at end of the year	24,417	19,913

	2016	2015
17.3 Workers' welfare fund	Rupees	
Payable/ Receivable at beginning of the year	205,638	169,673
Add: Charge for the year (note 26)	-	35,965
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.

(Amounts in thousand)

18. SHORT TERM BORROWINGS, secured

	2016	2015
	Rupees	
Running finance utilised under mark-up arrangements	2,919,000	2,136,842

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 March 2017.

The available facilities under these mark-up arrangements aggregates to Rs. 4,400,000 (2015: Rs. 4,400,000). The facilities carry mark-up at the rate of 3 months KIBOR plus 0.5% - 1.0% (2015: 3 months KIBOR plus 0.8% - 1.5%). The facilities are secured by (i) lien over Energy Purchase Price (EPP) account and charge over present and future receivables from the Power Purchaser in respect of EPP; and (ii) first charge over current assets of the Company and subordinated charge over present and future plant, machinery, equipments and other movable assets and immovable properties of the Company. The use of these facilities are restricted for payments of operations and maintenance cost of the Power Plant and payments to fuel suppliers against purchase of fuel.

19. CONTINGENCIES AND COMMITMENTS

	2016	2015
	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 lendors (note 16.1)	840,663	840,663
- others	59,095	50,078
	899,758	890,741

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

20. SALES

	2016	2015
	Rupees	
Capacity purchase price	3,565,684	3,443,999
Energy purchase price (notes 20.1 and 20.2)	7,886,098	9,909,544
	11,451,782	13,353,543

20.1 Energy purchase price is exclusive of sales tax of Rs. 1,201,172 (2015: Rs. 1,539,639) for current year sales invoices and Rs. 138,992 (2015: Rs. 112,142) in respect of prior period sales invoiced during the current year.

20.2 On January 21, 2016, auto transformer T-3: 500/ 200 KV/ 450 MVA at Guddu (the transformer) of National Transmission And Despatch Company (NTDC) caught fire and went out of operation. Resultantly, power evacuation in the entire region, where the Company's power plant is situated, was affected. The Plant remained under standby mode due to the load evacuation constraints until the repair work on the transformer was completed and the Plant resumed its routine operations on April 29, 2016. The Plant was entitled to full Capacity Purchase Payments (CPP) throughout the period.

(Amounts in thousand)

21. COST OF SALES

	2016	2015
	Rupees	
Gas and fuel oil consumed	7,556,051	9,257,660
Depreciation (note 4.1.3)	723,998	711,789
Amortisation (note 5.1)	6,436	4,870
Salaries, wages and staff welfare (note 21.1)	503,674	463,770
Insurance	174,918	169,470
Traveling	15,344	12,675
Repairs and maintenance	48,575	56,658
Purchased services (note 21.2)	26,487	23,241
Legal and professional services	14,367	17,798
Stores and spares consumed	40,623	52,102
Security	42,490	33,635
Communication and other office expenses	56,329	85,111
	9,209,292	10,888,779

21.1 Salaries, wages and staff welfare include Rs. 30,397 (2015: Rs. 23,465) 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.

22. ADMINISTRATIVE EXPENSES

	2016	2015
	Rupees	
Salaries, wages and staff welfare (note 22.1)	96,704	94,927
Legal and professional services	18,445	21,551
Purchased services (note 22.2)	13,029	11,736
Communication and other office expenses	25,178	19,771
Contributions for corporate social responsibilities(note 22.2)	21,848	19,738
Depreciation (notes 4.1.3)	1,541	4,821
Amortisation (note 5.1)	1,665	1,347
Traveling	5,070	5,585
Auditors' remuneration (note 22.3)	4,536	2,210
	188,016	181,686

22.1 Salaries, wages and staff welfare include Rs. 7,281 (2015: Rs. 4,803) in respect of staff retirement benefits.

22.2 This includes Rs. 9,200 (2015: Rs. 8,000) paid to Engro Foundation and Rs. 9,490 (2015: Rs. 7,813) paid to Engro Corporation Limited for reimbursement of salaries of Engro Corporation Limited employees rendering services to Engro Foundation.

22.3 Auditors' remuneration

	2016	2015
	Rupees	
Fee for:		
- annual statutory audit	500	375
- half yearly review	150	100
- other assurance services	1,281	600
- taxation services	2,365	750
- audit of retirement benefit funds	-	200
- review of compliance with the Code of Corporate Governance	40	40
Reimbursement of expenses	200	145
	4,536	2,210

(Amounts in thousand)

23. OTHER EXPENSES

	2016	2015
	Rupees	
Reclassification of hedge to profit or loss	3,802	3,042
Provision for impairment (note 4.1.2)	-	47,335
	3,802	50,377

24. OTHER INCOME

	2016	2015
	Rupees	
Financial assets:		
Gain on redemption of investments	-	248
Exchange gain	-	40
Non financial assets:	98,736	-
Insurance claim	25	6,762
Gain on disposal of property, plant and equipment	98,761	7,050

25. FINANCE COST

	2016	2015
	Rupees	
Interest / markup on:		
- long term borrowing	297,023	311,567
- short term borrowings	113,455	153,485
Financial / bank charges (note 25.2)	103,952	172,305
	514,430	637,357
Less:		
Interest income on bank deposits	(2,119)	(2,409)
Delayed payment charges - overdue trade debts	(151,223)	(193,456)
	361,088	441,492

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

25.2 Includes interest of Rs. 154 (2015: Rs. 154) on payments due to Workers' profits participation fund.

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

	2016	2015
	Rupees	
Provision for :		
- Workers' profits participation fund (note 17.2)	89,417	89,913
- Workers' welfare fund (notes 17.3 and 26.2)	-	35,965
	89,417	125,878
Recoverable from NTDC	(89,417)	(125,878)
	-	-

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 During the year, the Honorable Supreme Court through order dated November 10, 2016 has annulled the amendments made in the Workers' welfare fund Ordinance 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 is applicable, under which exempt income, i.e. income from power supply operations is not subject to Workers' welfare fund. Accordingly, no provision for WWF has been made for the current year, however, provisions in respect of prior periods, made under Federal Workers' welfare fund Ordinance have been retained as the income tax authorities have filed a review petition against the aforementioned order during the year.

(Amounts in thousand)

	2016 Rupees	2015 Rupees
27. TAXATION - current		
For the year	657	771

27.1 Represents tax at the rate of 31% (2015: 32%) on bank profits as per the requirments of Income Tax Ordinance 2001.

28. EARNINGS PER SHARE

	2016	2015
There is no dilutive effect on the basic earnings per share of the Company, which is based on:	Rupees	
Profit for the year	1,787,688	1,797,488
	Number of shares	
Weighted average number of ordinary shares (in thousand)	323,800	323,800
	Rupees	
Earnings per share - basic and diluted	5.52	5.55

29. RETIREMENT AND OTHER SERVICE BENEFITS OBLIGATIONS

29.1 Defined benefit plan

The latest actuarial valuation of the defined benefit plans in respect of funded defined benefit gratuity fund was carried out as at December 31, 2016, using the Projected Unit Credit Method. Details of the defined benefit plan are as follows:

	2016 Rupees	2015 Rupees
29.1.1 Balance sheet reconciliation		
Present value of defined benefit obligation	5,399	4,325
Fair value of plan assets	(2,327)	(2,438)
Deficit	3,072	1,887
Receivable from other Engro group companies	(580)	(882)
Net liability at end of the year	2,492	1,005
29.1.2 Movement in net liability recognised		
Net liability at beginning of the year	1,005	2,796
Expense recognised	852	550
Net contribution paid	(1,005)	(2,237)
Re-measurements recognised in Other Comprehensive Income	1,640	(104)
Net liability at end of the year	2,492	1,005

(Amounts in thousand)

	2016 Rupees	2015 Rupees
29.1.3 Cost charged for the year		
Current service cost	701	399
Net interest cost	151	151
	852	550
29.1.4 Remeasurements recognised in Other Comprehensive Income (OCI)		
On defined benefit obligation	239	138
On fair value of plan assets	1,401	(242)
Total re-measurement loss / (gain) recognised in OCI	1,640	(104)

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

	2016 %	2015 %
Discount rate	11	10
Expected per annum rate of return on plan assets	13	12
Expected per annum rate of increase in future salaries	11	12

	2016 Rupees	2015 Rupees
29.1.6 Actual return on plan assets	285	151

29.1.7 Expected future cost for the year ending December 31, 2017 is Rs. 1,121.

29.2 Defined contribution plan

29.2.1 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, 2016 and audited financial statements for the year ended June 30, 2015:

	June 30, 2016 Rupees	June 30, 2015 Rupees
Size of the fund - Total assets	3,205,658	3,063,502
Cost of the investments made	2,800,793	2,333,996
Percentage of investments made	94%	89%
Fair value of investments	3,015,866	2,736,879

(Amounts in thousand)

The breakup of investments is as follows:

	2016		2015	
	Rupees	%	Rupees	%
National savings scheme	790,505	26	223,037	8
Government securities	702,336	23	1,045,090	38
Listed securities and Unit trusts	927,211	31	1,164,311	43
Balances with banks in savings account	595,815	20	304,441	11
	3,015,867	100	2,736,879	100

29.2.2 During the year, the Company has made contribution of Rs. 56,431 (2015: Rs. 45,067) to the defined contribution plan i.e. Provident Fund maintained and operated by intermediary Holding Company - Engro Corporation Limited (note 2.17.1).

29.2.3 Investment out of Provident Fund have been made in accordance with the provisions of section 227 of the Oridnance.

30. CASH GENERATED FROM OPERATIONS

	2016	2015
	Rupees	
Profit before taxation	1,788,345	1,798,259
Adjustment for non-cash charges and other items:		
- Depreciation (note 4.1.3)	725,539	716,610
- Amortisation (note 5.1)	8,101	6,217
- Provision for impairment against operating assets	-	47,335
- Provisions	208,383	-
- Gain on disposal of property, plant and equipment (note 24)	(25)	(6,762)
- Reclassification of hedge to profit and loss (note 23)	3,802	3,042
- Finance cost	418,600	473,174
Working capital changes (note 30.1)	(824,266)	(163,868)
	2,328,479	2,874,007

30.1 Working capital changes

	2016	2015
	Rupees	
Decrease / (Increase) in current assets:		
Inventories	(16,749)	(56,373)
Trade debts	(1,136,517)	(567,506)
Loans, advances, deposits, prepayments and other receivables - net	93,514	(18,411)
	(1,059,752)	(642,290)
Increase in current liabilities:		
Trade and other payables	235,486	478,422
	(824,266)	(163,868)

31. CASH AND CASH EQUIVALENTS

	2016	2015
Balances with banks (note 12)	39,623	14,153
Short term investments (note 10)	50,000	50,000
Short term running finance (note 18)	(2,919,000)	(2,136,842)
	(2,829,377)	(2,072,689)

(Amounts in thousand)

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2016			2015		
	Directors		Executives	Directors		Executives
	Chief Executive	Others		Chief Executive	Others	
	Rupees					
Managerial remuneration	16,595	-	288,932	16,445	-	258,237
Contribution for staff retirement benefits	2,596	-	18,575	2,247	-	17,745
Bonus	4,962	-	34,217	5,896	-	36,311
Other benefits	50	-	2,894	185		2,852
Fees	-	1,900	-	-	1,950	-
Total	24,203	1,900	344,618	24,773	1,950	315,145
Number of persons, including those who worked part of the year	1	7	93	2	7	85

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

33. FINANCIAL INSTRUMENTS BY CATEGORY

33.1 Financial assets as per balance sheet

	2016	2015
	Rupees	
- 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	1,528,618	1,605,747
Trade debts	3,896,828	2,760,311
Balances with banks	39,623	14,153
	5,517,560	4,432,702

(Amounts in thousand)

33.2 Financial liabilities as per balance sheet

	2016 Rupees	2015 Rupees
- Financial liabilities measured at amortised cost		
Borrowings	9,322,000	10,182,496
Trade and other payables	1,826,661	1,605,316
Accrued interest/mark-up	24,708	35,165
	11,173,369	11,822,977

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.

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, 2016.

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:

	2016 Rupees	2015 Rupees
Short term investment	50,000	50,000
Trade debts	3,896,828	2,282,433
Long term deposits	2,491	2,491
Loans ,deposits and other receivables	570,589	565,580
Balances with banks	39,623	14,153
	4,559,531	2,914,657

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

Name of bank/ financial institutions	Rating agency	Rating Short term	Rating Long term
Allied Bank Limited	PACRA	A1+	AA+
Bank of Punjab	PACRA	A1+	AA-
NIB Bank	PACRA	A1+	AA-
Soneri Bank Limited	PACRA	A1+	AA-

c) Liquidity risk

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

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

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

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

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.

The proportion of debt to equity at the year end was:	2016	2015
	Rupees	
Total borrowings (notes 16 and 18)	9,322,000	10,182,496
Less: Balances with banks (note 12)	39,623	14,153
Net Debt	9,282,377	10,168,343
Total Equity	8,454,652	7,488,770
Total Capital	17,737,029	17,657,113
Gearing ratio	0.52	0.58

35. NUMBER OF EMPLOYEES

	Number of employees		Average number of employees	
	2016	2015	2016	2015
Management employees	71	76	74	73
Non- management employees	45	46	46	44
	116	122	120	117

36. CAPACITY AND PRODUCTION	2016	2015
	(MWh)	
Maximum generation possible	1,881,005	1,855,782
Declared capacity billed	1,886,110	1,850,050
Net electrical output	1,264,667	1,424,015

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 Engro Corporation Limited, 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:

Nature of relationship	Nature of transactions	2016	2015
		Rupees	
Holding Company			
	Purchase of services	102,780	70,283
	Services rendered	202,510	77,798
Associated undertakings			
	Purchase of services	95,462	65,747
	Services rendered	38,692	43,922
Key management personnel			
	Managerial remuneration, including bonus	70,582	73,472
	Retirement benefit schemes	7,434	6,275
Staff retirement benefits	Managed and operated by the Company		
	- Gratuity fund	1,005	2,237
	Managed and operated by Engro Corporation Limited		
	- Provident fund	55,809	45,067
	- Gratuity fund	14,730	11,481
	- Pension fund	3,147	2,403

38. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on February 06, 2017 has proposed a final cash dividend of Rs. 1.5 per share for the year ended December 31, 2016 amounting to Rs. 485,700 for approval of the members at the Annual General Meeting to be held on March 20, 2017.

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 06, 2017 by the Board of Directors of the Company.

Ghias Khan	Jahangir Piracha
Chairman	Chief Executive Officer

annexures

glossary

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

proxy form

I/We____
of____________________________ being a member of ENGRO POWERGEN QADIRPUR LIMITED and holder of ____________________
(Number of Shares)

Ordinary shares as per share Register Folio No. ____________________ and/or CDC Participant I.D. No. ________________ and Sub Account No. ____________, hereby appoint ____________________ of ____________________
or failing him ________________ of ____________________
____________________ as my proxy to vote for me and on my behalf at the annual general meeting of the Company to be held on the 20th day of March, 2017 and at any adjournment thereof.

Signed this ____________ day of ______ 2017

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., Shahra-e-Faisal
KARACHI.
E-mail: info.shares@famco.com.pk
Telephone No. (9221) 3438 0101-5, 3438 4621-3

Dated: ________________

Dear Sirs,

Subject: Request for Hard Copy of Annual Report 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 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 by filling out the details below and sending it to the Company's share registrar and Company Secretary.

I, ______________________________ S/o, D/o, W/o ______________________ being a registered shareholder of Engro Powergen Qadirpur Ltd. with the particulars as mentioned below would request that my 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 me the Annual Audited Accounts in hard copy form at my registered address as contained in the member register instead of providing the same through CD/DVD/USB.

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

Yours Truly,

____
Shareholder's Signature

Copy to:
Ms. Schaane Ansari
Company Secretary
Engro Powergen Qadirpur Ltd.
8th Floor, The Harbour Front, Dolmen City,
HC-3, Block 4, Clifton, Karachi-75600.
E-mail: skamil@engro.com

electronic transmission consent form

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

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

Electronic Transmission Consent Form

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

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

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

____
Signature of Member/Shareholder

Date: ____________________

request for video conferencing facility form

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

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

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

____
Signature of Member/Shareholder

Date: ______________________

ویڈیو کانفرنسنگ کی سہولت کے فارم کی درخواست

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

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

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

دستخط رکن / شیئر ہولڈر

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

بورڈ کے اجلاس اور حاضری

2016ء میں، بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے

ڈائریکٹرز حاضری ریکارڈ مندرجہ ذیل ہے

ڈائریکٹرز کے نام	اجلاسوں کی تعداد جن میں شرکت کی
جناب سید خالد سراج سبحانی[1]	5
محترمہ عالیہ یوسف[2]	4
جناب غیاث الدین خان	-
جناب جہانگیر پراچہ	5
جناب جاوید اکبر	5
جناب روحیل محمد	5
جناب شبیر ہاشمی	4
جناب شاہد حامد پراچہ	2
جناب وقار زکریا	5

[1] ۳۰ نومبر ۲۰۱۶ کو بورڈ آف ڈائریکٹرز سے استعفیٰ دے دیا

[2] ۹ دسمبر ۲۰۱۶ کو بورڈ آف ڈائریکٹرز میں منتخب ہوئے

سال 2016ء کے دوران بورڈ آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے، ڈائریکٹرز کی حاضری کا ریکارڈ مندرجہ ذیل ہے۔

ڈائریکٹرز کے نام	اجلاس کی تعداد جن میں شرکت کی
جناب جاوید اکبر[1]	1
محترمہ عالیہ یوسف	3
جناب شبیر ہاشمی	4
جناب شاہد حامد پراچہ[1]	3

[1] بورڈ آڈٹ کمیٹی کی 17 اکتوبر، 2016 کو تشکیل نو کر دی گئی۔ جس میں جناب شاہد حامد پراچہ نے جناب جاوید اکبر کی زمہ داریاں سنبھالی جبکہ جناب جاوید اکبر بورڈ آڈٹ کمیٹی کے چیئر مین مقرر کئے گئے

2016ء میں بورڈ معاوضہ کمیٹی کے دو اجلاس منعقد کئے گئے، ڈائریکٹرز کا حاضری ریکارڈ مندرجہ ذیل ہے:

ڈائریکٹرز کے نام	اجلاس کی تعداد جن میں شرکت کی
جناب خالد سراج سبحانی[2]	2
محترمہ عالیہ یوسف[1]	1
جناب جاوید اکبر[1]	1
جناب وقار زکریا	2

[1] بورڈ معاوضہ کمیٹی کی 21 اکتوبر، 2016 کو تشکیل نو کر دی گئی۔ جس میں جناب جاوید اکبر نے محترمہ عالیہ یوسف کی زمہ داریاں سنبھالی

[2] جناب خالد سراج سبحانی نے 30 نومبر 2016ء کو استعفیٰ دے دیا۔ اب بورڈ معاوضہ کمیٹی کی تشکیل نو کی جائے گی اور ایک نیا چیئر مین مقرر کیا جائے گا

جہانگیر پراچہ
چیف ایگزیکٹو آفیسر

غیاث خان
چیئر مین

پراکسی فارم

میں/ہم -- کے --

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

رجسٹر کا فولیو نمبر ---------- اور/ یا سی ڈی سی فولیو کا آئی ڈی نمبر ------------------------ اور ذیلی اکاؤنٹ نمبر ------------------، ------------ کے

-- یا -- کے --

کو کمپنی کے سالانہ عام اجلاس جو 20 مارچ 2017ء کو منعقد ہوگا، میں میرے/ہمارے لئے اور میری/ہماری طرف سے بحثیت اپنا پراکسی، ووٹ دینے کے لئے نامزد کرتا ہوں/کرتے ہیں۔

دستخط ---------------------------- بروز ------------ بتاریخ ------- / ----------- 2017ء

گواہان:

- دستخط : --
  نام : --
  پتہ : --

  کمپیوٹرائزڈ قومی شناختی کارڈ نمبر : ----------------------------
  پاسپورٹ نمبر : ----------------------------------

- دستخط : --
  نام : --
  پتہ : --

  کمپیوٹرائزڈ قومی شناختی کارڈ نمبر : ----------------------------
  پاسپورٹ نمبر : ----------------------------------

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

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

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

حصہ بنایا۔ہم مختلف عقائد، کلچر اور پس منظر کے لوگوں کو اپنا حصہ بنانے پر یقین رکھتے ہیں یہی وجہ ہے کہ ہم نے خواتین کی تعداد بڑھانے میں خاطر خواہ کامیابی حاصل کی ہے۔اس کے علاوہ ہماری پالیسی ہے کہ ہم معذور افراد (پی ڈبلیو ڈی) کی صلاحیتوں سے استعفادہ حاصل کریں اور اُنہیں بھی ترقی کرنے کے مواقع فراہم کریں۔

سال 2016ء کے دوران کمپنی نے اپنے ملازمین کی ڈولپمنٹ کے لئے کئی تربیتی پروگرام کا انعقاد کیا۔کمپنی مینجمنٹ بخوبی واقف ہے کہ عمدہ معاوضے پر بہترین ٹیلنٹ کو اپنی ٹیم کا حصہ تو بنایا جاسکتا ہے تاہم انہیں اپنا مسلسل حصہ بنائے رکھنے کے لئے مزید کئی اقدامات کی ضرورت ہوتی ہے۔اس کے لئے کمپنی نے ڈسکاونٹ ریٹ پر ہاوس فنانسنگ اور کار لیزنگ، ٹیکس ریٹرن سروسز، فٹنس اور دیگر کلب کی ممبر شپ جیسی متعدد اسکیموں کا اجراء کیا ہے۔

اس سال کمپنی نے اپنا پہلا ایمپلائی ویلنس ڈرائیو کا آغاز کیا ہے جس کا مقصد ملازمین کی جسمانی صحت، ذہنی صحت روحانی صحت اور سماجی بہتری کو یقینی بنانا ہے۔گلوبل سینٹر برائے ہیلتھ ورک پلیس کی جانب سے ہماری اس ڈرائیو کو سٹرٹفکیٹ دیا گیا ہے۔

صحت حفاظت اور ماحولیات

ہم سمجھتے ہیں کہ مناسب حفاظتی اقدامات کے بغیر ہمارے ملازمین اور ہمارے آپریشنز دونوں خطرے میں رہیں گے اس وجہ سے، ہم اپنے ملازمین کو کام کرنے کا محفوظ ماحول فراہم کرنے کی اپنی ذمہ داریوں سے آگاہ ہیں بالخصوص مینوفیکچرنگ شعبے میں۔ ہماری صحت حفاظت اور ماحولیات میں بے مثال کارکردگی کے پیچھے ہماری بھاری سرمایہ کاری ہے جس کی وجہ سے اب آرگنائزیشن میں ہر سطح پر صحت اور حفاظت کو مانیٹر کیا جاتا ہے اور برقرار رکھا جاتا ہے۔

اینگرو پاورجن مطلوبہ لاگو معیار سے آگے نکلنے کے لئے مصروف عمل ہے اور صحت اور حفاظت کے حوالے سے مزید سخت پالیسیاں اختیار کرنا چاہتی ہے ان میں وہ بھی شامل ہیں جو اوکیوپشنل ہیلتھ اینڈ سیفٹی ایڈمنسٹریشن امریکہ اور ڈیوپونٹ ورک پلیس سیفٹی اسٹینڈرڈز نے وضع کئے ہیں۔ ہمیشہ کی طرح ہم نے اِس سال بھی ایچ ایس ای مینجمنٹ سسٹم اور پراسسز کو بین الاقوامی بہترین پریکٹسز کے عین مطابق رکھا ہے۔تیسری پارٹی تمام ایچ ایس ای سسٹمز اور پراسسز باقاعدی سے پرکھتی اور آڈٹ کرتی ہے۔سال کے دوران، ایک تجربہ کار کثیر الشعبہ ٹیم نے تمام اہم آپریشنز کے لئے پراسسز ہیزرڈ انالیسز (PHA) کا تفصیلی مطالعہ کیا۔کمپنی نے سیفٹی کے عزم کا اعادہ کرتے ہوئے سال بھر میں بغیر کسی لوسٹ ورک ڈے انجری (LWI) کے 0.81 ملین مین آور مکمل کئے اس طرح کمرشل آپریشنز کے آغاز سے اب تک بغیر کسی LWI کے 5.48 ملین مین آور مکمل کئے جا چکے ہیں۔

زیر جائزہ سال 2016ء کے دوران ایس جی ایس پاکستان پرائیویٹ لمیٹڈ نے کمپنی میں ISO-140001 اور OHSAS-180001 پر عمل درآمد پرکھنے کے لئے نگران آڈٹ کیا۔کمپنی کے تمام آپریشنز اور معاملات سرٹیفکٹس کے عین مطابق پائے گئے۔ہم مسلسل مائع فضلہ کے اخراج کی نگرانی کرتے ہیں اور یقینی بناتے ہیں کہ ہم مطلوبہ حد میں آپریٹ کریں۔اس سال کے دوران ماحولیاتی تحفظ ایجنسی (EPA) نے کمپنی کے مائع فُضلہ کے اخراج کی جانچ پڑتال سہ ماہی بنیادوں پر کی اور نتائج کو اطمینان بخش پایا۔EPQL کا صدر دفتر ڈبلیو ڈبلیو ایف (WWF) کی جانب سے پہلے ہی گرین آفس قرار دیا جاچکا ہے۔

نیشنل پروڈکٹیوٹی آرگنائزیشن (NPO) وزارت برائے صنعت حکومتِ پاکستان نے اینگرو پاورجن قادرپور لمیٹڈ کو 5S سرٹیفیکیشن سے نوازا۔

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ٹوٹل ریکارڈایبل انجری ریٹ (ٹی۔آر۔آئی۔آر)

مستقبل قریب کا منظر نامہ

قادر پور میں کمپنی کے پلانٹ کو 2017ء میں بھی گیس کی سپلائی بلاتعطل جاری رہے گی۔حال ہی میں حکومت نے آئی پی پیز کو دی جانے والی گیس کی قیمت تقریباً 35 فیصد سے کم کرنے کا فیصلہ کیا ہے اس کے ساتھ ساتھ تیل کی عالمی قیمتوں میں حالیہ اضافہ گیس سے چلتے پاور پلانٹس کو کم پیداواری لاگت، بہتر کارکردگی اور بہتر ماحولیاتی پیرامیٹرز کی بنیاد پر میرٹ آرڈر میں بہتری لانے میں مددگار ہوگا۔

اس کے ساتھ ساتھ گرڈ کی اپ گریڈیشن سے ہم مستقبل میں بجلی کے خریدار کی طرف سے زیادہ ڈسپیچ کی توقع رکھتے ہیں۔جیسا کہ اوپر بھی بیان کیا گیا ہے سال 2016ء میں سرکلر ڈیٹ میں بہتری کے باوجود حکومت آئی پی پیز کو واجب ادا سود نہیں دے پائی ہے جو ایک تشویش ناک امر ہے۔

ہم یقین رکھتے ہیں کہ مسئلے کی بنیادی وجہ سے نمٹنے کے لئے کسی ٹھوس اقدامات کی غیر موجودگی میں مستقبل قریب میں انڈسٹری کی پیش قدمی کی راہ میں گردشی قرضہ بدستور ایک چیلنج بنا رہے گا۔پیش قدمی کے دوران کمپنی بدستور پلانٹ اور آلات کے قابل اعتماد ہونے اور کارکردگی میں بہتری کے دیگر اقدامات پر اپنی توجہ مرکوز رکھے گی، تا کہ تمام مفاد یافتگان (Stakeholders) کے فائدے کے لئے نیشنل گرڈ کو بجلی کی بلاتعطل سپلائی یقینی بنائی جا سکے۔

کلیدی حصہ داری اور فروخت کئے گئے حصص

31 دسمبر 2016ء کو کمپنی کی سب سے بڑی شیئر ہولڈر اینگرو پاورجن لمیٹڈ ہے۔شیئر ہولڈنگ کے عمومی نقشے اور شیئر ہولڈرس کے مخصوص طبقوں کی شیئر ہولڈنگ کے خاکے کے ہمراہ جن کی معلومات رپورٹنگ فریم ورک کے تحت درکار ہے، جن میں ایک گوشوارہ، ازواج اور چھوٹے بچوں کی طرف سے شیئرز کی خرید و فروخت کے گوشوارے اس رپورٹ کے آخر میں دکھائے گئے ہیں۔

آڈیٹرز

موجودہ آڈیٹرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاونٹینٹس ریٹائر ہوچکے ہیں اور اہل ہونے کی بنیاد پر خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔بورڈ کی آڈٹ کمیٹی 31 دسمبر، 2017ء کو ختم ہونے والے سال کے لئے ان کی باحیثیت آڈیٹر تقرری کی سفارش کرتی ہے۔

ڈیوڈنڈ

سال کے دوران، کمپنی نے 8 اگست 2016ء کو 1.50 روپے فی شیئر کے عبوری ڈیویڈنڈ کا اعلان کیا ہے اور 6 فروری 2017 کو حتمی ڈیوڈنڈ 1.5 روپے فی شیئر کا اعلان کیا۔اس طرح سال 2016ء کا کُل ڈیوڈنڈ 3 روپے فی شیئر رہا۔

PKR 3.0

2016ء کا ڈیوڈنڈ فی شیئر

ریٹائرمنٹ بینفٹ فنڈز

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

مذکورہ بالا تمام فنڈز ٹیکس اتھارٹیز کی طرف سے منظور شدہ ہیں۔EPQL DB گریجویٹی فنڈ کی تازہ ترین ایکچوریل تخمینہ کاری 31 دسمبر 2016ء کو کی گئی اور 31 دسمبر 2015ء تک کے مالیاتی گوشوارے آڈٹ کئے جا چکے ہیں۔جہاں تک اینگرو کارپوریشن پروویڈنٹ فنڈ اور اینگرو کارپوریشن گریجویٹی فنڈز کا تعلق ہے، بالترتیب 30 جون 2016ء اور 31 دسمبر 2015ء کے لئے آڈٹ شدہ حسابات دستیاب ہیں۔

	اینگرو کارپوریشن پروویڈنٹ فنڈ ملین روپے	اینگرو کارپوریشن گریجویٹی فنڈز ملین روپے	ای پی کیو ایل ڈی بی گریجویٹی فنڈ ملین روپے
آڈٹ شدہ تا	30-Jun-16	31-Dec-15	31-Dec-15
گزشتہ آڈٹ شدہ مالیاتی گوشواروں کے مطابق خالص اثاثے	3,206	1,032	8
نیشنل سیونگ اسکیمز	791	434	-
گورنمنٹ سیکیورٹیز	702	461	-
لسٹڈ سیکیورٹیز	927	228	-
بنکوں کے پاس بیلنس	596	27	10
دیگر	190	(118)	2
واجب الادا	-	-	(4)
کُل	3,206	1,032	8

ڈائریکٹرز کی ذمہ داریوں کا اعلامیہ

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

۱۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے منصفانہ طور پر اس کے معاملات کی صورت حال، سرگرمیوں کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیاں پیش کرتے ہیں۔
۲۔ کمپنی کے اکاؤنٹس کے درست کھاتے مینٹین رکھے گئے ہیں۔
۳۔ مالیاتی گوشواروں کی تیاری میں مسقلاً مناسب اکاؤنٹنگ پالیسیز کا اطلاق کیا گیا ہے اور حسابات کے گوشوارے مناسب عاقلانہ فیصلے پر مبنی ہیں۔
۴۔ مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فائنانشل رپورٹنگ اسٹینڈرڈز جیسا کہ پاکستان میں قابل اطلاق ہیں کی پیروی کی گئی اور ان سے کسی گریز کے راستے مناسب طور پر بند کئے گئے ہیں۔
۵۔ نظام کے داخلی کنٹرول کی ساخت محفوظ ہے اور اس کا موثر اطلاق اور نگرانی کی گئی ہے۔
۶۔ بطور ایک چلتے ادارے کمپنی کے کاروبار جاری رکھنے کی اہلیت پر کوئی قابل ذکر خدشات نہیں ہیں۔
۷۔ کارپوریٹ گورننس کی بہترین روایات سے کسی قسم کا مادی گریز نہیں کیا گیا ہے جیسے کہ لسٹنگ ریگولیشن میں تفصیلات شامل ہیں۔
۱۰۔ چھ ڈائریکٹرز نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس کی طرف سے منعقدہ ڈائریکٹرز ٹریننگ کورس میں شرکت کی ہے ڈائریکٹرز میں سے ایک ڈائریکٹر ٹریننگ کورس لینے سے مستثنی ہیں باقی ایک ڈائریکٹر نے اس سال کے کورس میں شرکت کرنی ہے جو سرٹیفکیشن کے لئے ضروری ہے۔

اینگرو پاور جن قادر پور لمیٹڈ
ڈائریکٹرز کا جائزہ برائے اختتامِ سال 31 دسمبر 2016ء

کمپنی کے ڈائریکٹرز 31 دسمبر 2016ء تک کے سالانہ آڈٹ شدہ مالیاتی گوشوارے، ڈائریکٹرز رپورٹ اور کمپنی کی سال بھر کی کارکردگی پیش کرنے پر مسرت محسوس کرتے ہیں۔

مرکزی سرگرمی

اینگرو پاور جن قادر پور لمیٹڈ (EPQL) کو بجلی کی پیداوار اور فروخت کا کاروبار کرنے کے بنیادی مقصد کے تحت قائم کیا گیا تھا۔ اس کے لئے کمپنی نے ضلع گھوٹکی، سندھ قادر پور میں 217.3 میگاواٹ کا کمبائنڈ سائیکل پاور پلانٹ قائم کیا اور 27 مارچ 2010ء کو تجارتی سرگرمیوں کا آغاز کر دیا۔ یہ منصوبہ اس وجہ سے منفرد ہے کیونکہ یہ رساؤ والی (Permeate) گیس (کم BTU اور گندھک کی وافر مقدار والی گیس) جسے پہلے ضائع اور شعلے کی نذر کر دیا جاتا تھا، شدت سے درکار بجلی میں تبدیل کرتا ہے۔ ایندھن کے اس منفرد استعمال کی بدولت اینگرو پاور جن قادر پور لمیٹڈ کا شمار ملک کے سب سے کم موقع جاتی لاگت (Opportunity Cost) والے تھرمل پاور پلانٹس میں ہوتا ہے۔ پیدا کردہ بجلی 26 اکتوبر 2007ء کو دستخط شدہ اس پاور پرچیز ایگریمنٹ (PPA) کے تحت نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی (NTDC) کو منتقل کر دی جاتی ہے جو تجارتی سرگرمیوں کے آغاز کی تاریخ سے 25 سال کی مدت کے لئے کارآمد ہے۔ یہ کمپنی اینگرو پاورجن لمیٹڈ (EPL) کا ذیلی ادارہ ہے جو کمپنی میں تقریباً 69 فیصد کی شرح سے اکثریتی حصص کی مالک ہے۔ کمپنی پاکستان اسٹاک ایکسچینج میں 2014ء میں لسٹڈ ہوئی۔

مارکیٹ کا جائزہ

پاکستان کے پاور سیکٹر میں اس وقت اہم تبدیلیاں رونما ہو رہی ہیں۔ حکومت پاکستان ترجیحی بنیادوں پر توانائی کے اس بحران پر قابو پانے کے لئے کوشاں ہے کیونکہ توانائی کا یہ بحران ملک کی سماجی و اقتصادی ترقی پر منفی طور پر اثر انداز ہو رہا ہے۔ موجودہ 6000-5000 میگاواٹ کے بجلی کے طلب و رسد کے خسارے کو پورا کرنے اور مستقبل میں توانائی کی اضافی طلب کے پیش نظر حکومت پاکستان شمالی پنجاب میں ترجیحی بنیادوں پر آر ایل این جی منصوبے اور سندھ میں کوئلے سے بجلی پیدا کرنے والے منصوبوں پر کام کر رہی ہے۔ یہ توقع کی جا رہی ہے کہ ان بجلی کے منصوبوں میں زیادہ تر اگلے دو سے تین سال میں آن لائن آ جائیں گے۔ ایک اور اہم چیلنج موجودہ انفرا اسٹرکچر کو اضافی بجلی کی ترسیل کیلئے اپ گریڈ کرنا ہے۔ اس چیلنج سے نبرد آزما ہونے کے لئے NTDC موجودہ ٹرانسمیشن کے نیٹ ورک کو اپ گریڈ کرنے کے علاوہ نئے سرکٹس بھی متعارف کروا رہی ہے۔

گردشی قرضے

گردشی قرضے توانائی کے سیکٹر میں ایک مستقل مسئلہ ہے جو توانائی پیدا کرنے والے آئی پی پیز (IPPs) کے لئے تشویش کا باعث بن رہا ہے تاہم حکومت پاکستان نے اس ضمن میں خاطر خواہ اقدامات کئے ہیں جس سے آئی پی پیز کو ورکنگ کیپیٹل لیکوئیڈیٹی کے مسئلے میں کافی حد تک بہتری ہوئی ہے۔ زیر جائزہ مدت کے دوران گزشتہ سالوں کے مقابلے گردشی قرضوں میں تیل کی عالمی قیمتوں میں کمی کی بدولت بھی کمی دیکھی گئی جس سے تیل سے چلنے والے آئی پی پیز کو فائدہ پہنچا۔ جہاں آئی پی پیز کے پرانے واجب الادا کی ادائیگی کے حوالے سے حکومت نے کئی اقدامات لئے وہیں متعدد وعدوں کے باوجود واجب الادا کی ادائیگی میں کوئی بہتری دیکھنے میں نہیں آئی۔ گردشی قرضے کے بڑھنے کی ایک وجہ مہنگا جنریشن مکس اور ٹرانسمیشن و ڈسٹری بیوشن لاسز ہیں۔ خدشہ ہے کہ عالمی سطح پر تیل کی قیمتوں میں مسلسل اتار چڑھاؤ کی وجہ سے گردشی قرضہ حکومت اور انرجی سیکٹر کے لئے چیلنج بنا رہے گا اس لئے ضرورت اس امر کی ہے کہ اس ضمن میں پالیسی کی سطح پر ٹھوس اقدامات اٹھائے جائیں۔

آپریشنل جائزہ

کمپنی نے 2016ء میں، 100.3 فیصد کی شرح سے قابل وصول دستیابی (billable availability) کا مظاہرہ کیا جبکہ اس کے مقابلے میں گزشتہ سال یہ شرح 99.7 فیصد تھی۔ اس نے مجموعی طور پر 1,265 GWh خالص پیدا شدہ بجلی نیشنل گرڈ کو بھیج کر 67.2 فیصد لوڈ فیکٹر کا مظاہرہ کیا جبکہ اس کے مقابلے میں گزشتہ سال یہ شرح 76.7 فیصد تھی۔ لوڈ فیکٹر میں کمی کی بنیادی وجہ بجلی کے خریدار کے گرڈ کی گنجائش سے جڑے معاملات تھے۔ 21 جنوری 2016 کو NTDC کے آٹو ٹرانسفارمر میں آگ لگ گئی تھی اور یہ آپریشنل نہ رہا۔ جس کی وجہ سے بجلی کی تقسیم کا عمل پورے ریجن میں متاثر ہوا جہاں ہمارا پلانٹ آپریٹ کرتا ہے۔ پلانٹ اس واقعہ کے بعد سے پیش تیار (اسٹینڈ بائی) موڈ پر رکھا گیا تاہم کمپنی کپیسٹی پرچیز پیمنٹ (CPP) کی وصولی کا پورا حق رکھتی تھی کیونکہ اس تمام عرصے میں پلانٹ خریدار کو بجلی کی ترسیل کرنے کے لیے تیار رہا۔ ٹرانسفارمر کی مرمت کا کام اپریل 2016 تک مکمل ہو گیا اور اس کے فوراً بعد ہمارے پلانٹ سے 29 اپریل 2016ء سے بجلی کی رسد دوبارہ شروع کر دی۔ کمپنی نے ایچ ایس ای کے معیار (صحت، سیفٹی اور ماحولیات) کے ساتھ اعلیٰ سطح کی وابستگی کو برقرار رکھا ہے۔ زیر جائزہ مدت کے دوران کل ریکارڈ چوٹ کی شرح (TRIR) صفر رہا۔

100.3%

2016ء میں قابل وصول دستیابی کی شرح

مالیاتی کارکردگی

زیر جائزہ مدت کے دوران فروخت آمدن 11,452 ملین روپے ریکارڈ کی گئی۔ گزشتہ مالیاتی سال میں کمپنی کی فروخت آمدن 13,354 ملین روپے تھی۔ فروخت آمدنی میں کمی کی بنیادی وجہ لوڈ فیکٹر میں کمی تھی جس کی وجہ اوپر بیان کی گئی ہے۔ اسی مدت کے دوران مجموعی نفع 2,243 ملین روپے رہا جبکہ پچھلے سال کمپنی کا مجموعی نفع 2,465 ملین روپے تھا۔ چونکہ اس عرصے میں پلانٹ زیادہ وقت پیش تیار موڈ پر رہا اس لیے ہم لوڈ فیکٹر کی وجہ سے آپریشن اور دیکھ بھال کی مد میں آنے والے اخراجات بھی کم رہے۔ کمپنی کی دیگر آمدن میں انشورنس آمدن شامل ہے جو سیٹلمنٹ کی مد میں کمپنی کو وصول ہوئی۔ یہ آمدن 15-2014ء میں کمپنی کی کاروباری سرگرمیوں میں نقصان اور مرمت کے اخراجات کے عوض حاصل ہوئی۔ رننگ فائنانس کی کم لاگت اور فیول سپلائرز کو وقت پر ادائیگیوں کی بدولت فنانشل لاگت کو کم کرنے میں مدد ملی۔ فنانشل اخراجات زیر جائزہ مالی سال میں پچھلے سال کی لاگت 442 ملین روپے کے مقابلہ میں گھٹ کر 361 ملین روپے رہ گئے۔ سال کے دوران دو بڑے قرض دہندگان اداروں کو ان کے قرض کی مد میں واجب قسط 18.6 ملین ڈالر ادا کی گئی۔ جس کی بنا پر اب بیرونی قرضہ جات 61 ملین ڈالر رہ گئے ہیں۔ کمپنی نے اپنے منصوبے کے لئے 144 ملین ڈالر فنانسنگ حاصل کی تھی۔

31 دسمبر 2016ء تک این ٹی ڈی سی سے اوور ڈیوز وصولی 2,353 ملین روپے رہی جس کے مقابلے 31 دسمبر 2015ء پر اوور ڈیوز وصولی 1,691 ملین روپے تھی۔ اسی طرح SNGPL کو اوور ڈیو واجب ادائیگی 31 دسمبر 2016ء پر 597 ملین روپے رہی جبکہ 31 دسمبر 2015ء پر اوور ڈیوز واجب ادائیگی 583 ملین روپے تھی۔

زیر جائزہ مالیاتی سال میں کمپنی کا نیٹ منافع پچھلے سال کے منافع 1,798 ملین روپے سے گھٹ کر 1,788 ملین ہو گیا۔ جس کے نتیجے میں فی شیئر آمدنی 2016ء میں 5.52 روپے رہا جبکہ پچھلے سال فی شیئر آمدنی 5.55 روپے تھی۔

PKR 5.52

2016 میں فی شیئر آمدنی

گیس کی صورت حال

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

سماجی سرمایہ کاری

اپنے قیام سے ہی اینگرو پاور جن قادر پور نے میزبان کمیونٹیز کی 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 پروگراموں 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۔ سماجی سرمایہ کاری کی وجہ سے ہمیں قادر پور اور آس پاس کے دیہاتوں کی ضروریات کو سمجھنے میں مدد ملی اور پھر کمپنی نے خاص پروگرام وضع کئے۔

سال بھر ہماری توجہ مقامی آبادیوں میں ہنرمند افرادی قوت پیدا کرنے پر مرکوز رہی۔ ٹیکنکل ٹریننگ کالج جو ڈھرکی میں قائم کیا گیا ہے اسی سلسلے کی ایک کڑی ہے۔ TTC کیمیکل اور مکینکل ٹیکنالوجیز میں 3 سالہ ایسوسی ایٹڈ انجینئرنگ ڈپلومہ کے ساتھ ساتھ کئی مختصر مدتی ووکیشنل ٹریننگ پروگرام کا بھی انعقاد کرتا ہے تاکہ مقامی نوجوان انڈسٹری میں ہنرمند انسانی وسائل کی مطلوبہ طلب پوری کر سکیں۔

زیر جائزہ سال 2016ء میں 405 نوجوان ایسوسی ایٹڈ انجینئرنگ ڈپلومہ میں شامل ہوئے جبکہ اِسی سال 61 نوجوانوں نے ڈپلومہ پاس کیا۔ اب تک 165 نوجوان ڈپلومہ مکمل کر چکے ہیں ان میں سے 68 فارغ التحصیل برسرِ روزگار ہیں جن میں سے 70 فیصد کو اینگرو نے اپنی ٹیم کا حصہ بنایا ہے۔ نوجوانوں کو کروائے جانے والے ووکیشنل ٹریننگ کورسز میں سے 23 کورسز کو نیشنل ووکیشنل اینڈ ٹیکنکل ٹریننگ کمیشن، بینظیر بھٹو شہید یوتھ ڈولپمنٹ پروگرام اور انڈس ریسورس سینٹر نے اسپانسر کیا ہے۔

مقامی آبادی کو نوجوانوں میں انٹرپرینیورشپ کو فروغ دینے کے لئے 2015ء میں انکیوبیشن پارک قائم کیا گیا۔ فی الحال اس میں 9 فارغ التحصیل اب خود مختار کاروباری بن گئے ہیں، وہ چار لاکھ روپے کے کانٹریکٹ پر کام کر رہے ہیں۔

تعلیمی سرگرمیاں

مالی سال 2016ء کے دوران اینگرو کے زیرِ سایہ اسکولوں میں بچوں کی تعداد میں 15 فیصد کی نمو دیکھی گئی۔ زیر جائزہ سال میں بچوں کی تعداد 1,681 ریکارڈ کی گئی جبکہ سال 2015 میں 1,461 بچے اسکول میں رجسٹرڈ تھے۔ اس اہم کامیابی کی وجہ انفرا اسٹرکچر میں بہتری اور کمپیوٹر لیبارٹری کا قیام ہے۔ زیادہ خوش آئند بات بچیوں کی اسکول میں رجسٹریشن ہے جن کی تعداد میں 39 فیصد اضافہ ہوا جبکہ پچھلے سال 32 فیصد طالبات اسکول میں داخل ہوئیں تھیں۔ مقامی آبادی کے ساتھ تعلقات بہتر کرنے کی ہماری کاوشوں کی بدولت اسکول چھوڑنے والے بچوں میں نمایاں کمی دیکھی گئی۔ گزشتہ سال 5 فیصد بچوں نے مختلف وجوہات کی بناہ پر اسکول چھوڑ دیا تھا تاہم اِس سال 4 فیصد بچوں نے اسکول آنا چھوڑا جو یقیناً ایک توجہ طلب مسئلہ ہے لیکن اعداد و شمار میں معمولی مثبت تبدیلی بھی قابل تحسین ہے۔

مالی سال 2016ء کے دوران سیکنڈری تعلیم میں داخلے کی شرح میں بھی بہتری دیکھی گئی۔ سال 2015ء میں 72 فیصد بچوں نے سیکنڈری تعلیم میں داخلہ لیا جبکہ زیر جائزہ سال 2016ء میں 91 فیصد بچوں نے پرائمری کے بعد سیکنڈری میں داخلہ لیا۔

صحت عامہ کے حوالے سے لئے گئے اقدامات

قادر پور کے علاقے میں بسنے والے مقامی لوگوں کو علاج و معالجہ کی سہولیات فراہم کرنے کے لئے کمپنی نے ضلع گھوٹکی میں الشفاء آئی ٹرسٹ کے اشتراک سے سالانہ آئی کیمپ کا انعقاد کیا جہاں علاقے کے ہزاروں مریض شفایاب ہوئے۔ اس کے علاوہ EPQL نے گھوٹکی سندھ شہداء فاؤنڈیشن کے تحت تقریباً 35 خاندانوں کو مدد فراہم کرنے کے لئے ضلعی انتظامیہ کا بھرپور ساتھ دیا۔ مقامی آبادی میں سب سے اہم ذریعہ معاش مویشیوں کی دیکھ بھال اور انہیں پالنا ہے۔ اس امر کو مدنظر رکھتے ہوئے کمپنی نے مویشیوں کے لئے مفت حفاظتی ادویات کی فراہمی کی مہم چلائی جس سے 1700 سے زائد پالتو مویشی مستفید ہوئے۔

این وژن ایک ایمپلائی وولنٹیر پروگرام ہے جو ملازمین کو سماجی خدمت کے مواقع دیتا ہے تاکہ سماج میں بہتری ہو سکے۔ کمپنی کے وہ تمام ملازمین جو کراچی اور قادر پور میں کام کرتے ہیں، انہوں نے سماجی بہتری کے متعدد کاموں میں 671 گھنٹے صرف کئے۔

گلوبل ہیلتھی ورک پلیس سرٹیفیکیشن

ہمارے لوگ

کسی کمپنی کو کامیاب بنانے میں سب سے کلیدی کردار ملازمین کا ہوتا 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 مسلسل اضافے کے لئے بھی کمپنی متعدد اقدامات لیتی رہتی ہے۔ یہ ہماری صلاحیت ہے جو ہم نے کمپنی کے اندر ایک ایسے کلچر کو فروغ دیا ہے جہاں پروفیشنلزم اور ایکسیلنس اپنی جگہ خود بناتی ہیں۔ 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۔

کمپنی آفسز کا ماحول دوستانہ اور پروفیشنل ہے اور اس کو قائم رکھنے کے لئے ہم نے تنوع ورک فورس کو اپنی ٹیم کا

* نیپرا اسٹیٹ آف انڈسٹری رپورٹ 2015ء