



engro powergen qadirpur

# energy for pakistan

Financial Statements for the  
Quarter ended March 31, 2019





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## COMPANY INFORMATION

<b>Board of Directors</b>	Ahsan Zafar Syed - Chairman Shahab Qader - Chief Executive Officer Aliya Yusuf Hasnain Moochhala Javed Akbar Mohsin Ali Mangi Shabbir Hashmi Shahid Hamid Pracha Vaqar Zakaria
<b>Board Audit Committee</b>	Javed Akbar - Chairperson Shabbir Hashmi Aliya Yusuf
<b>Company Secretary</b>	Khawaja Haider Abbas
<b>Chief Financial Officer</b>	Rabia Wafah Khan
<b>Corporate Audit Manager</b>	Syed Zaib Zaman Shah
<b>Bankers / Development Finance Institution (DFI)</b>	Albaraka Bank Ltd. Allied Bank Ltd. Bank Alfalah Ltd. Faysal Bank Ltd. Habibsons Bank Ltd. London National Bank of Pakistan MCB Bank Ltd. Pak Kuwait Investment Company (Pvt) Ltd. Soneri Bank Ltd. The Bank of Punjab
<b>Auditors</b>	A.F. Ferguson & Co., Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road Karachi-74000, Pakistan Tel: +92 (21) 32426682-5 / 32426711-5 Fax: +92 (21) 32415007 / 32427938
<b>Registered Office</b>	16th Floor, The Harbor Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi-75600, Pakistan UAN: +92 (21) 111-211-211 PABX: +92 (21) 35297875-84
<b>Plant</b>	Engro Powergen Qadirpur Plant Site Deh Belo Sanghari Taluka, District Ghotki, Sindh
<b>Share Registrar</b>	FAMCO Associates (Private) Limited 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahra-e-Faisal, Karachi, Pakistan Tel: +92 (21) 34380101 - 5 Fax: +92 (21) 34380106
<b>Website</b>	<a href="http://www.engroenergy.com">www.engroenergy.com</a>







engro powergen qadirpur

**DIRECTORS' REVIEW AND  
CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2019**



**ENGRO POWERGEN QADIRPUR LIMITED  
DIRECTORS' REVIEW TO THE SHAREHOLDERS  
ON UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED MARCH 31, 2019**

The Directors of Engro Powergen Qadirpur Limited (EPQL) are pleased to present the unaudited financial information and a review of the Company's performance for the quarter ended March 31, 2019.

**Operating Performance**

The EPQL Plant demonstrated a billable availability factor of 99.8% in the current quarter compared to 100.0% in the same period last year. It dispatched a total Net Electrical Output (NEO) of 313 GwH to the national grid with a load factor of 67% compared to 89% in Q1 2018. The decline in load factor this quarter was primarily on account of lower offtake from the Power Purchaser due to prolonged winter this year coupled with excess available capacity in the system.

The Company maintained its high level of commitment towards Health, Safety & Environment (HSE) standards.

**Financial Performance**

Sales revenue for the period was PKR 3,299 Mn compared to PKR 2,843 Mn in the same period last year. The increase in sales revenue is mainly attributable to higher gas prices in Q1 2019 with a corresponding increase in the cost of generation.

Gross profit for the period stood at PKR 792 Mn as compared to PKR 761 Mn in the same period last year. This increase in gross profit is primarily on account of better absorption of operational & maintenance costs due to higher indexation this quarter vs the same period last year. Net finance cost for the period stood at PKR 41 Mn vs PKR 40 Mn in Q1 2018.

Overdue receivable from NTDC stood at PKR 5,727 Mn as on March 31, 2019 vs PKR 6,133 Mn as on December 31, 2018. Similarly overdue payable to SNGPL on March 31, 2018 was PKR 3,683 Mn vs PKR 3,605 Mn as on December 31, 2018.

The Company earned a net profit of PKR 713 Mn in Q1, 2019 as compared to PKR 669 Mn in Q1, 2018. Earnings per share remained at PKR 2.20 as compared to PKR 2.07 for the same period last year. Although the profitability remains robust; however, considering the buildup of overdue receivables which is negatively impacting the available liquidity, it is prudent not to pay out dividend at this point.

**Near Term Outlook**

As envisaged in the Implementation Agreement, EPQL is now facing gas curtailment from Qadirpur gas field as it depletes and has made its Plant available on mixed mode i.e. comingling of gas and HSD from September 7, 2018 onwards. EPQL has now received the revised gas profile from the Gas Supplier and has subsequently issued the Projected Gas Depletion Notice dated March 7, 2019. Under the Implementation Agreement, once gas curtailment reaches a certain point, EPQL is allowed one-time conversion to an alternate fuel. The cost of this conversion is fully recoverable from the Power Purchaser as per the Implementation Agreement. In the meanwhile, EPQL is entitled to recover full capacity payments while making the Plant available on mixed mode.



**Shahab Qader**  
Chief Executive Officer



**Ahsan Zafar Syed**  
Chairman

Karachi: April 17, 2019

(Amounts in thousand)

**ENGRO POWERGEN QADIRPUR LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2019**

		Unaudited March 31, 2019	Audited December 31, 2018
	Note	Rupees	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	13,519,856	13,664,179
Intangible assets		68,519	70,945
Long term loans and advances		68,326	100,057
Long term deposits		2,574	2,574
		<u>13,659,275</u>	<u>13,837,755</u>
<b>Current assets</b>			
Inventories		893,860	895,149
Trade debts	5	6,981,409	7,601,705
Short term investments	6	50,004	50,004
Loans, advances, deposits and prepayments		86,896	130,540
Other receivables		1,767,443	1,581,560
Taxes recoverable		64,605	64,152
Balances with banks	7	20,601	12,740
		<u>9,864,818</u>	<u>10,335,850</u>
		<u>23,524,093</u>	<u>24,173,605</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		3,238,000	3,238,000
Share premium		80,777	80,777
Maintenance reserve		227,182	227,182
Hedging reserve		13,984	14,199
Unappropriated profit		8,685,569	7,972,617
<b>Total Equity</b>		<u>12,245,512</u>	<u>11,532,775</u>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Borrowings	8	769,495	758,568
<b>Current liabilities</b>			
Trade and other payables		5,167,116	5,241,411
Unclaimed dividend		23,840	23,933
Accrued interest / mark-up		88,164	53,892
Short term borrowings	9	2,393,176	3,758,495
Current portion of long term borrowings	8	2,836,790	2,804,531
		<u>10,509,086</u>	<u>11,882,262</u>
<b>Total Liabilities</b>		<u>11,278,581</u>	<u>12,640,830</u>
<b>Contingencies and Commitments</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>23,524,093</u>	<u>24,173,605</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



**Rabia Wafah Khan**  
Chief Financial Officer



**Shahab Qader**  
Chief Executive Officer



**Ahsan Zafar Syed**  
Chairman

(Amounts in thousand except for earnings per share)

**ENGRO POWERGEN QADIRPUR LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	Note	Quarter ended	
		March 31, 2019	March 31, 2018
		Rupees	
Sales	11	3,298,774	2,842,773
Cost of sales		(2,507,265)	(2,081,572)
<b>Gross profit</b>		791,509	761,201
Administrative expenses		(21,859)	(31,638)
Other expenses		(13,671)	(20,503)
Other income		257	-
<b>Profit from operations</b>		756,236	709,060
Finance cost		(41,026)	(39,878)
Workers' profits participation fund and Workers' welfare fund	12	-	-
<b>Profit before taxation</b>		715,210	669,182
Taxation		(2,258)	(93)
<b>Profit for the period</b>		712,952	669,089
<b>Earnings per share</b> - basic and diluted	13	2.20	2.07

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



**Rabia Wafah Khan**  
Chief Financial Officer



**Shahab Qader**  
Chief Executive Officer



**Ahsan Zafar Syed**  
Chairman



(Amounts in thousand)

**ENGRO POWERGEN QADIRPUR LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	Quarter ended	
	March 31, 2019	March 31, 2018
	Rupees	
<b>Profit for the period</b>	712,952	669,089
<b>Other comprehensive income / (loss) :</b>		
Item that may be reclassified subsequently to profit or loss:		
- Hedging reserve - income for the period	-	18,300
- Less: Transfers to profit or loss	(215)	407
	(215)	18,707
<b>Total comprehensive income for the period</b>	<u>712,737</u>	<u>687,796</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



**Rabia Wafah Khan**  
Chief Financial Officer



**Shahab Qader**  
Chief Executive Officer



**Ahsan Zafar Syed**  
Chairman



(Amounts in thousand)

**ENGRO POWERGEN QADIRPUR LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	Reserves					Total
	Capital		Revenue			
	Share capital	Share premium	Maintenance reserve	Unappropriated profit	Hedging reserve	
Rupees						
<b>Balance as at January 1, 2018 (Audited)</b>	3,238,000	80,777	227,182	6,316,404	(49,606)	9,812,757
Total comprehensive income for the three months ended March 31, 2018	-	-	-	669,089	18,707	687,796
<b>Transactions with owners</b>						
Final dividend for the year ended December 31, 2017 @ Rs. 1.50 per share	-	-	-	(485,700)	-	(485,700)
<b>Balance as at March 31, 2018 (Unaudited)</b>	<u>3,238,000</u>	<u>80,777</u>	<u>227,182</u>	<u>6,499,793</u>	<u>(30,899)</u>	<u>10,014,853</u>
Total comprehensive income for the nine months ended December 31, 2018	-	-	-	1,958,524	45,098	2,003,622
<b>Transactions with owners</b>						
1st interim dividend for the year ended December 31, 2018 @ Rs. 1.50 per share	-	-	-	(485,700)	-	(485,700)
<b>Balance as at December 31, 2018 (Audited)</b>	<u>3,238,000</u>	<u>80,777</u>	<u>227,182</u>	<u>7,972,617</u>	<u>14,199</u>	<u>11,532,775</u>
Total comprehensive income for the three months ended March 31, 2019	-	-	-	712,952	(215)	712,737
<b>Balance as at March 31, 2019 (Unaudited)</b>	<u>3,238,000</u>	<u>80,777</u>	<u>227,182</u>	<u>8,685,569</u>	<u>13,984</u>	<u>12,245,512</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



**Rabia Wafah Khan**  
Chief Financial Officer



**Shahab Qader**  
Chief Executive Officer



**Ahsan Zafar Syed**  
Chairman



(Amounts in thousand)


**ENGRO POWERGEN QADIRPUR LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	Note	Quarter ended	
		March 31, 2019	March 31, 2018
		Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	14	1,446,431	941,251
Taxes paid		(2,711)	(972)
Finance income received		8,066	301
Long term loans, advances and deposits - net		37,903	5,356
Net cash generated from operating activities		1,489,689	945,936
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(9,505)	(37,020)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance cost paid		(107,004)	(49,425)
Net increase in cash and cash equivalents		1,373,180	859,491
Cash and cash equivalents at beginning of the period		(3,695,751)	(3,151,263)
Cash and cash equivalents at end of the period	15	<u>(2,322,571)</u>	<u>(2,291,772)</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



**Rabia Wafah Khan**  
Chief Financial Officer



**Shahab Qader**  
Chief Executive Officer



**Ahsan Zafar Syed**  
Chairman





**ENGRO POWERGEN QADIRPUR LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019**

**1. LEGAL STATUS AND OPERATIONS**

- 1.1 Engro Powergen Qadirpur Limited (the Company), is a public listed company, incorporated in Pakistan, under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), and its shares are quoted on the Pakistan Stock Exchange Limited. The Company is a subsidiary of Engro Energy Limited, which is a wholly owned subsidiary of Engro Corporation Limited. Engro Corporation Limited is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Company's registered office is located at 16th floor, Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme No. 5, Clifton, Karachi.
- 1.2 The Company was established with the primary objective to undertake the business of power generation and sale. The Company owns a 217.3 MW combined cycle power plant located in District of Ghotki, Sindh and commenced commercial operations therefrom on March 27, 2010. The electricity generated is transmitted to the National Transmission and Despatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007. This PPA is for a period of 25 years.

**2. BASIS OF PREPARATION**

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard 34, 'Interim Financial Reporting', (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
  - Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2018.

The preparation of these condensed interim financial statements in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty are the same as those that were applied to the financial statements for the year ended December 31, 2018.



## 2.2 Initial application of standards, amendments or an interpretation to existing standards.

### (a) Standards, interpretations and amendments to published approved accounting and reporting standards that became effective during the period

The following accounting standards became effective during the period as applicable in Pakistan for the first time for the period ended March 31, 2019 and are relevant to the Company.

#### **IFRS 9 - 'Financial instruments'**

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

However, Securities and Exchange Commission of Pakistan through its S.R.O. No. 229 (1)/2019 dated February 14, 2019 has deferred application of the aforementioned standard. Accordingly, these condensed interim financial statements do not include the impacts of the aforementioned changes.

#### **IFRS 15 - 'Revenue from contracts with customers'**

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

The Company is engaged in the business of power generation and sale. Sales to National Transmission and Despatch Company (NTDC), the sole customer of the Company, are governed by the Power Purchase Agreement. The Company has assessed that the performance obligations in the contract with the customer are the following:

- Making Capacity available to NTDC; and
- Delivering Net Electrical Output (NEO) to NTDC.

The Company has concluded that the impact of this standard is immaterial on the condensed interim financial statements.

#### **IFRS 16 - 'Leases'**

This standard requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The standard replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease' and related interpretations.



As the Company was exempted from the application of IAS 17 and IFRIC 4 through S.R.O 24 (I) 2012, Securities and Exchange Commission of Pakistan is currently in the process of deliberating the exemption of this standard. Accordingly, these condensed interim financial statements do not include the impacts of the aforementioned standard.

### 3. ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements for the year ended December 31, 2018, except for the following:

#### Revenue Recognition

The Company recognises revenue when the following performance obligations are satisfied:

- 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.

- 3.2 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

	<b>Unaudited March 31, 2019</b>	<b>Audited December 31, 2018</b>
	Rupees	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets, at net book value (notes 4.1 and 4.2)	13,190,298	13,322,804
Capital work-in-progress	40,714	34,601
Capital spares	288,844	306,774
	<u>13,519,856</u>	<u>13,664,179</u>

- 4.1 Major additions to operating assets during the period / year were as follows:

	<b>Rate of depreciation (%)</b>	<b>Unaudited March 31, 2019</b>	<b>Audited December 31, 2018</b>
		Rupees	
Plant & machinery - including capitalisation of exchange loss / (gain)	4 - 16	61,237	1,134,280
Leasehold land	-	-	26,938
Buildings & civil works	2.5 - 8	2,444	63,010
Furniture, fixtures and equipment	15 - 25	-	19,264
		<u>63,681</u>	<u>1,243,492</u>

- 4.2 During the period, assets costing Nil (December 31, 2018: Rs. 5,612), having net book value of Nil (December 31, 2018: Rs. 4,856) were written-off.



(Amounts in thousand)

	<b>Unaudited March 31, 2019</b>	<b>Audited December 31, 2018</b>
	<b>Rupees</b>	

## 5. TRADE DEBTS - Secured

Considered good	6,981,409	7,601,705
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5.1 Trade debts, including delayed payment charges, are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and as such are considered good.

5.2 Trade debts include:

- Rs. 2,425,785 (December 31, 2018: Rs. 2,636,879) which are neither past due nor impaired; and
- Rs. 4,555,624 (December 31, 2018: Rs. 4,964,826) which are overdue but not impaired. The overdue receivables carry mark-up at the rate of KIBOR plus 4.5% per annum. The ageing of overdue receivables is as follows:

	<b>Unaudited March 31, 2019</b>	<b>Audited December 31, 2018</b>
	<b>Rupees</b>	
- Upto 3 months	3,876,482	2,829,697
- 3 to 6 months	679,142	2,135,129
	<u>4,555,624</u>	<u>4,964,826</u>

## 6. SHORT TERM INVESTMENTS

### - Held to maturity

Investments have been made in conventional Treasury Bills. The rate of mark-up on this investment is 10.70% (December 31, 2018: 10.28%) per annum.

	<b>Unaudited March 31, 2019</b>	<b>Audited December 31, 2018</b>
	<b>Rupees</b>	

## 7. BALANCES WITH BANKS

Current accounts:

- Local currency	9,278	2,357
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Deposit accounts:

- Foreign currency (note 7.1)	3,800	3,757
- Local currency (note 7.2)	7,523	6,626
	<u>20,601</u>	<u>12,740</u>

7.1 Foreign currency deposits carry return at the rate of 0.1% (December 31, 2018: 0.1%) per annum.

7.2 Local currency deposits carry return at the rate of 8.75% (December 31, 2018: 8%) per annum.

7.3 The Company maintains its bank balances under the conventional banking terms only.



(Amounts in thousand)

	<b>Unaudited March 31, 2019</b>	<b>Audited December 31, 2018</b>
	<b>Rupees</b>	
<b>8. BORROWINGS - Secured</b>		
Long term borrowings	3,606,285	3,563,099
Less: Current portion shown under current liabilities	<u>2,836,790</u>	<u>2,804,531</u>
	<u>769,495</u>	<u>758,568</u>

- 8.1 The Company entered into a financing agreement with a consortium comprising of international financial institutions amounting to USD 144,000. The finance carries markup at the rate of six months LIBOR plus 3% payable semi-annually over a period of twelve years. The principal is repayable in twenty semi-annual instalments commencing from December 15, 2010. As at March 31, 2019, the outstanding balance of the borrowing was USD 25,722 (December 31, 2018: USD 25,722).

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 10.

#### 9. SHORT TERM BORROWINGS

The available facilities under these mark-up arrangements aggregate to Rs. 4,500,000 (December 31, 2018: Rs. 4,500,000). The facilities carry mark-up at the rate of 3 - 6 month KIBOR plus 0.0% - 0.5% (December 31, 2018: 3 - 6 month KIBOR plus 0.0% - 0.5%). 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, equipment 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.

	<b>Unaudited March 31, 2019</b>	<b>Audited December 31, 2018</b>
	<b>Rupees</b>	
<b>10. CONTINGENCIES AND COMMITMENTS</b>		
Contingent liabilities - Guarantee in favour of Sui Northern Gas Pipelines Limited in accordance with the terms of Gas Supply Agreement (GSA)	<u>2,496,126</u>	<u>2,496,126</u>
Commitments in respect of :		
- letter of credit in favour of senior lenders (note 8.1)	1,128,638	1,115,804
- others	<u>19,324</u>	<u>148,105</u>
	<u>1,147,962</u>	<u>1,263,909</u>



(Amounts in thousand)

	Unaudited	
	Quarter ended	Quarter ended
	March 31,	March 31,
	2019	2018
	Rupees	
<b>11. SALES</b>		
Capacity purchase price	1,142,229	928,448
Energy purchase price (note 11.1)	2,156,545	1,914,325
	<u>3,298,774</u>	<u>2,842,773</u>

11.1 Energy purchase price is net of sales tax of Rs. 366,613 (2018: Rs. 325,435) for current period's sales invoices.

	Unaudited	
	Quarter ended	Quarter ended
	March 31,	March 31,
	2019	2018
	Rupees	
<b>12. WORKERS' PROFITS PARTICIPATION FUND AND WORKERS' WELFARE FUND</b>		
Provision for		
- Workers' profits participation fund	35,648	33,459
- Workers' welfare fund	-	-
	35,648	33,459
Less:		
Recoverable from CPPA	(35,648)	(33,459)
	<u>-</u>	<u>-</u>

12.1 The Company is required to pay 5% of its profit to the Workers' profits participation fund. However, such payment will not effect the Company's overall profitability as this is recoverable from Central Power Purchasing Agency Guarantee Limited (CPPA) as a pass through item under Schedule I Part IV of the Power Purchase Agreement (PPA).

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



(Amounts in thousand except for earnings per share)

### 13. EARNINGS PER SHARE

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

	Unaudited Quarter ended	
	March 31, 2019	March 31, 2018
	Rupees	
Profit for the period	712,952	669,089
	Number of Shares	
Weighted average number of ordinary shares (In thousand)	323,800	323,800
	Rupees	
Earnings per share - basic and diluted	2.20	2.07

### 14. CASH GENERATED FROM OPERATIONS

	Unaudited Quarter ended	
	March 31, 2019	March 31, 2018
	Rupees	
Profit before taxation	715,210	669,182
Adjustment for non-cash charges and other items:		
- Depreciation	194,985	187,980
- Amortisation	2,426	2,454
- Provisions	4,932	27,000
- Reclassification of cash flow hedge to profit or loss	(215)	407
- Amortisation of transaction cost	2,031	2,031
- Finance income	(8,066)	(301)
- Finance cost	141,276	99,600
Working capital changes (note 14.1)	393,852	(47,102)
	<u>1,446,431</u>	<u>941,251</u>

#### 14.1 Working capital changes

Decrease / (Increase) in current assets:

Inventories	1,289	(11,271)
Trade debts	620,296	(336,108)
Other receivables	(185,883)	26,001
Loans, advances, deposits and prepayments	37,470	(159,992)
	473,172	(481,370)
(Decrease) / Increase in current liabilities:		
Trade and other payables	(79,320)	434,268
	<u>393,852</u>	<u>(47,102)</u>



(Amounts in thousand)

	Unaudited Quarter ended	
	March 31, 2019	March 31, 2018
	Rupees	
<b>15. CASH AND CASH EQUIVALENTS</b>		
Balances with banks	20,601	10,575
Short term borrowings	(2,393,176)	(2,352,347)
Short term investments	50,004	50,000
	<u>(2,322,571)</u>	<u>(2,291,772)</u>

**16. FINANCIAL MANAGEMENT AND FINANCIAL INSTRUMENTS****16.1 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.

There have been no changes in the risk management policies during the period, consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

**16.2 Fair value estimation**

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

**17. TRANSACTIONS WITH RELATED PARTIES**

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

Nature of relationship	Nature of transactions	Unaudited Quarter ended	
		March 31, 2019	March 31, 2018
		Rupees	
<b>Holding Company</b>	Purchase of services	22,596	32,127
	Services rendered	16,230	11,785
	Contribution for Corporate Social Responsibility (CSR) activities	2,775	-
<b>Associated undertakings</b>	Purchase of services	359	15,923
	Services rendered	68,578	4,837
	Operation and maintenance fee	236,454	-
<b>Key management personnel</b>	Managerial remuneration, including bonuses	6,015	8,340
	Contribution / Charge for retirement benefit schemes	457	693
<b>Staff retirement benefits</b>	Managed and operated by Engro Corporation Limited		
	- Gratuity fund	3,303	3,737
	- Provident fund	9,088	11,252
	- Pension fund	-	245



**18. CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual financial statements of preceding financial year, whereas the condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary. Following major reclassification has been made during the period:

Description	Reclassified		Amount (Rupees)
	From	To	
Legal and professional services	Cost of sales	Other expenses	7,080
Legal and professional services	Administrative expenses	Other expenses	9,132
Contributions for corporate social responsibility	Administrative expenses	Other expenses	3,884
Other receivables	Loans, advances, deposits, prepayments and other receivables	Other receivables	1,581,560

**19. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on April 17, 2019 by the Board of Directors of the Company.



**Rabia Wafah Khan**  
Chief Financial Officer



**Shahab Qader**  
Chief Executive Officer



**Ahsan Zafar Syed**  
Chairman



31 دسمبر 2018 کو 6133 ملین روپے کے مقابلے میں 31 مارچ 2019 کو NTDC سے زائد المیعا قابل وصول اثاثہ جات 5727 ملین روپے رہے، اسی طرح سوئی ناردرن گیس پائپ لائن سے زائد المیعا قابل وصول اثاثہ جات 31 مارچ 2019 کو 3683 ملین روپے رہے جہاں 31 دسمبر 2018 کو یہ رقم 3605 ملین روپے تھی۔

کمپنی نے 2019 کی پہلی سہ ماہی میں 713 ملین روپے کا مجموعی منافع حاصل کیا جہاں 2018 کی پہلی سہ ماہی 669 ملین روپے کا منافع ہوا تھا۔ گزشتہ سال اسی دورانیے میں فی شیئر آمدن 2.07 روپے کے مقابلے میں اس سال فی شیئر آمدن 2.20 روپے پر برقرار رہی۔ اگرچہ منافع بخشی اچھی رہی ہے تاہم زائد المیعا اثاثہ جات کے انبار لگ جانے کی وجہ سے، جو روپے کی دستیابی پر منفی طور پر اثر انداز ہوتا ہے، اس موقع پر ڈیویڈنڈ ادا نہ کرنا بہتر ہوگا۔

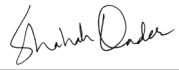
### قریب مدتی منظر نامہ

جیسا کہ عملدرآمد کے معاہدے میں تصور کیا گیا تھا، اینگر کو قادر پور گیس فیلڈ سے گیس کی کمی کا سامنا ہے کیونکہ یہ ختم ہوتا جا رہا ہے اور اپنے پلانٹ کی مکسڈ موڈ جس میں گیس کی ملاوٹ اور 7 ستمبر 2018 کے بعد HSD شامل ہے، پر دستیابی یقینی بنائی۔

EPQL کو گیس سپلائرز سے نظر ثانی شدہ گیس پروفائل مل گئی ہے اور 7 مارچ 2019 کو فوری طور پر گیس کی ممکنہ کمی کا نوٹس جاری کر دیا تھا۔ اس معاہدے پر عملدرآمد کے تحت ایک مرتبہ گیس میں کمی ایک طے شدہ حد تک پہنچ جائے تو EPQL کو ایک مرتبہ کسی متبادل ایندھن میں منتقلی کی اجازت ہوگی۔ اس کی منتقلی پر لگنے والی رقم عملدرآمد کے معاہدے کے تحت توانائی کے خریداروں سے واپس حاصل کی جاسکے گی۔ اس عرصے میں EPQL کو یہ اختیار ہوگا کہ وہ مکسڈ موڈ پر پلانٹ کی دستیابی یقینی بناتے ہوئے capacity payments کو مکمل طور پر برآمد کر سکے گی۔



چیرمین  
احسان ظفر سید



چیف ایگزیکٹو  
شہاب قادر

17 اپریل، 2019۔



## اینٹروپاورجن قادرپور لمیٹڈ حصص یافتگان کے لیے ڈائریکٹرز کا تبصرہ 31 مارچ 2019 کو اختتام پذیر ہونے والی سہ ماہی

اینٹروپاورجن قادرپور پرائیویٹ لمیٹڈ (EPQL) کے ڈائریکٹرز 31 مارچ 2019 کو ختم ہونے والی سہ ماہی کے لیے غیر آڈٹ شدہ مالیاتی معلومات اور کمپنی کی کارکردگی کا جائزہ پیش کرتے ہوئے انتہائی خوشی محسوس کرتے ہیں۔

### آپریٹنگ کارکردگی

اینٹروپاورجن قادرپور لمیٹڈ نے گزشتہ سال اسی دورانیے میں 100 فیصد کے مقابلے میں رواں سہ ماہی میں 99.8 فیصد billable availability کا عنصر دیکھا گیا۔ اس سے 313 GWh کا مجموعی نیٹ الیکٹریکل آؤٹ پٹ (Net Electrical Output) (NEO) نیشنل گرڈ میں شامل کیا گیا جس میں لوڈ کا عنصر 67 فیصد رہا جہاں 2018 کی پہلی سہ ماہی میں یہ 89 فیصد رہا تھا۔ اس سہ ماہی میں لوڈ کے عنصر میں کمی کی وجہ رواں سال طویل موسم سرما کے سبب توانائی کے خریداروں کی جانب سے خریداری میں کمی اور سسٹم میں اضافی دستیابی جیسے عوامل شامل تھے۔

کمپنی نے اعلیٰ معیار کو برقرار رکھتے ہوئے صحت، حفاظت اور ماحول کے معیارات کو برقرار رکھا۔

### مالیاتی کارکردگی

اس عرصے میں سیلرز ریونیو 3299 ملین روپے رہا جہاں اس کے مقابلے میں گزشتہ سال کی اسی سہ ماہی میں 2843 ملین روپے رہا تھا۔ سیلرز ریونیو میں اضافہ 2019 کی پہلی سہ ماہی میں گیس کی قیمتوں میں اضافے اور توانائی کی پیداوار کی بڑھتی ہوئی لاگت کے سبب ہوا۔

گزشتہ سال اسی دورانیے میں 761 ملین روپے کے مجموعی منافع کے مقابلے میں رواں سال اسی دورانیے میں 792 ملین روپے کا مجموعی منافع رہا۔ مجموعی منافع میں اس اضافے کی بنیادی وجہ گزشتہ سال کے مقابلے میں رواں سہ ماہی کے دوران بڑے پیمانے کی اشاریہ سازی (Indexation) کے نتیجے میں آپریشنل اور مرمتی لاگت کے بہتر انجذاب کے نتیجے میں ممکن ہو سکی۔ اس عرصے میں مجموعی مالیاتی قیمت 41 ملین روپے رہی جو 2018 کی پہلی سہ ماہی میں 40 ملین روپے رہی تھی۔





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