



engro powergen qadirpur

power to you

Financial Information for the Quarter  
and Nine Months ended September 30, 2016



## CONTENTS

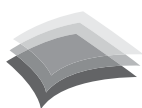
|  |    |
|--|----|
| Company Information  | 02 |
| Directors' Review on Unaudited Condensed Interim Financial Information           | 04 |
| Unaudited Condensed Interim Financial Information                                | 05 |
| Directors' Review on Unaudited Condensed Interim Financial Information (in Urdu) | 19 |



## COMPANY INFORMATION

|  |   |
|--|---|
| <b>Board of Directors</b>                                  | Khalid Siraj Subhani - Chairman<br>Jahangir Piracha - Chief Executive Officer<br>Aliya Yusuf<br>Javed Akbar<br>Ruhail Mohammad<br>Shabbir Hashmi<br>Shahid Hamid Pracha<br>Vaqar Zakaria  |
| <b>Board Audit Committee</b>                               | Javed Akbar - Chairperson<br>Shabbir Hashmi<br>Aliya Yusuf  |
| <b>Company Secretary</b>                                   | Schaane Ansari  |
| <b>Chief Financial Officer</b>                             | Farooq Barkat Ali   |
| <b>Corporate Audit Manager</b>                             | Jaseem Ahmed Khan   |
| <b>Bankers / Development<br/>Finance Institution (DFI)</b> | Allied Bank Ltd.<br>Bank Alfalah Ltd.<br>Burj Bank Ltd.<br>Faysal Bank Ltd.<br>Habibsons Bank Ltd. London<br>National Bank of Pakistan<br>NIB Bank Ltd.<br>Pak Kuwait Investment Company (Pvt) Ltd.<br>Soneri Bank Ltd.<br>The Bank of Punjab |
| <b>Auditors</b>  | A.F. Ferguson & Co. Chartered Accountants<br>State Life Building No. 1-C, I.I. Chundrigar Road, Karachi-74000, Pakistan.<br>Telephone: +92(21) 32426682-6 / 32426711-5<br>Fax: +92(21) 32415007 / 32427938                                    |
| <b>Registered Office</b>                                   | 4th Floor, The Harbour Front Building, HC-3, Marine Drive, Block-4, Clifton,<br>Karachi – 75600, Pakistan.<br>UAN: +111-211-211 PABX: +92(21) 35297501-10   |
| <b>Plant</b>   | Engro Powergen Qadirpur Plant Site<br>Deh Belo Sanghari Taluka, District Ghotki, Sindh  |
| <b>Share Registrar</b>                                     | FAMCO Associates (Private) Limited<br>8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S.,<br>Shahra-e-Faisal, Karachi, Pakistan.<br>Tel: +92(21) 34380101-5 Fax: +92(21) 34380106   |
| <b>Website</b>   | <a href="http://www.engropowergen.com">www.engropowergen.com</a>  |





engro powergen qadirpur

**DIRECTORS' REVIEW AND  
CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**



**ENGRO POWERGEN QADIRPUR LIMITED**  
**DIRECTORS' REVIEW TO THE SHAREHOLDERS**  
**ON UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

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 nine months ended September 30, 2016.

**Operating Performance**

During the nine months ended September 30, 2016, the EPQL Plant demonstrated a billable availability factor of 100.2% compared to 99.6% during the same period last year. The Plant supplied a total Net Electrical Output (NEO) of 845 GWh to the national grid with a load factor of 60.2% compared to 73.9% in the same period last year. The decline in load factor was primarily on account of power purchaser's (NTDC's) auto transformer issue which caught fire and went out of operation on January 21, 2016. 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.

The Company maintained its high level of commitment towards HSE (Health, Safety & Environment) standards. The Total Recordable Injury Rate (TRIR) for the period remained zero.

**Financial Performance**

Sales revenue for the period was PKR 8,107 Mn compared to PKR 9,921 Mn in the same period last year. The decrease in sales revenue was mainly attributable to a decline in load factor as explained above with a corresponding decline in the cost of generation.

Despite lower sales volume as mentioned above, the gross profit for the period stood at PKR 1,831 Mn compared to PKR 1,836 Mn in the same period last year. As explained in note 12.2 of condensed interim financial information for the half year ended June 30, 2016, the Company had been assigned a higher average Period Weighting Factor (PWF) of 1.2 on its Capacity Purchase Payments for first half of financial year 2016 as compared to same period last year in which average PWF was 1.0. This arrangement had generated a favorable timing difference of PKR 330 Mn which was reflected in the Company's gross profit for the first half. This was to be reversed in the remaining part of the year which carries an average PWF of 0.8 compared with average PWF of 1.0 for same period last year. Resultantly, the Company's gross profit in the third quarter due to this factor is lower by PKR 288 Mn in the third quarter of 2016. As per the PPA average PWF for a complete year has to be at 1.0. Hence, this does not impact the profitability of the Company on a full year basis.

Other income represents insurance income for settlement of repair expenditure along with business interruption loss suffered by the Company in 2014-15. Lower running finance costs and timely payments to the fuel supplier have helped to decrease the financial cost for the period to PKR 264 Mn compared to PKR 314 Mn for the same period last year.

Overdue receivable from NTDC stood at PKR 1,789 Mn as on September 30, 2016 vs PKR 1,692 Mn as on December 31, 2015. Similarly, overdue payable to SNGPL on September 30, 2016 was PKR 640 Mn vs PKR 583 Mn as on December 31, 2015.

The Company earned a net profit of PKR 1,527 Mn for the nine months ended September 30, 2016 as compared to PKR 1,399 Mn in the same period last year for reasons mentioned above. Resultantly, earnings per share are of PKR 4.72 compared to PKR 4.32 for the same period last year.

**Near term Outlook**

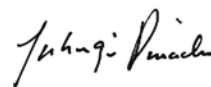
The Company's Plant at Qadirpur would continue to receive uninterrupted supply of permeate gas in 2016. Gas based power plants would continue to be ranked higher on account of their higher efficiencies and environmental parameters. Furthermore, with the rectification of the NTDC's auto transformer issue and up-gradation of power purchaser's grid, we expect to receive uninterrupted dispatch from the power purchaser in Q4 2016.

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



**Khalid Siraj Subhani**  
Chairman

Karachi: October 21, 2016



**Jahangir Piracha**  
Chief Executive Officer




(Amounts in thousand)

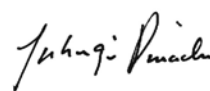
**ENGRO POWERGEN QADIRPUR LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2016**

|   |             | Unaudited<br>September 30,<br>2016 | Audited<br>December 31,<br>2015 |
|---|-------------|------------------------------------|---------------------------------|
|   |             | Rupees                             |                                 |
| <b>ASSETS</b>   | <b>Note</b> |                                    |                                 |
| <b>Non-current assets</b>                                       |             |                                    |                                 |
| Property, plant and equipment                                   | 4           | 13,673,701                         | 14,078,859                      |
| Intangible assets   |             | 80,099                             | 83,381                          |
| Long term deposits  |             | 2,491                              | 2,491                           |
| Long term loans and advances                                    |             | 39,752                             | 34,674                          |
|   |             | <u>13,796,043</u>                  | <u>14,199,405</u>               |
| <b>Current assets</b>   |             |                                    |                                 |
| Inventories   |             | 381,520                            | 382,085                         |
| Stores and spares   |             | 467,144                            | 444,174                         |
| Trade debts   | 5           | 2,978,259                          | 2,760,311                       |
| Short term investments  | 6           | 50,000                             | 50,000                          |
| Loans, advances, deposits, prepayments and other receivables    |             | 1,729,109                          | 1,646,424                       |
| Taxes recoverable   |             | 61,697                             | 55,067                          |
| Balances with banks   | 7           | 45,686                             | 14,153                          |
|   |             | <u>5,713,415</u>                   | <u>5,352,214</u>                |
| <b>TOTAL ASSETS</b>   |             | <u><u>19,509,458</u></u>           | <u><u>19,551,619</u></u>        |
| <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   |             | (69,658)                           | (58,750)                        |
| Unappropriated profit   |             | 4,718,490                          | 4,001,084                       |
| Remeasurement of retirement benefit obligation - Actuarial gain |             | 581                                | 477                             |
| <b>Total equity</b>   |             | <u>8,195,372</u>                   | <u>7,488,770</u>                |
| <b>LIABILITIES</b>  |             |                                    |                                 |
| <b>Non-current liability</b>                                    |             |                                    |                                 |
| Borrowings  | 8           | 5,520,575                          | 6,394,878                       |
| <b>Current liabilities</b>                                      |             |                                    |                                 |
| Creditors, accrued and other liabilities                        |             | 1,961,801                          | 1,840,373                       |
| Provisions  | 9           | 51,193                             | 3,810                           |
| Accrued interest / mark-up                                      |             | 93,714                             | 35,165                          |
| Current portion of long term borrowings                         | 8           | 1,719,288                          | 1,650,776                       |
| Short term borrowings   | 10          | 1,961,924                          | 2,136,842                       |
| Derivative financial instrument                                 |             | 1,240                              | -                               |
| Retirement and other service benefits obligations               |             | 4,351                              | 1,005                           |
|   |             | <u>5,793,511</u>                   | <u>5,667,971</u>                |
| <b>Total Liabilities</b>  |             | <u>11,314,086</u>                  | <u>12,062,849</u>               |
| <b>Contingencies and Commitments</b>                            | 11          |                                    |                                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>                             |             | <u><u>19,509,458</u></u>           | <u><u>19,551,619</u></u>        |

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.



**Khalid Siraj Subhani**  
Chairman



**Jahangir Piracha**  
Chief Executive Officer



(Amounts in thousand except for earnings per share)

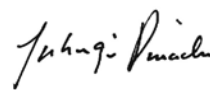
**ENGRO POWERGEN QADIRPUR LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

|  |      | Three months ended    |                       | Nine months ended     |                       |
|--|------|-----------------------|-----------------------|-----------------------|-----------------------|
|  |      | September<br>30, 2016 | September<br>30, 2015 | September<br>30, 2016 | September<br>30, 2015 |
|  | Note | Rupees                |                       |                       |                       |
| Sales  | 12   | 3,391,581             | 3,239,852             | 8,106,199             | 9,920,947             |
| Cost of sales  |      | (2,971,500)           | (2,634,059)           | (6,275,205)           | (8,084,867)           |
| <b>Gross profit</b>  | 12.2 | 420,081               | 605,793               | 1,830,994             | 1,836,080             |
| Administrative expenses  |      | (51,475)              | (47,985)              | (136,515)             | (122,947)             |
| Other expenses   |      | (1,763)               | (656)                 | (2,831)               | (2,090)               |
| Other income   | 13   | -                     | -                     | 99,305                | 1,314                 |
| <b>Profit from operations</b>                                    |      | 366,843               | 557,152               | 1,790,953             | 1,712,357             |
| Finance cost   |      | (84,914)              | (109,248)             | (263,696)             | (313,850)             |
| Workers' profits participation fund<br>and Workers' welfare fund | 14   | -                     | -                     | -                     | -                     |
| <b>Profit before taxation</b>                                    |      | 281,929               | 447,904               | 1,527,257             | 1,398,507             |
| Taxation   |      | -                     | (1)                   | (351)                 | (9)                   |
| <b>Profit for the period</b>                                     |      | 281,929               | 447,903               | 1,526,906             | 1,398,498             |
| <b>Earnings per share - basic and diluted</b>                    | 15   | 0.87                  | 1.38                  | 4.72                  | 4.32                  |

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.



**Khalid Siraj Subhani**  
Chairman



**Jahangir Piracha**  
Chief Executive Officer





(Amounts in thousand)

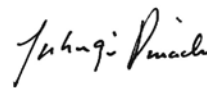
**ENGRO POWERGEN QADIRPUR LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

|  | <u>Three months ended</u>     |                               | <u>Nine months ended</u>      |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | <u>September<br/>30, 2016</u> | <u>September<br/>30, 2015</u> | <u>September<br/>30, 2016</u> | <u>September<br/>30, 2015</u> |
|  | <b>Rupees</b>                 |                               |                               |                               |
| <b>Profit for the period</b>   | 281,929                       | 447,903                       | 1,526,906                     | 1,398,498                     |
| <b>Other comprehensive income / (loss) :</b>                         |                               |                               |                               |                               |
| Items that may be reclassified subsequently<br>to profit and loss:   |                               |                               |                               |                               |
| - Hedging reserve - gain / (loss) for the period                     | (1,240)                       | 666                           | (13,723)                      | (8,131)                       |
| - Less: Transfers to profit and loss                                 | 981                           | 656                           | 2,815                         | 2,090                         |
|  | (259)                         | 1,322                         | (10,908)                      | (6,041)                       |
| <b>Items that will not be reclassified to profit and loss:</b>       |                               |                               |                               |                               |
| - Remeasurement of retirement benefit<br>obligation - Actuarial gain | 52                            | 272                           | 104                           | 272                           |
| <b>Total comprehensive income for the period</b>                     | <u>281,722</u>                | <u>449,497</u>                | <u>1,516,102</u>              | <u>1,392,729</u>              |

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.



**Khalid Siraj Subhani**  
Chairman



**Jahangir Piracha**  
Chief Executive Officer



(Amounts in thousand)

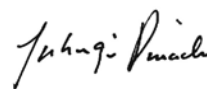
**ENGRO POWERGEN QADIRPUR LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

|   | Reserves      |               |                     |                       |                 |   | Total     |
|---|---------------|---------------|---------------------|-----------------------|-----------------|---|-----------|
|   | Capital       |               |                     | Revenue               |                 |   |           |
|   | Share capital | Share premium | Maintenance reserve | Unappropriated profit | Hedging reserve | Remeasurement of retirement benefit obligation - Actuarial gain |           |
|   | Rupees        |               |                     |                       |                 |   |           |
| Balance as at January 1, 2015 (Audited)   | 3,238,000     | 80,777        | 227,182             | 3,013,096             | (50,109)        | 373   | 6,509,319 |
| Total comprehensive income for the nine months ended September 30, 2015         | -             | -             | -                   | 1,398,498             | (6,041)         | 272   | 1,392,729 |
| Transactions with owners  |               |               |                     |                       |                 |   |           |
| 1st Interim dividend for the year ended Decemeber 31, 2015 @ Rs. 1.50 per share | -             | -             | -                   | (485,700)             | -               | -   | (485,700) |
| 2nd Interim dividend for the year ended Decemeber 31, 2015 @ Rs. 1.00 per share | -             | -             | -                   | (323,800)             | -               | -   | (323,800) |
| Balance as at September 30, 2015 (Unaudited)                                    | 3,238,000     | 80,777        | 227,182             | 3,602,094             | (56,150)        | 645   | 7,092,548 |
| Total comprehensive income for the three months ended December 31, 2015         | -             | -             | -                   | 398,990               | (2,600)         | (168)   | 396,222   |
| Balance as at December 31, 2015 (Audited)                                       | 3,238,000     | 80,777        | 227,182             | 4,001,084             | (58,750)        | 477   | 7,488,770 |
| Total comprehensive income for the nine months ended September 30, 2016         | -             | -             | -                   | 1,526,906             | (10,908)        | 104   | 1,516,102 |
| Transactions with owners  |               |               |                     |                       |                 |   |           |
| Final dividend for the year ended December 31, 2015 @ Rs. 1.00 per share        | -             | -             | -                   | (323,800)             | -               | -   | (323,800) |
| 1st interim dividend for the year ending December 31, 2016 @ Rs. 1.50 per share | -             | -             | -                   | (485,700)             | -               | -   | (485,700) |
| Balance as at September 30, 2016 (Unaudited)                                    | 3,238,000     | 80,777        | 227,182             | 4,718,490             | (69,658)        | 581   | 8,195,372 |

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.



**Khalid Siraj Subhani**  
Chairman



**Jahangir Piracha**  
Chief Executive Officer



**ENGRO POWERGEN QADIRPUR LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

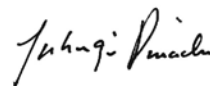
(Amounts in thousand)

|  |             | <b>Nine months<br/>ended<br/>September<br/>30, 2016</b> | <b>Nine months<br/>ended<br/>September<br/>30, 2015</b> |
|--|-------------|---|---|
|  | <b>Note</b> | <b>———— Rupees ————</b>                                 |   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |             |   |   |
| Cash generated from operations                               | 16          | 2,210,761   | 2,229,621   |
| Taxes paid   |             | (6,981)   | (4,204)   |
| Long term loans and advances - net                           |             | (5,078)   | (9,263)   |
| Net cash generated from operating activities                 |             | <u>2,198,702</u>  | <u>2,216,154</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |             |   |   |
| Purchase of property, plant and equipment - net              |             | (115,091)   | (254,425)   |
| Sale proceeds from disposal of property, plant and equipment |             | 426   | 6,699   |
| Purchase of intangible assets                                |             | (2,808)   | (2,711)   |
| Net cash utilised in investing activities                    |             | <u>(117,473)</u>  | <u>(250,437)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |             |   |   |
| Repayment of long term borrowings                            |             | (817,885)   | (731,328)   |
| Finance cost paid  |             | (247,393)   | (246,903)   |
| Dividends paid   |             | (809,500)   | (809,500)   |
| Net cash utilised in financing activities                    |             | <u>(1,874,778)</u>                                      | <u>(1,787,731)</u>                                      |
| Net increase in cash and cash equivalents                    |             | <u>206,451</u>  | <u>177,986</u>  |
| Cash and cash equivalents at beginning of the period         |             | (2,072,689)   | (1,902,328)   |
| Cash and cash equivalents at end of the period               | 17          | <u><u>(1,866,238)</u></u>                               | <u><u>(1,724,342)</u></u>                               |

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.



**Khalid Siraj Subhani**  
Chairman



**Jahangir Piracha**  
Chief Executive Officer



**ENGRO POWERGEN QADIRPUR LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

**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 on March 27, 2010. The electricity generated is transmitted to the National Transmission and Despatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007. This agreement is for a period of 25 years.

**2. BASIS OF PREPARATION**

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required under the Code of Corporate Governance, and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2015.

The preparation of this condensed interim financial information in conformity with the approved accounting 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 this condensed interim financial information, 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 apply to the annual financial statements for the year ended December 31, 2015.

**3. ACCOUNTING POLICIES**

- 3.1 The accounting policies applied and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual financial statements for the year ended December 31, 2015.
- 3.1.1 There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2016. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.
- 3.1.2 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.



(Amounts in thousand)

| Unaudited<br>September 30,<br>2016 | Audited<br>December 31,<br>2015 |
|------------------------------------|---------------------------------|
| Rupees                             |                                 |

#### 4 PROPERTY, PLANT AND EQUIPMENT

Operating assets, at net book

value (notes 4.1 & 4.2)

12,500,809

13,633,967

Capital work-in-progress

154,167

100,499

Capital spares

1,018,725

344,393

13,673,701

14,078,859

- 4.1 Additions to operating assets, excluding transfers to and from capital spares, during the period / year were as follows:

|   | Rate of<br>depreciation<br><br>(%) | Unaudited<br>September 30,<br>2016 | Audited<br>December 31,<br>2015 |
|---|------------------------------------|------------------------------------|---------------------------------|
|   |                                    | Rupees                             |                                 |
| Plant & machinery - including capitalization<br>of exchange loss / (gain) | 4 - 16                             | 41,683                             | 571,640                         |
| Buildings and civil works   | 2.5 - 8                            | -                                  | 11,071                          |
| Furniture, fixtures and equipments  | 15 - 25                            | 1,960                              | 11,421                          |
| Vehicles  | 19 - 23                            | -                                  | 14,860                          |
|   |                                    | <u>43,643</u>                      | <u>608,992</u>                  |

- 4.2 During the period, asset costing Rs. 104 (December 31, 2015: Rs. 40,179), having net book value of Rs. 50 (December 31, 2015: Rs. 20,197) was disposed off for Rs. 75 (December 31, 2015: Rs. 26,959).

- 4.3 Assets having net book value of Rs. 47,335 (December 31, 2015: Nil) have been written-off against the provision for impairment.

| Unaudited<br>September 30,<br>2016 | Audited<br>December 31,<br>2015 |
|------------------------------------|---------------------------------|
| Rupees                             |                                 |

#### 5 TRADE DEBTS - secured

Considered good

2,978,259

2,760,311

- 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. 2,296,309 (December 31, 2015: Rs. 2,282,433) which is neither past due nor impaired; and
- Rs. 681,950 (December 31, 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 6 months.



**6 SHORT TERM INVESTMENTS****- Held to maturity**

Investment has been made in conventional Term Deposit Receipts. The rate of mark-up on this investment is 5.60 % (December 31, 2015: 6.50%) per annum.

|  | Unaudited<br>September 30,<br>2016 | Audited<br>December 31,<br>2015 |
|--|------------------------------------|---------------------------------|
|  | Rupees                             |                                 |

**7 BALANCES WITH BANKS**

Deposit accounts:

|                    |               |               |
|--------------------|---------------|---------------|
| - Foreign currency | 2,810         | 2,811         |
| - Local currency   | 42,876        | 11,342        |
|                    | <u>45,686</u> | <u>14,153</u> |

- 7.1 Foreign currency deposits carry return at the rate of 0.1% (December 31, 2015: 0.1%) per annum.
- 7.2 Local currency deposits carry return at the rate of 3.75% - 5% (December 31, 2015: 4% - 7%) per annum.
- 7.3 All bank balances are maintained under conventional banking system.

**8. BORROWINGS, secured**

|  | Unaudited<br>September 30,<br>2016 | Audited<br>December 31,<br>2015 |
|--|------------------------------------|---------------------------------|
|  | Rupees                             |                                 |

|   |                  |                  |
|---|------------------|------------------|
| Long term borrowings                                  | 7,239,863        | 8,045,654        |
| Less: Current portion shown under current liabilities | 1,719,288        | 1,650,776        |
|   | <u>5,520,575</u> | <u>6,394,878</u> |

- 8.1 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 September 30, 2016, the outstanding balance of the borrowing was US\$ 69,432 (December 31, 2015: US\$ 77,146).

**9. PROVISIONS**

This represents provisions recognised on prudence basis in respect of certain claims raised against the Company. The Company, however, is confident of favourable outcome against these claims.

**10. SHORT TERM BORROWINGS**

The available facilities under mark-up arrangements aggregate to Rs. 4,400,000 (December 31, 2015: 4,400,000). These facilities carry mark-up at the rate of 3 months KIBOR plus 0.5% - 1.0% (December 31, 2015: 3 months KIBOR plus 0.8% - 1.5%).



(Amounts in thousand)

| Unaudited<br>September 30,<br>2016 | Audited<br>December 31,<br>2015 |
|------------------------------------|---------------------------------|
| Rupees                             |                                 |

**11. CONTINGENCIES AND COMMITMENTS**

|      |  |           |           |
|------|--|-----------|-----------|
| 11.1 | Contingent liabilities - Guarantees in favour of<br>Sui Northern Gas Pipelines Limited (SNGPL)<br>in accordance with the terms of Gas Supply Agreement (GSA) | 2,496,126 | 2,496,126 |
| 11.2 | Commitments in respect of :  |           |           |
|      | - letter of credit in favour of Company's senior lenders   | 840,262   | 840,663   |
|      | - others   | 29,888    | 50,078    |
|      |  | 870,150   | 890,741   |

| Unaudited<br>Three months ended |                       | Unaudited<br>Nine months ended |                       |
|---------------------------------|-----------------------|--------------------------------|-----------------------|
| September<br>30, 2016           | September<br>30, 2015 | September<br>30, 2016          | September<br>30, 2015 |
| Rupees                          |                       |                                |                       |

**12. SALES**

|                                   |           |           |           |           |
|-----------------------------------|-----------|-----------|-----------|-----------|
| Capacity purchase price           | 601,224   | 869,974   | 2,727,525 | 2,565,565 |
| Energy purchase price (note 12.1) | 2,790,357 | 2,369,878 | 5,378,674 | 7,355,382 |
|                                   | 3,391,581 | 3,239,852 | 8,106,199 | 9,920,947 |

- 12.1 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.
- 12.2 As explained in note 12.2 of condensed interim financial information for the half year ended June 30, 2016, the Company had been assigned a higher average Period Weighting Factor (PWF) of 1.2 on its Capacity Purchase Payments for first half of financial year 2016 as compared to same period last year in which average PWF was 1.0. This arrangement had generated a favorable timing difference of Rs. 330,000 which was reflected in the Company's gross profit for the first half. This favourable difference was to be reversed in the remaining part of the year which carries an average PWF of 0.8 compared with average PWF of 1.0 for same period last year. Resultantly, the Company's gross profit due to this factor is lower by Rs. 288,000 in the third quarter of 2016. As per the Power Purchase Agreement, average PWF for a complete year has to be at 1.0. Hence, this does not impact the profitability of the Company on a full year basis.



(Amounts in thousand)

|                                   | Unaudited<br>Three months ended |                       | Unaudited<br>Nine months ended |                       |
|-----------------------------------|---------------------------------|-----------------------|--------------------------------|-----------------------|
|                                   | September<br>30, 2016           | September<br>30, 2015 | September<br>30, 2016          | September<br>30, 2015 |
|                                   | Rupees                          |                       |                                |                       |
| <b>13 OTHER INCOME</b>            |                                 |                       |                                |                       |
| <b>Financial assets:</b>          |                                 |                       |                                |                       |
| Gain on redemption of investments | -                               | -                     | 542                            | 248                   |
| Exchange gain                     | -                               | -                     | -                              | 30                    |
| <b>Non- financial assets:</b>     |                                 |                       |                                |                       |
| Insurance claim                   |                                 |                       |                                |                       |
| - net of deductible (note 13.1)   | -                               | -                     | 98,738                         | -                     |
| Gain on disposal of fixed assets  | -                               | -                     | 25                             | 1,036                 |
|                                   | <u>-</u>                        | <u>-</u>              | <u>99,305</u>                  | <u>1,314</u>          |

- 13.1 In 2014, the Company carried out a nozzle tips modification exercise on its Plant subsequent to which some parts were damaged. The cost of repair of such damage and business interruption loss is covered under the Company's insurance policy. During the period, the insurance company principally agreed and made a partial payment of Rs. 84,187 for settlement of repair expenditure of the damaged parts alongwith the business interruption loss suffered by the Company. Accordingly, the Company has recorded insurance claim of Rs. 98,738, being virtually certain of receipt of the remaining claim amounting to Rs. 14,551.

|   | Unaudited<br>Three months ended |                       | Unaudited<br>Nine months ended |                       |
|---|---------------------------------|-----------------------|--------------------------------|-----------------------|
|   | September<br>30, 2016           | September<br>30, 2015 | September<br>30, 2016          | September<br>30, 2015 |
|   | Rupees                          |                       |                                |                       |
| <b>14 WORKERS' PROFITS PARTICIPATION<br/>FUND AND WORKERS' WELFARE FUND</b> |                                 |                       |                                |                       |
| Provision for   |                                 |                       |                                |                       |
| - Workers' profits participation fund                                       | 14,097                          | 22,395                | 76,363                         | 69,925                |
| - Workers' welfare fund   | 5,638                           | 8,958                 | 30,545                         | 27,970                |
|   | <u>19,735</u>                   | <u>31,353</u>         | <u>106,908</u>                 | <u>97,895</u>         |
| Less:   |                                 |                       |                                |                       |
| Recoverable from NTDC   | (19,735)                        | (31,353)              | (106,908)                      | (97,895)              |
|   | <u>-</u>                        | <u>-</u>              | <u>-</u>                       | <u>-</u>              |

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





(Amounts in thousand except for earnings per share)

## 15. EARNINGS PER SHARE

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

|   | Unaudited<br>Three months ended |                       | Unaudited<br>Nine months ended |                       |
|---|---------------------------------|-----------------------|--------------------------------|-----------------------|
|   | September<br>30, 2016           | September<br>30, 2015 | September<br>30, 2016          | September<br>30, 2015 |
|   | Rupees                          |                       |                                |                       |
| Profit for the period                                       | 281,929                         | 447,903               | 1,526,906                      | 1,398,498             |
|   | Number of shares                |                       |                                |                       |
| Weighted average number of<br>ordinary shares (In thousand) | 323,800                         | 323,800               | 323,800                        | 323,800               |
|   | Rupees                          |                       |                                |                       |
| Earning per share - basic and diluted                       | 0.87                            | 1.38                  | 4.72                           | 4.32                  |

## 16. CASH GENERATED FROM OPERATIONS

|   | Unaudited<br>Nine months ended |                       |
|---|--------------------------------|-----------------------|
|   | September 30,<br>2016          | September 30,<br>2015 |
|   | Rupees                         |                       |
| Profit before taxation                                  | 1,527,257                      | 1,398,507             |
| Adjustment for non-cash charges and other items:        |                                |                       |
| - Depreciation and amortization                         | 525,549                        | 542,654               |
| - Reclassification of cash flow hedge to profit or loss | 2,815                          | 2,090                 |
| - Gain on disposal of property, plant and equipment     | (25)                           | (1,036)               |
| - Finance cost  | 305,942                        | 355,104               |
| Working capital changes (note 16.1)                     | (150,777)                      | (67,698)              |
|   | 2,210,761                      | 2,229,621             |

### 16.1 Working capital changes

|   |           |           |
|---|-----------|-----------|
| Decrease/(Increase) in current assets:                                |           |           |
| Inventory and stores & spares - net                                   | (22,405)  | (47,822)  |
| Trade debts   | (217,948) | (772,001) |
| Loans, advances, deposits,<br>prepayments and other receivables - net | (82,685)  | (15,395)  |
|   | (323,038) | (835,218) |
| (Decrease)/Increase in current liabilities:                           |           |           |
| Creditors, accrued expenses<br>and other liabilities                  | 168,811   | 768,009   |
| Retirement and other service benefits                                 | 3,450     | (489)     |
|   | (150,777) | (67,698)  |

## 17 CASH AND CASH EQUIVALENTS

|                        |             |             |
|------------------------|-------------|-------------|
| Balances with banks    | 45,686      | 409,162     |
| Short term investments | 50,000      | 50,000      |
| Short term borrowings  | (1,961,924) | (2,183,504) |
|                        | (1,866,238) | (1,724,342) |



**18 FINANCIAL MANAGEMENT AND FINANCIAL INSTRUMENTS****18.1 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 this condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements.

**18.2 Fair value estimation**

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

**19 TRANSACTIONS WITH RELATED PARTIES**

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

|                             |  | Unaudited<br>Nine months ended |                       |
|-----------------------------|--|--------------------------------|-----------------------|
|                             |  | September 30,<br>2016          | September 30,<br>2015 |
|                             |  | Rupees                         |                       |
| Nature of relationship      | Nature of transactions                               |                                |                       |
| Holding Company             | Purchase of services                                 | 82,039                         | 47,525                |
|                             | Services rendered                                    | 104,291                        | 56,004                |
|                             | Payment of dividend                                  | 557,625                        | 557,625               |
|                             | Contribution for                                     |                                |                       |
|                             | Corporate Social Responsibility                      | 6,702                          | 5,860                 |
| Associated undertakings     | Purchase of services                                 | 68,150                         | 40,946                |
|                             | Services rendered                                    | 33,582                         | 20,935                |
|                             | Contribution for CSR activities                      | 5,000                          | 4,000                 |
| Key management<br>personnel | Managerial remuneration                              | 57,315                         | 55,423                |
|                             | Retirement benefit schemes                           | 5,702                          | 4,347                 |
| Staff retirement benefits   | Managed and operated by<br>the Company               |                                |                       |
|                             | - Gratuity fund                                      | 1,005                          | 2,237                 |
|                             | Managed and operated by Engro<br>Corporation Limited |                                |                       |
|                             | - Gratuity fund                                      | 11,878                         | 8,125                 |
|                             | - Provident fund                                     | 40,822                         | 32,285                |
|                             | - Pension fund                                       | 2,451                          | 1,463                 |



**20. CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual financial statements of preceding financial year, whereas the condensed interim profit and loss account, condensed interim statement of 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.

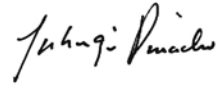
**21. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on October 21, 2016 by the Board of Directors of the Company.



---

**Khalid Siraj Subhani**  
Chairman



---

**Jahangir Piracha**  
Chief Executive Officer



پریڈیٹنگ فیکٹر 1.0 تھا۔ نتیجتاً سال 2016ء کی تیسری سہ ماہی میں کمپنی کا مجموعی منافع اس فیکٹر کی وجہ سے پچھلے سال کے مقابلے 288 ملین روپے سے کم ہے۔ یہاں یہ جاننا ضروری ہے کہ پاور پراجیکٹ انگریمنٹ کے تحت پورے سال کا اوسط پریڈ فیکٹر 1.0 ہونا چاہیے۔ لہذا یہ سالانہ بنیاد پر کمپنی کے منافع کو اثر انداز نہیں کرے گا۔

کمپنی کی دیگر آمدن میں انشورنس آمدن شامل ہے جو سیٹلٹ کی مدد میں کمپنی کو وصول ہوئی۔ یہ آمدن 15-2014ء میں کمپنی کی کاروباری سرگرمیوں میں نقصان اور مرمت کے اخراجات کے عوض حاصل ہوئی۔ رنگ فنانس کی کم لاگت اور فیول سپلائر کو وقت پر ادائیگیوں کی بدولت، فنانسل لاگت کو کم کرنے میں مدد ملی۔ فنانسل اخراجات زیر جائزہ سہ ماہی میں پچھلے سال کی اسی مدت کی رقم 314 ملین روپے کے مقابلے میں گھٹ کر 264 ملین روپے رہ گئے۔

NTDC سے وصولیاتی رقم 30 ستمبر 2016 تک 1,789 ملین روپے رہی جبکہ 31 دسمبر 2015ء تک وصولیاتی رقم 1,692 ملین روپے تھی۔ اس طرح SNGPL کو واجب الادا رقم 30 ستمبر 2016ء تک 640 ملین روپے رہی جبکہ 31 دسمبر 2015ء تک واجب الادا رقم 583 ملین روپے تھی۔

اوپر بیان وجوہات کی بناء پر کمپنی کا کل منافع 30 ستمبر 2016ء کو مکمل ہونے والے نو مہینوں میں 1,527 ملین روپے رہا، پچھلے سال کی اسی مدت میں کمپنی کا مجموعی منافع 1,399 ملین روپے تھا۔ نتیجتاً فی شیئر آمدنی 2016ء کی تیسری سہ ماہی کے اختتام پر 4.72 روپے رہی، گزشتہ اسی مدت میں فی شیئر آمدنی 4.32 روپے تھی۔

مستقبل قریب آؤٹ لک:-

کمپنی کے قادر پور میں قائم پلانٹ کو 2016ء میں بھی بلا قفل گیس کی فراہمی برقرار رہے گی۔ گیس سے چلنے والے پلانٹس اپنے استعداد کار اور ماحولیاتی پیرامیٹرز کی وجہ سے اعلیٰ درجہ بندی پر رہیں گے مزید برآں، ہم NTDC کے آئو ٹرانسفاورمر کے آپریشنل ہو جانے کے بعد اور گرڈ کی گنجائش میں اضافے کے بعد امید رکھتے ہیں کہ پلانٹ سے بجلی کی فراہمی بلا قفل جاری رہے گی اور چوتھی سہ ماہی میں بھی خریدار کو بجلی ڈسپنچ کی جاتی رہے گی۔

مستقبل میں بھی کمپنی پلانٹ کی دیکھ بھال اور انکوئینٹ (آلات) کو قابل اعتماد رکھنے اور کارکردگی میں بہتری کے اقدامات پر توجہ رکھے گی تاکہ نیشنل گرڈ میں بلا قفل بجلی شامل کی جاسکے اور تمام اسٹیک ہولڈرز کو فائدہ ہو۔



خالد سراج سبحانی

چیرمین



جہانگیر پیرماچ

چیف ایگزیکٹو آفیسر

اکتوبر 2016ء



## اینٹرو پاور جن قادر پور لمیٹڈ

### ڈائریکٹرز کا جائزہ

شئیر ہولڈرز کے لئے کمپنی ڈائریکٹرز کی جانب سے 30 ستمبر 2016ء کو اختتام پذیر تیسری سہ ماہی کی عبوری مالیاتی معلومات کا جائزہ

اینٹرو پاور جن قادر پور لمیٹڈ (EPQL) کے ڈائریکٹرز 30 ستمبر 2016ء کو اختتام پذیر ہونے والی سہ ماہی میں کمپنی کی کارکردگی کا جائزہ اور غیر آڈٹ شدہ مالیاتی گوشوارے مسرت سے پیش کرتے ہیں۔

### آپریٹنگ کارکردگی

EPQL پلانٹ نے زیر جائزہ سہ ماہی میں 100.2 فیصد قابل بلیگ بجلی کی دستیابی کو یقینی بنایا جبکہ گزشتہ سال کی اسی مدت کے دوران پلانٹ نے 99.6 فیصد قابل بلیگ بجلی کی دستیابی کا مظاہرہ کیا۔ پلانٹ نے زیر جائزہ مدت کے دوران بیشل گروڈ میں کل نیٹ الیکٹریکل آؤٹ پٹ 845 گیگا واٹ شامل کی جس کا لوڈ فیکٹر 60.2 فیصد رہا جبکہ پچھلے سال کی اسی مدت کے دوران لوڈ فیکٹر 73.9 فیصد تھا۔ لوڈ فیکٹر میں کمی کی بنیادی وجہ خریدار NTDC کے گروڈ کی گنجائش سے جڑے معاملات تھے۔ 21 جنوری 2016ء کو NTDC کے آئو ٹرانسفارمر میں آگ لگ گئی تھی اور یہ غیر آپریٹبل ہو گیا۔ جیسا پہلے بھی بتایا جا چکا ہے کہ اس کی وجہ سے بجلی کی ڈسٹری بیوشن کا عمل پورے ریجن میں متاثر ہوا جہاں ہمارا پلانٹ آپریٹ کرتا ہے۔ پلانٹ اس واقعہ کے بعد سے پیش تیار (سٹینڈ بائی) موڈ پر رہا۔ جب کہ NTDC کے ٹرانسفارمر کی مرمت کا کام جاری رہا اس کے بعد ہمارے پلانٹ نے بجلی کی رسد کا دوبارہ آغاز 29 اپریل 2016ء سے کر دیا۔ اس دوران کمپنی کمپسیٹی پر چیز پیمنٹ (CPP) کی وصولی کا پورا حق رکھتی ہے۔

کمپنی نے زیر جائزہ ششماہی کے دوران ایچ ایس ای (صحت، سیفٹی اور ماحولیات) کے معیار کے ساتھ اعلیٰ سطح کی وابستگی کو برقرار رکھا۔ زیر جائزہ مدت کے دوران کل ریکارڈڈ چوٹ کی شرح (TRIR) صفر رہی۔

### مالیاتی کارکردگی:-

زیر جائزہ مدت کے دوران فروخت آمدن 8,107 ملین روپے ریکارڈ کی گئی۔ گزشتہ مالیاتی سال کی اسی مدت میں کمپنی کی فروخت آمدن 9,921 ملین روپے تھی۔ فروخت آمدنی میں کمی کی وجہ لوڈ فیکٹر میں کمی تھی جس کی وجہ اوپر بیان کی گئی ہے۔

باوجود کہ فروخت آمدن پچھلے سال کی اسی مدت کے مقابلے میں کم رہی تاہم کمپنی کا مجموعی منافع پچھلے سال کی تیسری سہ ماہی کے مجموعی منافع 1,836 ملین روپے کے مقابلے میں 1,831 ملین روپے رہا۔ جیسا کہ 30 جون 2016ء کے ششماہی عبوری مالیاتی گوشواروں میں درج نوٹ 12.2 میں واضح کیا گیا ہے کہ کمپنی کو کمپسیٹی پر چیز پیمنٹ پر مالیاتی سال 2016ء کی بجلی ششماہی کے لئے ہلند اوسط پریڈ وینٹج فیکٹر 1.2 تقویمیں کیا گیا جبکہ گزشتہ سال اوسط پریڈ وینٹج فیکٹر 1.0 تھا۔ اس وجہ سے کمپنی کو 330 ملین روپے کا سازگار ہائنٹ ڈیفرنس ملا جو کمپنی کے پہلے ششماہی کے مجموعی منافع میں شامل ہے۔ یہ سال کی آخری ششماہی میں رپورس ہو جائے گا جس کے دوران پریڈ وینٹج فیکٹر 0.8 ہوگا۔ اس کے مقابلے میں پچھلے سال کی اسی مدت کا اوسط







**Head Office:** 4th Floor, The Harbour Front Building,  
HC-3, Marine Drive, Block 4, Scheme-5, Clifton,  
Karachi-75600, Pakistan.

**UAN:** +111-211-211 **PABX:** +92-21-35297501-10

**Fax:** +92-21-35296018

**Website:** [www.engropowergen.com](http://www.engropowergen.com)

