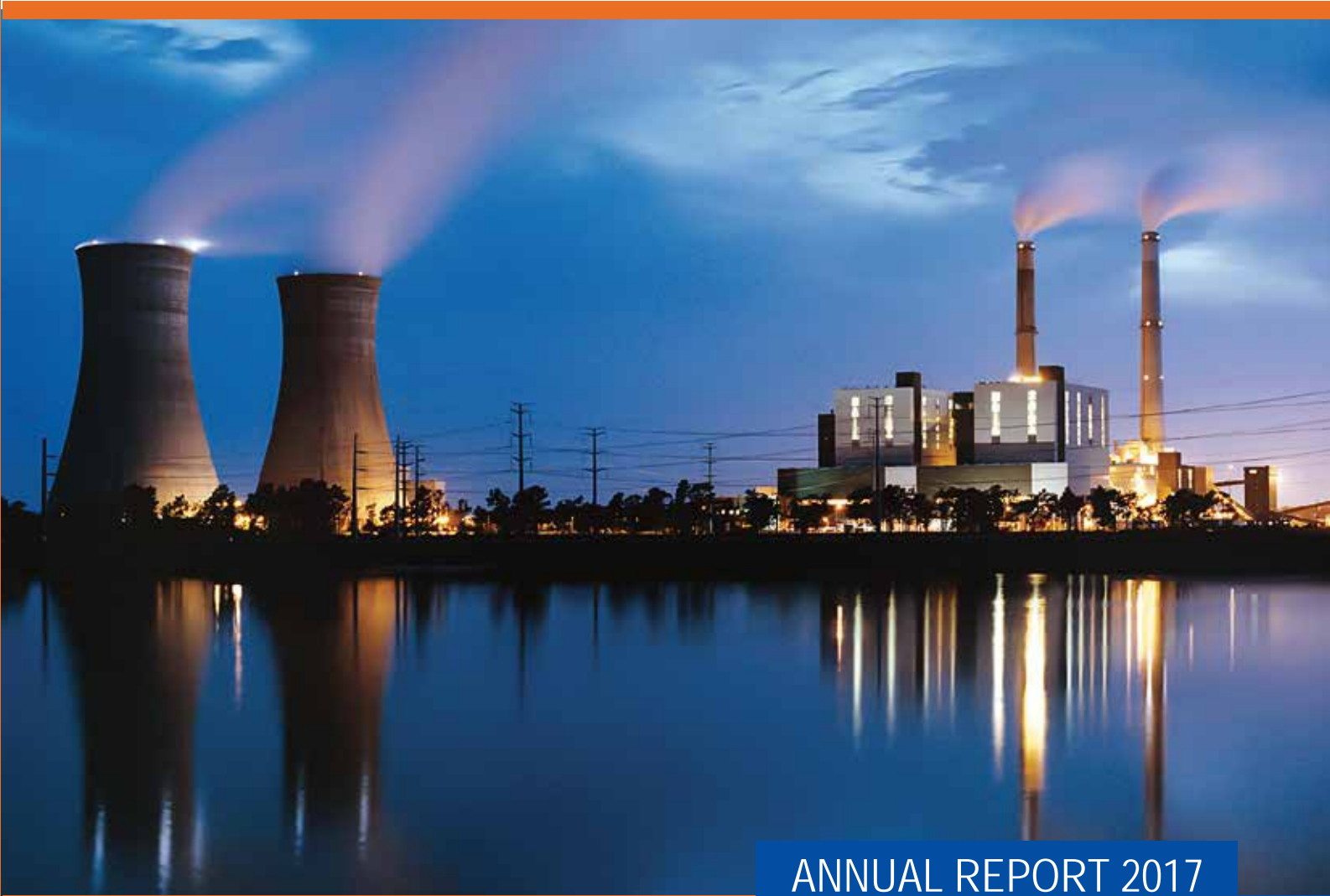


**POWERING**  
OUR COMMUNITIES  
**Brightening** OUR MEMBERS'  
**FUTURE**



ANNUAL REPORT 2017



LALPIR POWER LIMITED



## CONTENTS

Corporate Profile .....	03
Vision Statement .....	04
Mission Statement.....	04
Notice of Annual General Meeting.....	06
Organization Chart.....	16
Director's Profile.....	17
Directors' Report .....	19
Financial Data .....	32
Vertical Analysis .....	33
Performance Review.....	34
Pattern of Shareholders .....	35
Statement of Compliance with the Code of Corporate Governance .....	39
Review Report to the Members on Statement of Compliance With Best Practices of Code of Corporate Governance .....	42
Auditors' Report To The Members .....	45
Balance Sheet .....	46
Profit and Loss Account .....	48
Cash Flow Statement .....	49
Statement of Changes in Equity.....	50
Notes to and Forming Part of the Financial Statements.....	51
Form of Proxy	



## THE COMPANY

Lalpir Power Limited (“the Company”) was incorporated in Pakistan on 8 May 1994 under the Companies Ordinance, 1984. The registered office is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station (“the Complex”) having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

# COMPANY PROFILE

## BOARD OF DIRECTORS

Mian Hassan Mansha Chairman  
Mr. Khalid Qadeer Qureshi Chief Executive Officer  
Mr. Aurangzeb Firoz  
Mr. Jawaid Iqbal  
Mr. Muhammad Azam  
Mr. Mahmood Akhtar  
Mr. Inayat Ullah Niazi

## AUDIT COMMITTEE

Mr. Jawaid Iqbal Chairman  
Mr. Inayat Ullah Niazi  
Mr. Mahmood Akhtar

## HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Mr. Jawaid Iqbal Chairman  
Mian Hassan Mansha  
Mr. Mahmood Akhtar

## CHIEF FINANCIAL OFFICER

Mr. Awais Majeed Khan

## COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

## REGISTERED OFFICE

53-A, Lawrence Road,  
Lahore-Pakistan  
UAN: 042-111-11-33-33

## HEAD OFFICE

1-B, Aziz Avenue, Gulberg-V,  
Lahore- Pakistan  
Tel:042-35717090-96  
Fax:042-35717239

## BANKERS OF THE COMPANY

Habib Bank Limited  
The Bank of Punjab  
United Bank Limited  
Allied Bank Limited  
National Bank of Pakistan  
Bank Alfalah Limited  
Faysal Bank Limited  
Askari Bank Limited  
Habib Metropolitan Bank Limited  
NIB Bank Limited  
MCB Bank Limited (Formerly NIB Bank Limited)  
Bank Islami Pakistan Limited  
Standard Chartered Bank (Pakistan) Limited  
Al Baraka Bank (Pakistan) Limited  
Pakbrunei Investment company  
Meezan Bank Limited  
Silk Bank Limited

## AUDITOR OF THE COMPANY

Riaz Ahmad & Co.  
Chartered Accountants

## LEGAL ADVISOR OF THE COMPANY

Mr. M. Aurangzeb Khan  
Advocate High Court

## SHARE REGISTRAR

Central Depository Company of Pakistan Limited  
CDC House,99-B, Block-B, S.M.C.H.S  
Shahra-e-Faisal, Karachi – 74400  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326053

## PLANT

Mehmood Kot, Muzaffargarh,  
Punjab – Pakistan.



# VISION STATEMENT

ENLIGHTEN THE FUTURE THROUGH  
EXCELLENCE, COMMITMENT, INTEGRITY  
AND HONESTY

# MISSION STATEMENT

TO BECOME LEADING POWER PRODUCER  
WITH SYNERGY OF CORPORATE CULTURE  
AND VALUES THAT RESPECT COMMUNITY  
AND ALL OTHER STAKE HOLDERS.





## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Lalpir Power Limited (the "Company") will be held on April 30, 2018 (Monday) at 11:00 A.M. at The Nishat Hotel (Emporium Mall), Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore to transact the following business:

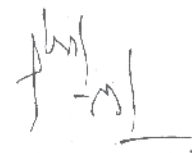
1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2017 together with the Directors' and Auditors' reports.
2. To approve Final Cash Dividend @ 10% [i.e. Rs. 1/- (Rupee One Only) per Ordinary Share as recommended by the Board of Directors, in addition to the 10% interim cash dividend already paid.
3. To appoint statutory Auditors and fix their remuneration. The audit committee and the board have recommended the name of retiring auditors M/s Riaz Ahmad & Co., Chartered Accountants for re-appointment as auditors of the company.
4. **Special Business:**

To consider and if deemed fit, to pass the following resolution as Special Resolution under Section 199 of the Companies Act, 2017, as recommended by the Board of Directors with or without modification, addition(s) or deletion(s)

**RESOLVED** that approval of the members of Lalpir Power Limited (the “Company”) be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 for investment upto PKR 1,000,000,000/- (Rupees One Billion Only) in the form of loan / advance to Pakgen Power Limited (“Pakgen”), an associated company, for a period of one year starting from the date of approval by the members, at the mark up rate of 1 Month KIBOR plus 0.50% (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions of loan agreement in writing and as disclosed to the members.

**FURTHER RESOLVED** the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things and take any or all necessary steps and actions to complete all legal formalities including signing of agreement and other documents and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.

By order of the Board



(KHALID MAHMOOD CHOHAN)  
COMPANY SECRETARY

LAHORE  
March 22, 2018

#### NOTES:

##### 1. BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from 20-04-2018 to 30-04-2018 (both days inclusive) for entitlement of 10% Final Cash Dividend [i.e. Rs. 1/- (Rupees One Only) Per Ordinary Share] and attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on April 19, 2018 at Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block ‘B’, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, will be considered in time for entitlement of 10% Final Cash Dividend and attending of meeting.



## 2. ATTENDANCE AT MEETING

A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote. The Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A proxy must be a member of the company. The proxy form is available on the Company's website: <http://www.lalpir.com/>.

Members, who have deposited their shares into Central Depository Company of Pakistan Limited, are being advised to bring their original National Identity Cards along with CDC Participant ID and account number at the meeting venue.

Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan under Circular No.1 of 2000:

### A. For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

### B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

Members are requested to timely notify any change in their addresses.

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least 07 days prior to the date of the meeting on the Standard Form which can be downloaded from the company's website: [www.lalpir.com](http://www.lalpir.com).

### 3. EXEMPTION OF WITHOLDING TAX:

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, up to April 18, 2018.

### 4. SUBMISSION OF COPY OF CNIC (MANDATORY):

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to the Company or the Company's Share Registrar. All shareholders are once again requested to send a copy of their valid CNIC to our Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. The Shareholders while sending CNIC must quote their respective folio numbers and name of the Company.

### 5. ZAKAT DECLARATION (CZ-50):

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority.

In case you want to claim exemption from compulsory deduction of Zakat, please submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form with Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. The Shareholders while sending the Zakat Declarations, as the case may be, must quote company name and their respective Folio numbers/CDC Account numbers.

### 6. MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the following information to the Company's Share Registrar at the address given herein above. In the case of shares held in CDC, the same information should be provided directly to the CDS participants for updating and forwarding to the Company.

Folio No. / Investor Account Number / CDC Sub Account No.
Title of Account
IBAN Number
Bank Name
Branch
Branch Address _____
Mobile Number
Name of Network (if ported)
Email Address

\_\_\_\_\_  
**Signature of shareholder**

## 7. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:

In terms of the provisions of the companies Act, 2017, the Company can send financial statements electronically to its members. In this regard, the members may send their email information on a standard form which is available at the Company's website i.e. [www.lalpir.com](http://www.lalpir.com) and send the form, duly signed, along with copy of his/her CNIC to the Company's Share Registrar M/s Central Depository Company of Pakistan Limited.

### STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017.

This Statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April 30, 2018.

Pakgen Power Limited ("Pakgen") is a Public Limited Company incorporated on 22 June 1995 under the Companies Ordinance, 1984. The registered office of Pakgen is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. It is currently listed on the Pakistan Stock Exchange Limited.

Pakgen has a persistent problem with its trade debt balances which fluctuate routinely due to delay in payments from WAPDA. This creates liquidity problems for Pakgen due to which it has to borrow funds from Banks and Financial Institutions to meet its working capital requirements.

Considering the average borrowing rate of the Company and the return offered by Banks on term deposits, the Directors of the Company has recommended loan / advance in the form working capital

loan up to Rs. 1 billion to Pakgen at the interest rate of 1 Month KIBOR plus 0.5% which shall not be less than borrowing cost of the Company. Repayment of the principle amount of loan/advance shall be made within one year from the date of approval by the members while payment of interest due shall be made on monthly basis. The Management expects the transaction to be beneficial for the Company and its shareholders as this will enhance the return on surplus funds available with the Company.

The Directors have certified that they have carried out necessary due diligence for the proposed investment before making recommendation for approval of the members and duly signed recommendation of the due diligence report shall be made available for inspection of members in the general meeting along with latest financial statements of Pakgen.

Pakgen is not a member of the Company. Its sponsors/directors are directors/members of the Company. They have no interest except their directorship and to the extent of their shareholding in the Company which is as follows:

Name	% of Shareholding
Mian Hassan Mansha	6.84
Mr. Aurangzeb Firoz	0.00

**Information under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.**

<b>(a) Disclosure for all types of investments:</b>	
<b>(A) Disclosure regarding associated company</b>	
i	Name of Associated Company or Associated Undertaking
ii	Basis of Relationship
iii	Earnings / (Loss) per Share for the last three years
iv	Break-up value per Share, based on last audited financial statements
v	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements

Pakgen Power Limited (Pakgen)	
Common Directorship	
Year	Earnings per Share (Rs.)
2017	3.53
2016	1.39
2015	4.29
PKR 41.94 per share as at 31 December 2017.	
<b><u>Assets as at 31 December 2017 (Rupees '000)</u></b>	
Non-current assets –	8,525,637
Current assets –	18,336,319
Total assets –	26,861,956
<b><u>Total Current Liabilities – (Rupees '000)</u></b>	
Net equity –	15,604,190
Revenue 2017 –	19,754,785
Expenses (CGS+Admin) –	17,967,721
Other income –	205,446
Profit/(Loss) after tax-	1,313,977

vi	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	N/A															
	<table border="1"> <tr> <td>I</td> <td>Description of the project and its history since conceptualization</td> <td>N/A</td> </tr> <tr> <td>II</td> <td>Starting date and expected date of completion of work</td> <td>N/A</td> </tr> <tr> <td>III</td> <td>Time by which such project shall become commercially operational</td> <td>N/A</td> </tr> <tr> <td>IV</td> <td>Expected time by which the project shall start paying return on investment</td> <td>N/A</td> </tr> <tr> <td>V</td> <td>Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts</td> <td>N/A</td> </tr> </table>	I	Description of the project and its history since conceptualization	N/A	II	Starting date and expected date of completion of work	N/A	III	Time by which such project shall become commercially operational	N/A	IV	Expected time by which the project shall start paying return on investment	N/A	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	N/A	
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V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	N/A															
<b>(B) General Disclosures:</b>																	
(i)	Maximum amount if investment to be made	PKR 1,000,000,000/- (Rupees One Billion Only).															
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	The Company will earn income on its surplus funds which will add to profitability of the Company.															
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	Surplus funds of the Company															
	<table border="1"> <tr> <td>(I)</td> <td>Justification for investment through borrowings</td> <td>N/A</td> </tr> <tr> <td>(II)</td> <td>Detail of Collateral, guarantees provided and assets pledged for obtaining such funds</td> <td>N/A</td> </tr> <tr> <td>(III)</td> <td>Cost of benefit analysis</td> <td>N/A</td> </tr> </table>	(I)	Justification for investment through borrowings	N/A	(II)	Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	N/A	(III)	Cost of benefit analysis	N/A							
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(II)	Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	N/A															
(III)	Cost of benefit analysis	N/A															

(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	<p>Agreement will be signed after approval by the members. Other significant terms and conditions are as under:</p> <ol style="list-style-type: none"> <li>1. Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20th of every month starting from the next month of the disbursement of loan.</li> <li>2. In case of delay in re-payment principal and interest, an additional sum equivalent to 2% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by associated company to the Company in addition to the agreed interest amount.</li> <li>3. All payments under the loan agreement shall be made through crossed cheques.</li> <li>4. The associated company shall provide a corporate guarantee to secure the loan.</li> </ol>																				
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	<p>The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under:</p> <p>Two Directors of Lalpir Power Limited, Mian Hassan Mansha currently holds 3.93% shares, Mr. Aurangzeb Firoz currently holds 0.03% shares in Pakgen Power Limited.</p> <p>The companies holding shares of Lalpir Power Limited are interested in Pakgen Power Limited to the extent of their shareholding as follows:</p> <table data-bbox="826 1333 1390 1480"> <thead> <tr> <th></th> <th style="text-align: right;">%</th> </tr> </thead> <tbody> <tr> <td>Nishat Mills Limited</td> <td style="text-align: right;">27.55</td> </tr> <tr> <td>Security General Insurance Co. Ltd.</td> <td style="text-align: right;">1.72</td> </tr> <tr> <td>Adamjee Insurance Co. Ltd.</td> <td style="text-align: right;">6.89</td> </tr> <tr> <td>Engen (Pvt) Limited</td> <td style="text-align: right;">17.33</td> </tr> </tbody> </table> <p>The Companies holding shares of Pakgen Power Limited are interested in Lalpir Power Limited to the extent of their shareholding as follows:</p> <table data-bbox="826 1591 1390 1738"> <thead> <tr> <th></th> <th style="text-align: right;">%</th> </tr> </thead> <tbody> <tr> <td>Nishat Mills Limited</td> <td style="text-align: right;">28.80</td> </tr> <tr> <td>Security General Insurance Co. Ltd.</td> <td style="text-align: right;">1.80</td> </tr> <tr> <td>Adamjee Insurance Co. Ltd.</td> <td style="text-align: right;">7.20</td> </tr> <tr> <td>Engen (Pvt) Limited</td> <td style="text-align: right;">18.17</td> </tr> </tbody> </table>		%	Nishat Mills Limited	27.55	Security General Insurance Co. Ltd.	1.72	Adamjee Insurance Co. Ltd.	6.89	Engen (Pvt) Limited	17.33		%	Nishat Mills Limited	28.80	Security General Insurance Co. Ltd.	1.80	Adamjee Insurance Co. Ltd.	7.20	Engen (Pvt) Limited	18.17
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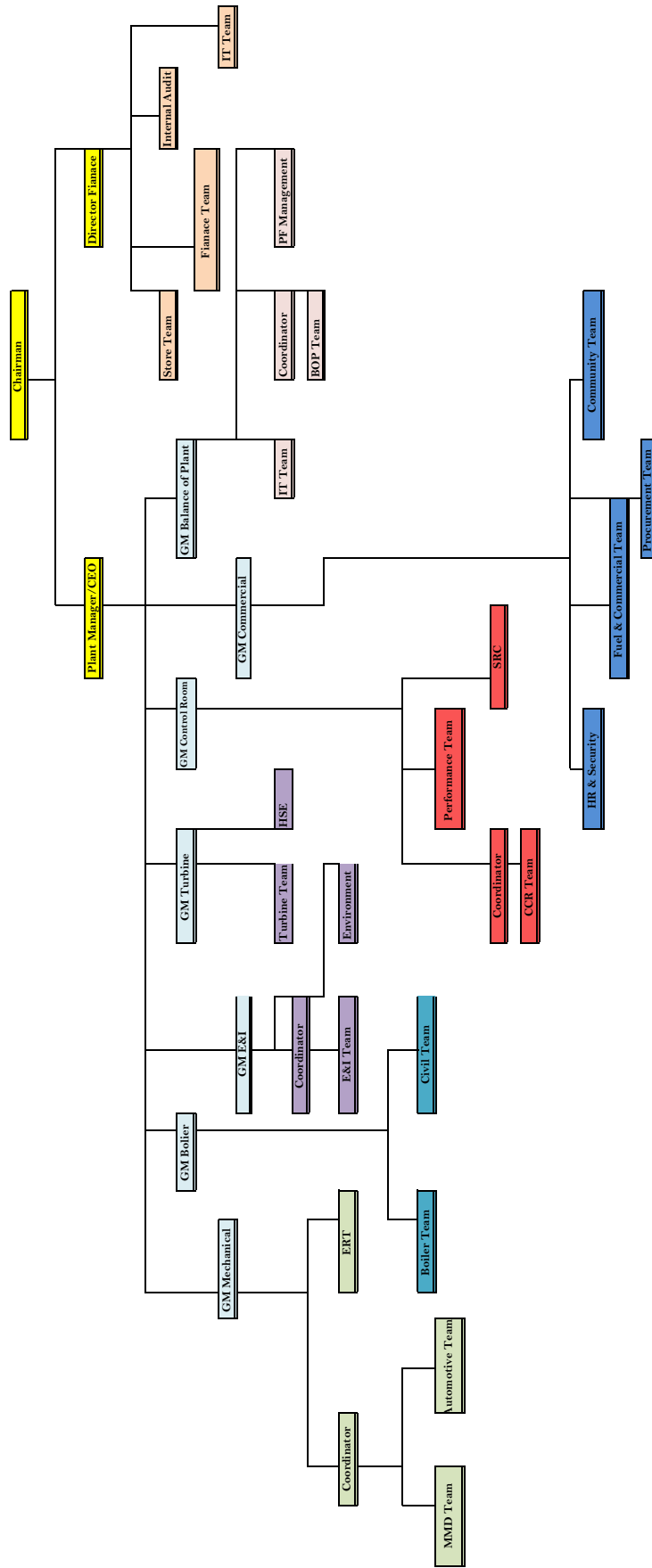
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	NA
(vii)	Any other important details necessary for the members to understand the transaction	None
<b>Additional disclosure regarding investment in the form of Loan / Advance</b>		
(i)	Category-wise amount of investment	PKR 1,000,000,000 (Rupees One Billion Only) in the form of working capital loan.
	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	The current average borrowing cost of the Company for the year ended 31 December, 2017 was 6.39%. 1 Month KIBOR as on March 22, 2018 was 6.51%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	The Company shall charge mark up at the rate of 1 Month KIBOR plus 0.50% (which shall not be less than the average borrowing cost of the Company).
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	The associated company shall provide a corporate guarantee to secure the loan.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not applicable
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Repayment of principal will be made within one year with payment of interest due on monthly basis.

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of Investee Company	Lalpir Solar (Pvt) Limited	Nishat Hotels and Properties Ltd.
Total Investment Approved:	Equity investment of Rs 270,270,000 (Rupees Two Hundred Seventy Million Two Hundred Seventy Thousand Only) was approved by members in AGM held on April 30, 2016 for the period of three (3) years.	Investment by way of loan/advance of Rs 1,000,000,000 (Rupees One Billion Only) was approved by members in EOGM held on October 26, 2017 for the period of 1 (one) year from the date of approval by members.
Amount of Investment Made to date:	Nil	Rs. 600,000,000
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time.	No deviation from approved timeline.	No deviation from approved timeline.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	Lalpir Solar Power (Pvt) Limited has issued paid-up share capital of 50,000 shares of Rs 10 each amounting to Rs 500,000 (Rupees five hundred thousand only). As per latest available financial statements for the half year ended December 31, 2017, the profit per share is Rs. 0.05 for the half year ended.	Nishat Hotels & Properties Limited has issued paid-up share capital of 960,000,000 shares of Rs 10 each amounting to Rs 9600,000,000 (Rupees nine billion six hundred million only) and loss per share was Rupees (0.23). As per latest available financial statements for the half year ended December 31, 2017, the Loss is of rupees (171,458,988) for the half year ended and loss per share was Rupees (0.18).



# ORGANIZATION CHART



## DIRECTOR'S PROFILE

### MIAN HASSAN MANSHA



Mian Hassan Mansha has been serving on the Board of various listed companies for several years. He also serves on the Board of Nishat Power Limited, Security General Insurance Company Limited, Nishat Mills Limited, Pakgen Power Limited, Nishat Hotels and Properties Limited, Nishat (Aziz Avenue) Hotels and Properties Limited, Nishat (Raiwind) Hotels and Properties Limited, Nishat (Gulberg) Hotels and Properties Limited, Nishat Hospitality (Private) Limited, Nishat Dairy (Private) Limited, Pakistan Aviators and Aviation (Private) Limited, Nishat Automobiles (Private) Limited, Nishat Real Estate Development Company (Private) Limited and Nishat Agriculture Farming (Private) Limited, Nishat Farm Supplies (Pvt) Limited and Hyundai Nishat (Pvt) Limited.

### MR. AURANGZEB FIROZ



Mr. Aurangzeb Firoz is a graduate from the Lahore American School and of the University of London. He has recently completed his MBA from Cornell University, USA. His prime experience is focused in the areas of finance, business strategy and operation management. He is a director of City Schools Group and has been instrumental in providing strategic and operational support in driving business expansion into Arab States for City Schools' (Pvt) Limited.

Mr. Aurangzeb Firoz holds directorships of Lalpir Power Limited, Engen (Pvt) Limited, Educational System (Pvt) Limited, City APIIT (Pakistan) (Pvt) Limited, City School (Pvt) Ltd, Smart Education System (Pvt) Ltd, The Smart School (Pvt) Ltd, City Schools (Pakistan) Limited, City Education System (Pvt) Ltd, City APIIT (Pvt) Ltd, Premier Realities (Pvt) Ltd and Remington Realities (Pvt) Ltd, his primary interest remains in the development of the new projects, especially in power and Energy and Educational Sector of Pakistan.

### MR. JAWAID IQBAL



Mr. Jawaid Iqbal is a Bachelor of Science from University of Pennsylvania, USA. He has over 20 years of vast experience of working as Chief Executive/Director of various Listed and non-listed companies. He also serves as Chief Executive Officer of Gul Ahmed CBMC Glass Company Limited and Metro Property Network (Pvt) Limited and Director on the Boards of Gul Ahmed Bio Films Limited and Metro Estate (Pvt) Limited.



### MR. KHALID QADEER QURESHI

Mr. Khalid Qadeer Qureshi is a fellow member of the Institute of Chartered Accountants of Pakistan. He has over 47 years of rich professional experience. He also serves on the Board of D.G. Khan Cement Company Limited, Nishat Power Limited and Nishat Commodities (Private) Limited.



### MR. MUHAMMAD AZAM

Mr. Muhammad Azam is a fellow member of the Institute of Chartered Accountants of Pakistan he has over 37 years' of experience He is working as Sr. General Manager (F& A) with Nishat Mills Limited since 1991, Director of Nishat Aziz Avenue, Nishat (Gulberg) Hotels and Properties Limited, Nishat (Raiwind) Hotels and Properties Limited, Security General Insurance Company Limited, and Nishat Real Estate Development Co. (Pvt) Ltd. and Nishat Hotels & Properties Limited.



### MR. MAHMOOD AKHTAR

Mr. Mahmood Akhtar holds an MBA degree from Punjab University and has over 37 years of managerial experience spread across various industries. He also serves on the Board of Pakgen Power Limited, Nishat Power Limited, Security General Insurance Company Limited, Nishat Hospitality (Pvt) Limited and Nishat Paper Product Co. Ltd.

### MR. INAYAT-ULLAH NIAZI



He is a Commerce Graduate and C.A. Inter. His experience spans about 34 years. His expertise is in accounts, tax, audit, finance, treasury, budget and planning.

He has served a director Lahore Stock Exchange. He is CFO of D.G. Khan Cement Company Limited and Nishat Paper Products Company Limited.

He is also serving a director in Security General Insurance Company Limited, Nishat Paper Products Company Limited, Pakistan Aviators & Aviation (Private) Limited, Nishat Hotels & Properties Limited, Nishat (Aziz Avenue) Hotels & Properties Limited, Nishat (Gulberg) Hotels & Properties Limited, Nishat (Raiwind) Hotels & Properties Limited, Nishat Energy Limited, Lalpir Solar Power (Private) Limited, National Clearing Company of Pakistan and LSE Financial Services Limited.



## DIRECTORS' REPORT

The Directors are pleased to present the Annual Report and the audited financial statements of the Company for the year ended December 31, 2017 together with the auditors' report thereon.

SUCCESS  
TEAM  
INNOVATION  
VISION  
INFLUENCE  
STRATEGY



## GENERAL

Lalpir Power Limited (“the Company”) was incorporated in Pakistan on 8 May 1994 under the Companies Ordinance, 1984. The shares of the Company are listed on the Pakistan Stock Exchange. The principal activities of the Company are to own, operate and maintain an oil fired power station (“the Complex”) with a dependable capacity of 350 MW against a gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. The Sole purchaser of the power is Central Power Purchasing Agency (CPPA).

## FINANCE

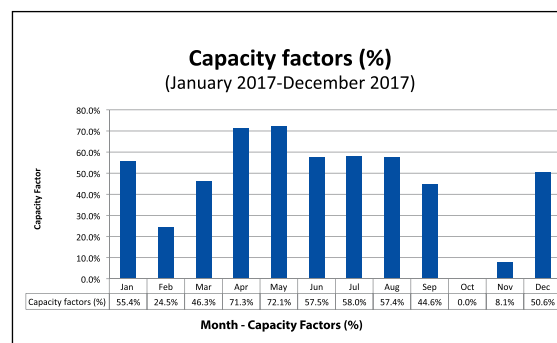
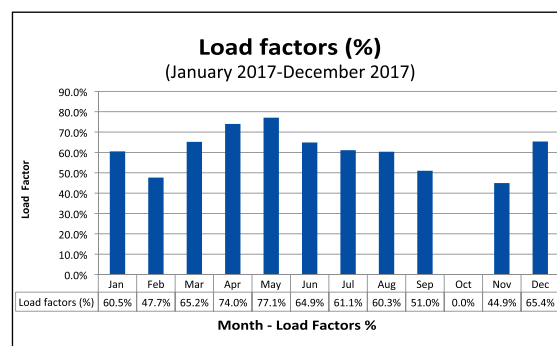
We report that during the year 2017 the total sales revenue of the Company was Rupees 18.313 billion (2016: Rupees 15.366 billion) and operating costs were Rupees 16.508 billion (2016: Rupees 13.510 billion), resulting in gross profit of Rupees 1.805 billion (2016: Rupees 1.856 billion). The Company earned a net profit of Rupees 945.351 Million resulting in earnings per share of Rupees 2.56 per share as compared to a net profit of Rupees 992.245 Million and earnings per share of Rupees 2.62 last year.

Main reason for decrease in net profit for year ended 31 December 2017 in Comparison with year ended 31 December 2016 is increase in delta loss by Rupees 194.158 Million due to increase of 1.12 Grams per kWh fuel consumption as compared to last year.

Our sole customer CPPA Central Power Purchasing Authority remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. As on 31 December 2017 an amount of Rupees 10.679 billion was outstanding against CPPA of these Rupees 569.276 Million was classified overdue. Despite frequent follow-up with the concerned Ministry of Government of Pakistan it is regretted there has been no

improvement in the situation and this has resulted in irregular supply of fuel which has affected Plant Operations. In addition, CPPA has failed to provide its obligatory Letter of Credit for Rupees 2.789 billion as required under the PPA. The Company is persistently pursuing CPPA/NTDC and the GOP for early retirement of the entire outstanding amounts. The Company is also pursuing CPPA for establishing the letter of credit as required under its PPA.

The Company and CPPA-G appointed former Chief Justice of Pakistan, Justice Tassaduq Husain Jilani as The Expert, under the mechanism given in the PPA. After a comprehensive process including written statements and arguments, The Honourable Expert, on 22 June 2017, issued his conclusions and recommendations. The conclusion upheld Company’s position that CPPA-G cannot claim liquidated damages for a caused by CPPA-G. Company has requested CPPA-G to withdraw its invoices for liquidated damages and waiting for a formal response.



## OPERATIONS AND SIGNIFICATE EVENTS:

In response to load demanded by CPPA, the Lalpir plant operated at capacity factor of 45.7% with an average load factor of 63.2% and an average complex availability of 98.0% and dispatched 1,399.502 GWh of electricity. The Company continues to allocate funds on various improvement projects towards the ongoing modernization of the plant in order to ensure its long term integrity and maximum availability for our customer CPPA.

## OTHER SIGNIFICANT MATTERS

Due to induction of new power generation plants based on hydel energy, coal and RLNG at a lower price, it is expected that Lalpir will be dispatched in peak demand seasons and in case of interruption of supply of RLNG, low water months only. This will help Company minimize its fuel losses

## ANNUAL CAPACITY TEST

As per the requirement of Power Purchase Agreement (PPA), the Company conducted its Annual Capacity Test on July 20, 2017 whereby it successfully maintained the capacity of 350 MW.

## PERFORMANCE IMPROVEMENT

On 30 September 2016, Company had entered into an agreement with General Electric (GE) for their assistance in improvement in plant performance. Due to complexity of the project, progress has been slow. However, Company and General Electric continue to work on possible solutions to achieve the project goals.

## CONVERSION TO COAL

There has been no further on converting the existing technology from oil fired to coal fired boiler. Main reason has been government policy to restrict use of imported coal on certain projects only e.g. CPEC. There is recent SBP restriction on local financing for import of large project machinery.

## LALPIR SOLAR POWER (PVT) LIMITED:

The planned 20MWIPP is still on hold for change of financial outlook. However, the approval of the Interconnection Study by NTDC and MEPCO is being followed up.

## CREDIT RATINGS

The Company has continuously been receiving "AA" (Double A) as long term rating and "A1+" (A One Plus) as short term rating by PACRA. These ratings reflect the Company's financial management strength and denote very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

## HUMAN RESOURCES

During the year, the company approved and implemented revisions in its HR Policy and Service Rules. These were aimed to provide a competence and career management framework to attract and retain high quality human capital. Behavioral conduct was included in annual performance evaluation to encourage positive attitudes and behavior.

## INTERNAL AUDIT AND CONTROL:

The board has set up an independent audit function headed by a qualified person reporting to the Audit Committee. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its' internal control system.

## ENVIRONMENT HEALTH AND SAFETY

Lalpir Power Limited is proud of its commitment to protecting the environment and enhancing the health and safety of its employees. We continued our pursuit of Health, Safety and Environment (HSE) excellence remaining true to our corporate values. We recognize and applaud the exceptional efforts of our employees for the work they do to protect the environment and to promote health and safety.

Health and safety excellence, integrated with our business goals, positions our Company for continued leadership and future growth. The Company continues to maintain the safer work place for all of the employees. 'Put Safety First' is among the highest priorities of our Company's management. A complete medical checkup of the employees is carried out every year and where required a full concentration is given to any required medical treatment.

During the year, there was no time lost due to any injury.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) AND COMMUNITY WELFARE

The Corporate Social Responsibility (CSR) program is an integral part of the Company's business since inception. It revolves around the focused objective to improve the lives of our neighboring communities through direct and indirect programs in the field of health, education, entrepreneurship and skills development partnering with nonprofit organizations and government. As a company, we strive to inspire, enable, and invest in opportunities that accelerate the process of empowering people to work towards eradicating poverty and unemployment.

### CSR INITIATIVES:

- The company is managing a basic health unit that is fully equipped with emergency facilities and diagnostics laboratory for the local community. Additionally company also arranges special eye camp for the local community on annual basis in collaboration with LRBT.
- Supporting operational expenses to 'CARE Foundation' for the five adopted government schools of local community.
- The Company donated a primary school building to 'The Citizens Foundation (TCF)' and continued its support to upgrade it to metric level.

- The Company is also running a program for the free education to the house maids working in employee's community.
- The company has upgraded many local government institutions like Vocational Training Institute and higher secondary school.

The Company has built/upgraded the infrastructure in the surrounding community like building houses damaged by flood, roads, bridges, drinking water filtration plant etc. on as and when required basis.

- The Company is awarding the scholarships to the deserving students of local community to pursue their professional education.
- Extensive plantation of trees in the surrounding areas.

## CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Company Management is fully cognizant of its responsibility as recognized by the formulated Companies Ordinance provisions and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). The following comments are acknowledgement of Company's commitment to high standards of Corporate Governance and continuous improvement.

- o 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.
- o Proper books of account of the Company have been maintained.
- o Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.



- o International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- o The system of internal control is sound in design and has been effectively implemented and monitored.
- o There are no doubts upon Company's ability to continue as going concern.
- o All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.
- o The key operating and financial data of last six years is attached to the report.
- o Value of investments of provident fund and gratuity scheme as at 31 December 2017 were as follows

Provident fund: 31 December 2017 is Rupees: 65.111 Million

Gratuity fund: 31 December 2017 is Rupees: 134.769 Million

**During the year under review, Six Board of Directors Meetings were held, attendance position was as under:-**

Sr. #	Name of Directors	No. of Meetings Attended
1	Mian Hassan Mansha (Director/Chairman)	5
2	Mr. Aurangzeb Firoz	6
3	Mr. Jawaid Iqbal	4
4	Mr. Khalid Qadeer Qureshi* (Director/CEO)	6
5	Mr. Mahmood Akhtar	6
6	Mr. Muhammad Azam	4
7	Mr. Kamran Rasool** (Resigned)	6
8	Mr. Inayat Ullah Niazi***	0

\* Mr. Khalid Qadeer Qureshi appointed CEO in place of Mr. Aurangzeb Firoz with effect from February 21, 2018.

\*\* Mr. Kamran Rasool has resigned on February 21, 2018.

\*\*\* Mr. Inayat Ullah Niazi appointed in place of Mr. Kamran Rasool on February 21, 2018.

**During the year under review, Four Audit Committee Meetings were held, attendance position was as under:-**

Sr. #	Name of Directors	No. of Meetings Attended
1	Mr. Jawaid Iqbal (Member/Chairman)	3
2	Mr. Mahmood Akhtar (Member )	4
3	Mr. Kamran Rasool* (Member) (Resigned)	4
4	*Mr. Inayat Ullah Niazi (Member)	0

\*Mr. Kamran Rasool has resigned on February 21, 2018 and Mr. Inayat Ullah Niazi appointed in his place.

**During the year under review, Two Human Resource & Remuneration (HR&R) Committee meeting was held, attendance position was as under:-**

Sr. #	Name of Directors	No. of Meetings Attended
1	Mr. Hassan Mansha (Member)	2
2	Mr. Kamran Rasool * (Member) (Resigned)	2
3	Mr. Ghazanfar Hussain Mirza (Member) (Resigned)	2
4	Mr. Jawaid Iqbal * (Member/Chairman)	0
5	Mr. Mahmood Akhtar** (Member)	0

\*Mr. Jawaid Iqbal appointed as a member of HR & R Committee in place of Mr. Kamran Rasool and Chairman in place of Mian Hassan Mansha with effect from January 1st, 2018.

\*\*Mr. Mahmood Akhtar appointed in place of Mr. Ghazanfar Hussain Mirza on May 09, 2017.

## CORPORATE GOVERNANCE:

The Statement of Compliance with the best practices of Code of Corporate Governance is annexed.

## PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding as on 31 December 2017 is attached.

## RELATED PARTIES

Related party transactions were placed before the Audit Committee and approved by the Board. These transactions were in line with the requirements of IFRS and the Companies Ordinance, 1984. The Company maintains a record of all such transactions.

## DIVIDEND DISTRIBUTION

The Board of Directors take pleasure to recommend, to the shareholders of the Company for approval in the ensuing Annual General Meeting, a final dividend at the rate of Rupees 1 per ordinary share of Rupees 10/ each (i.e. @ 10% which will be paid to those shareholders whose names would appear on members' register on the date as mentioned in the notice of AGM.

## AUDITORS

The present auditors M/s Riaz Ahmad and Company, Chartered Accountants retired and being eligible, offer themselves for re-appointment for the year 2018. The Audit Committee of the Board has recommended the reappointment of the retiring auditors.

## ACKNOWLEDGEMENT

We wish to thank our valuable shareholders, CPPA, financial institutions, lenders, Pakistan State Oil and other suppliers for their trust and faith in the Company and their valuable support that enabled the Company to achieve better results.

We also appreciate the management for establishing a modern and motivating working climate and promoting high levels of performance in all areas of the power plant. We also take this opportunity to thank our executives and staff members for their consistent support, hardworking and commitment for delivering remarkable results and we wish for their long life relationship with the Company.

For and on behalf of the Board of Directors



**(Mr. Khalid Qadeer Qureshi)**

Chief Executive Officer  
Lahore: 22 March 2018

## ڈائریکٹرز لال پیر پاور لمیٹڈ

لال پیر پاور لمیٹڈ ”کمپنی“ کے ڈائریکٹرز 31 دسمبر 2017 مختتمہ مدت کے لئے آپ کی کمپنی کی سالانہ رپورٹ اور نظر ثانی شدہ مالی حسابات پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### عام معلومات

لال پیر پاور لمیٹڈ (”کمپنی“) کمپنیز آرڈیننس 1984ء کے تحت 8 مئی 1994 کو پاکستان میں قائم ہوئی۔ کمپنی کے حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔ کمپنی کی اہم سرگرمیاں، محمود کوٹ، مظفر گڑھ، پنجاب، پاکستان میں 362 میگا واٹ کی مجموعی گنجائش کے مقابل 350 میگا واٹ کی ایک قابل اعتماد صلاحیت کے ساتھ تیل پر چلنے والا ایک بجلی گھر (”دی کمپلیکس“) کا مالک، چلانا اور برقرار رکھنا ہیں۔ بجلی کا واحد خریدار سنٹرل پاور پراجیکٹنگ ایجنسی (CPPA) ہے۔

### مالی نتائج

ہم بیان کرتے ہیں کہ سال 2017 کے دوران کمپنی کی فروخت کی کل آمدنی 18.313 بلین روپے (2016 15.366 بلین روپے) اور آپریٹنگ اخراجات 16.508 بلین روپے (2016 13.510 بلین روپے) جس کے نتیجے میں 1.805 بلین روپے کا مجموعی منافع (2016 1.856 بلین روپے) حاصل ہوا تھا۔ کمپنی نے گزشتہ سال 992.245 بلین روپے خالص منافع اور 2.62 روپے فی شیئر آمدنی کے مقابلے 945.35 بلین روپے خالص منافع کمایا جس کے نتیجے میں 2.56 روپے فی شیئر آمدنی حاصل ہوئی۔

31 دسمبر 2016 مختتمہ مدت کے موازنہ میں 31 دسمبر 2017 مختتمہ مدت کے خالص منافع میں کمی کی بڑی وجہ 194.158 بلین روپے کے ڈیلٹا نقصان میں اضافہ ہے جو گزشتہ سال کے مقابلے ایندھن کے استعمال میں 1.12 گرام فی KWH اضافہ کی وجہ سے ہوا۔

ہماری واحد صارف CPPA سینٹرل پاور پراجیکٹنگ ایجنسی بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خود مختار ضمانت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ 31 دسمبر 2017 کو CPPA کے ذمہ بقایا رقم 10.679 بلین روپے تھے جس میں سے 569.276 بلین روپے کی رقم زائد المیعاد تھی۔ حکومت پاکستان کی متعلقہ وزارت کے ہاں بارہ مرتبہ معاملہ اجاگر کرنے کے باوجود صورت حال میں کوئی بہتری نہیں ہوئی ہے جس کے نتیجے میں ایندھن کی فراہمی بے قاعدہ ہوئی جس نے پلانٹ کی کارروائیوں کو متاثر کیا ہے۔ اس کے علاوہ، CPPA بجلی کی خریداری کے معاہدہ PPA کے تحت درکار 2.789 بلین روپے کے لئے واجب کریڈٹ فراہم کرنے میں ناکام رہی ہے۔ کمپنی مسلسل CPPA / این ٹی ڈی سی اور حکومت پاکستان سے تمام بقایا جات کی رقم فی الفور ادا کرنے کا مطالبہ کر رہی ہے۔ کمپنی بجلی کی خریداری کے معاہدے کے تحت درکار کریڈٹ خط کے قیام کے لئے بھی CPPA کا مواخذہ کر رہی ہے۔

کمپنی اور CPPA-G نے سابق چیف جسٹس پاکستان جسٹس تصدق حسین جیلانی کو CPPA میں دیئے گئے میکانزم کے تحت ثالث مقرر کیا ہے۔ تحریری بیانات اور دلائلوں سمیت ایک جامع عمل کے بعد، معزز ثالث نے 22 جون 2017 کو اپنے نتائج اور سفارشات جاری کیں۔ نتیجہ کمپنی کے موقف کی حمایت کرتا ہے کہ CPPA-G کو چھیننے والے اپنے لیکویڈیٹی نقصانات کا دعویٰ نہیں کر سکتا۔ کمپنی نے CPPA-G سے لیکویڈیٹی نقصانات کے لئے اپنی انوائس واپس لینے کی درخواست کی ہے اور رسمی رد عمل کا انتظار کر رہے ہیں۔

### آپریٹرز اور اہم واقعات:

CPPA کی طرف سے مطلوبہ لوڈ کے جواب میں لال پیر پلانٹ 63.2 فیصد اوسط لوڈ فیکٹر اور 98.0 فیصد کی اوسط کمپلیکس کی دستیابی کے ساتھ 45.7 فیصد کے صلاحیتی عنصر پر چلایا گیا اور 1,399.290 GWh بجلی ترسیل کی گئی۔ کمپنی ہمارے صارف CPPA کے لئے اپنی طویل مدتی سالمیت اور زیادہ سے زیادہ دستیابی کو یقینی بنانے کے لئے پلانٹ کی جدت طرازی کی خاطر مختلف بہتری کے منصوبوں پر فنڈز مختص کرتی رہتی ہے۔

### دیگر اہم معاملات

کم قیمت میں ہائیڈل انرجی، کونکد اور آرائیل این پروپی نے پاور جنریشن پلانٹس کی تنصیب کی بدولت یہ امید کی جاتی ہے کہ بہت زیادہ طلب کے موسم میں اور آرائیل این جی کی عدم فراہمی کی صورت، پانی کی کمی کے مہینوں میں لال پیر بجلی کی ترسیل کے قابل ہوگا۔ اس سے کمپنی کو اپنے ایندھن کے نقصان کو کم سے کم کرنے میں مدد ملے گی۔

## سالانہ صلاحتی ٹیسٹ

بجلی کی خریداری کے معاہدے (پی پی اے) کی ضروریات کے مطابق، کمپنی نے 20 جولائی، 2017 کو اپنے سالانہ صلاحتی ٹیسٹ کا انعقاد کیا جس میں کامیابی سے 350 میگا واٹ کی صلاحیت برقرار رہی۔

## کارکردگی میں بہتری

30 ستمبر 2016 کو، کمپنی پلانٹ کی کارکردگی میں بہتری میں ان کی مدد کے لئے جنرل الیکٹرک (جی ای) کے ساتھ ایک معاہدہ کیا تھا۔ منصوبے کی پیچیدگی کی وجہ سے، ترقی سست ہو گئی ہے۔ تاہم، کمپنی اور جنرل الیکٹرک منصوبے کی اہداف کو حاصل کرنے کے لئے ممکنہ حل پر کام جاری رکھیں گے۔

## کونکہ پر منتقلی

موجودہ ٹیکنالوجی کو تیل سے چلانے کی بجائے کونکہ پر چلنے والے بوائیئر پر مزید منتقلی نہیں کی جا رہی ہے۔ جس کی بنیادی وجہ یہ ہے کہ سرکاری پالیسی کے مطابق درآمد شدہ کونکہ کا استعمال بعض مخصوص منصوبوں مثلاً سی پیک پر محدود کرنا ہے۔ بڑے پراجیکٹ کی مشینری کے درآمد کے لئے مقامی فنانسنگ پر حالیہ ایس بی پی کی طرف سے پابندی لگائی گئی ہے۔

## لال پیرو سولر پاور (پرائیویٹ) لمیٹڈ:

مالی نقطہ نظر کی تبدیلی کے لئے 20 MW IPP کا منصوبہ ابھی زیر غور ہے۔ تاہم NTDC اور MEPCO کی طرف سے انٹر کنکشن مطالعہ کی منظوری کی کوشش کی جا رہی ہے۔

## کریڈٹ ریٹنگ

کمپنی PACRA سے مسلسل "AA" (ڈبل اے) طویل مدتی ریٹنگ اور "A1+" (اے ون پلس) مختصر مدتی ریٹنگ وصول کر رہی ہے۔ یہ ریٹنگ کمپنی کے مالی انتظامات کی طاقت کی عکاسی اور مالیاتی وعدوں کی بروقت ادائیگی کے لئے ایک بہت مضبوط صلاحیت سے کریڈٹ خطرات کے بہت کم امکان کو ظاہر کرتی ہے۔

## انسانی وسائل

سال کے دوران، کمپنی نے اپنی ایچ آر پالیسی اور سروس رولز میں نظر ثانی کو منظور اور نافذ کیا ہے۔ ان کا مقصد اعلیٰ معیار کے انسانی سرمایہ کو اپنی طرف متوجہ اور برقرار رکھنے کے لئے صلاحیت اور کیریئر مینجمنٹ فریم ورک فراہم کرنا تھا۔ مثبت رویوں اور سلوک کو فروغ دینے کے لئے سالانہ کارکردگی کی تشخیص میں طرز عمل کو شامل کیا گیا تھا۔

## اندرونی آڈٹ اور کنٹرول:

بورڈ نے آڈٹ کمیٹی کو رپورٹنگ کے لئے ایک تعلیم یافتہ شخص کی سربراہی میں ایک آزاد آڈٹ قائم کیا ہے۔ کمپنی کے اندر اندرونی آڈٹنگ کا دائرہ کار واضح طور پر بیان کیا جاتا ہے جو اندرونی کنٹرول کے نظام کا جائزہ لیتا اور تشخیص کرتا ہے۔

## صحت اور سیفٹی کا ماحول

لال پیرو پاور لمیٹڈ کو ماحول کے تحفظ اور اپنے ملازمین کی صحت اور حفاظت کو بہتر بنانے کے عزم پر فخر حاصل ہے۔ ہم اپنے کارپوریٹ اقدار کے لئے صحت، تحفظ اور ماحولیات (HSE) کی برتری کو قائم رکھتے ہیں۔ ہم ماحول کی حفاظت اور صحت و سلامتی کو فروغ دینے کے لئے کام کرنے والے اپنے ملازمین کی غیر معمولی کوششوں کو تسلیم اور سراہتے ہیں۔

صحت اور حفاظت کی برتری، ہمارے کاروبار کے مقاصد کے ساتھ مربوط، قیادت اور مستقبل کی ترقی کے لئے ہماری کمپنی کی حیثیت قائم رکھتے ہیں۔ کمپنی تمام ملازمین کے لئے محفوظ کام کی جگہ برقرار رکھتی ہے۔ 'حفاظت پہلے رکھو' ہماری کمپنی کی انتظامیہ کی اعلیٰ ترین ترجیحات میں شامل ہے۔ ملازمین کا مکمل میڈیکل چیک اپ ہر سال کیا جاتا ہے اور جہاں مکمل ارتکاز کی ضرورت ہو کوئی بھی مطلوبہ طبی علاج کیا جاتا ہے۔ سال کے دوران کسی زخم کے باعث کوئی وقت ضائع نہیں ہوا ہے۔

## کارپوریٹ سماجی ذمہ داری (CSR) اور کمیونٹی ویلفیئر

قیام کے آغاز سے کارپوریٹ سماجی ذمہ داری (CSR) پروگرام کمپنی کے کاروبار کا ایک لازمی حصہ ہے۔ یہ غیر منافع بخش تنظیموں اور حکومت کی شراکت سے صحت،

تعلیم، کاروبار کے فروغ اور مہارتوں کی ترقی کے شعبہ میں بالواسطہ اور بلاواسطہ پروگراموں کے ذریعہ ہماری پڑوسی کمیونٹی کی زندگیوں کو بہتر بنانے کے لئے مرکز توجہ کے مقصد کے گرد گھومتا ہے۔ ایک کمپنی کے طور پر، ہم ایسے مواقعے میں حوصلہ افزائی، فعال اور سرمایہ کاری کرنے کی کوشش کرتے ہیں جو غربت اور بیروزگاری کو ختم کرنے کو نشان لوگوں کو باختیار بنانے کے عمل کو تیز کریں۔

#### CSR اقدامات:

- کمپنی ایک بنیادی صحت مرکز چلا رہی ہے جو مقامی کمیونٹی کے لئے ہنگامی سہولیات اور تشخیص کی لیبارٹری سے مکمل طور پر پریس کیا گیا ہے۔ اس کے علاوہ کمپنی سالانہ بنیاد پر مقامی کمیونٹی کے لئے ایل آر بی ٹی کے تعاون سے خصوصی آئی کیو پ کا بھی انتظام کرتی ہے۔
- مقامی کمیونٹی کے پانچ سرکاری اسکولوں کی سرپرستی کے لئے کیئر فاؤنڈیشن کی آپریشنل اخراجات میں تعاون کرتی ہے۔
- مقامی کمیونٹی میں TCF اسکولوں کی پرائمری سطح سے شروع اور میٹرک سطح تک اپ گریڈ کرنے میں تعاون کر رہی ہے۔
- کمپنی ملازمین کی کمیونٹی میں گھر بلو کام کرنے والوں کو مفت تعلیم دینے کے لئے ایک چھوٹا سا ویہ پروگرام بھی چلا رہی ہے۔
- کمپنی نے ووکیشنل ٹریننگ انسٹی ٹیوٹ اور ہائر سیکنڈری اسکول کی طرح کے بہت سے مقامی حکومتی اداروں کو اپ گریڈ کیا ہے۔
- کمپنی نے آرڈر گرڈ کی کمیونٹی میں جب ضرورت ہوگی بنیاد پر سیلاب سے تباہ شدہ مکانات کی تعمیر، سڑکوں، پلوں اور پینے کے پانی وغیرہ کی تعمیر/بنیادی ڈھانچہ کو اپ گریڈ کیا ہے۔

• کمپنی مقامی کمیونٹی کے مستحق طلباء کو ان کی پیشہ ورانہ تعلیم کے لئے سکالرشپس دے رہی ہے۔

• وسیع پیمانے پر درختوں کی شجر کاری کی گئی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمپنی کی انتظامیہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی طرف سے جاری کردہ کارپوریٹ گورننس کے ضابطہء اخلاق اور کینیڈا آرڈیننس کی دفعات کی منظوری کے مطابق اپنی ذمہ داریوں سے پوری طرح آگاہ ہے۔ حسب ذیل تبصرے کارپوریٹ گورننس اور مسلسل بہتری کے اعلیٰ معیارات ادارے کی وابستگی کا اعتراف ہے۔

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

• اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

• کمپنی کے گونگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

• بورڈ کے تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے بخوبی واقف ہیں۔ ڈائریکٹرز کو اور ڈائریکٹرز کو ریسرچ کے ذریعے ان کے فرائض اور ذمہ داریوں کے بارے میں آگاہ کیا گیا تھا۔

• گذشتہ چھ سالوں کا کلیدی اور مالی اعداد و شمار رپورٹ کے ہمراہ منسلک ہے۔

• 31 دسمبر 2017 کو پراویڈنٹ فنڈ اور گریجویٹ سکیم کی سرمایہ کاری کی قدر حسب ذیل تھی:

پراویڈنٹ فنڈ: 31 دسمبر 2017 کو 65.111 ملین روپے

گریجویٹ فنڈ: 31 دسمبر 2017 کو 134.769 ملین روپے

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام ڈائریکٹر	تعداد اجلاس
1	میاں حسن منشا (چیئر مین/ ڈائریکٹر)	5
2	جناب اورنگ زیب فیروز	6
3	جناب جاوید اقبال	4
4	جناب خالد قدیر قریشی* (سی ای او/ ڈائریکٹر)	6
5	جناب محمود اختر	6
6	جناب محمد اعظم	4
7	جناب کامران رسول** (مستغفی)	6
8	جناب عنایت اللہ نیازی***	0

\* جناب خالد قدیر قریشی 21 فروری 2018 کو جناب اورنگ زیب فیروز کی جگہ سی ای او مقرر ہوئے۔

\*\* جناب کامران رسول 21 فروری 2018 کو مستغفی ہو گئے۔

\*\*\* جناب عنایت اللہ نیازی 21 فروری 2018 کو جناب کامران رسول کی جگہ مقرر ہوئے۔

زیر جائزہ سال کے دوران، آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام رکن	تعداد اجلاس
1	جناب جاوید اقبال (ممبر/ چیئر مین)	3
2	جناب محمود اختر (ممبر)	4
3	جناب کامران رسول* (مستغفی) (ممبر)	4
4	* جناب عنایت اللہ نیازی (ممبر)	0

\* جناب کامران رسول 21 فروری 2018 کو مستغفی ہو گئے اور ان کی جگہ جناب عنایت اللہ نیازی مقرر ہوئے۔

زیر جائزہ سال کے دوران، ہیومن ریسورسز & ریمزیشن (R&HR) کمیٹی کے دو (2) اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام رکن	تعداد اجلاس
1	جناب حسن منشا (ممبر)	2
2	* جناب کامران رسول (مستغفی) (ممبر)	2
3	جناب غضنفر حسین مرزا (مستغفی) (ممبر)	2
4	جناب جاوید اقبال* (ممبر/ چیئر مین)	0
5	جناب محمود اختر** (ممبر)	0

\* جناب جاوید اقبال یکم جنوری 2018 سے مؤثر جناب کامران رسول کی جگہ ایچ آر اینڈ آر کمیٹی کے ممبر اور میاں حسن منشا کی جگہ چیئر مین مقرر ہوئے۔

\*\* جناب محمود اختر 09 مئی 2017 کو جناب غضنفر حسین مرزا کی جگہ مقرر ہوئے۔

کارپوریٹ گورننس:

کارپوریٹ گورننس کے ضابطہء اخلاق پر بہترین عمل کی وضاحت منسلک ہے۔

حصص داری کا نمونہ:

بمطابق 31 دسمبر 2017 نمونہء حصص داری منسلک ہے۔

متعلقہ پارٹیاں:

متعلقہ پارٹیوں کے درمیان لین دین آڈٹ کمیٹی کے سامنے پیش کیا گیا اور بورڈ نے منظور کیا۔ یہ لین دین IFRS اور کنٹینیز آرڈیننس 1984 کی ضروریات کے مطابق تھے۔ کمپنی ایسے تمام لین دین کا ریکارڈ برقرار رکھتی ہے۔

منافع منقسمہ کی تقسیم:

بورڈ آف ڈائریکٹرز نے کمپنی کے حصص یافتگان کو، 10 روپے ہر ایک (یعنی بشرح 10 فیصد) کے 11 روپے فی عام شیئر کی شرح پر حتمی منافع منقسمہ سالانہ اجلاس عام میں منظور کرنے کی سفارش کرتے ہوئے خوشی محسوس کرتی ہے جو ان حصص داران کو ادا کیا جائے گا جن کے نام سالانہ اجلاس عام میں مذکورہ تاریخ کو رجسٹر میں درج ہوں گے۔

محاسب:

موجودہ محاسب میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے اہل ہونے کی بناء پر سال 18-2017 کے لئے دوبارہ تعیناتی کے لئے خود کو پیش کیا ہے اور ڈی آڈٹ کمیٹی نے ریٹائر ہونے والے محاسب کی دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر:

ہم اپنے قابل قدر حصص داران، CPPA، مالیاتی اداروں، قرض دہندگان، پاکستان اسٹیٹ آئل اور دیگر سپلائرز کے کمپنی پر اعتماد، یقین اور مسلسل حمایت کا شکریہ ادا کرتے ہیں جن کی بدولت کمپنی بہتر نتائج حاصل کرنے کے قابل ہوئی ہے۔

ہم ایک جدید اور حوصلہ افزاء کام کا ماحول قائم کرنے اور پاور پلانٹ کے تمام شعبوں میں کارکردگی کی اعلیٰ سطح کو فروغ دینے کے لئے انتظامیہ کی محنت کو سراہتے ہیں۔ ہم قابل ذکر نتائج کی فراہمی کے لئے ایگزیکٹوز اور عملے کے ارکان کی مسلسل حمایت، کوششوں اور عزم کے لئے بھی شکریہ ادا کرتے ہیں اور کمپنی کے ساتھ ان کے طویل تعلقات کے خواہش مند ہیں۔

منجانب مجلس نطاء



(جناب خالد قدیر قریشی)

چیف ایگزیکٹو آفیسر

لاہور: 22 مارچ 2018ء



# FINANCIAL DATA

	2017	2016	2015	2014	2013	2012
Dispatch level %	45.7%	52.2%	62.80	55.20	63.10	54.80
Dispatch(GWH)	1,399	1,601	1,915	1,680	1,925	1,685
<b>Revenue (000)</b>						
Revenue	18,313,076	15,366,041	22,078,537	30,916,857	36,571,100	32,906,885
Cost of Sales	(16,508,376)	(13,510,090)	(20,039,190)	(29,037,489)	(34,773,224)	(30,415,938)
<b>Gross Profit</b>	<b>1,804,700</b>	<b>1,855,951</b>	<b>2,039,347</b>	<b>1,879,368</b>	<b>1,797,876</b>	<b>2,490,947</b>
<b>Profitability (000)</b>						
Profit/(loss) before tax	972,340	994,697	849,863	792,741	644,691	1,446,258
Provision for tax	-	-	-	-	-	-
<b>Profit/(loss) after tax</b>	<b>972,340</b>	<b>994,697</b>	<b>849,863</b>	<b>792,741</b>	<b>644,691</b>	<b>1,446,258</b>
<b>Financial position (000)</b>						
Non Current Assets	9,092,672	9,933,753	10,313,647	11,100,713	8,406,498	8,393,893
Current Assets	14,580,756	13,884,049	11,172,980	12,522,547	13,943,942	14,439,681
Less: Current Liabilities	10,600,422	10,396,527	7,742,120	9,493,110	10,246,135	10,615,270
<b>Net Working Capital</b>	<b>3,980,334</b>	<b>3,487,522</b>	<b>3,430,860</b>	<b>3,029,437</b>	<b>3,697,807</b>	<b>3,824,411</b>
Capital Employed	13,073,006	13,421,275	13,744,507	14,130,150	12,104,305	12,218,304
Less: Long term Loans	230,423	783,438	1,336,453	1,813,876	-	-
Less: Deferred Liabilities	38,280	19,207	21,991	17,937	20,222	13,620
<b>Share Holders Equity</b>	<b>12,804,303</b>	<b>12,618,630</b>	<b>12,386,063</b>	<b>12,298,337</b>	<b>12,084,083</b>	<b>12,204,684</b>
<b>Represented by (000)</b>						
Share Capital	3,798,387	3,798,387	3,798,387	3,798,387	3,798,387	3,453,079
Capital Reserve	107,004	107,004	107,004	107,004	107,004	107,004
Un-appropriated Profit	8,898,912	8,713,239	8,480,672	8,392,946	8,178,692	8,644,601
	12,804,303	12,618,630	12,386,063	12,298,337	12,084,083	12,204,684
<b>Dividends (000)</b>	<b>-</b>	<b>379,839</b>	<b>379,839</b>	<b>379,839</b>	<b>949,597</b>	<b>1,070,455</b>
Earning Per Share	2.56	2.62	2.24	2.09	1.70	4.19
P/E ratio	3.91	3.82	4.46	4.78	5.88	2.39
Delta Loss(000)	884,090	689,932	801,137	1,461,527	1,971,173	1,342,229
<b>Ratio</b>						
Break up value per share of RS 10 Each share	33.71	33.22	32.61	32.38	31.81	35.34
Current ratio	1.38	1.34	1.44	1.32	1.36	1.36
<b>Net profit/(loss) to sales %</b>	<b>5.31</b>	<b>6.47</b>	<b>3.85</b>	<b>2.56</b>	<b>1.76</b>	<b>4.40</b>

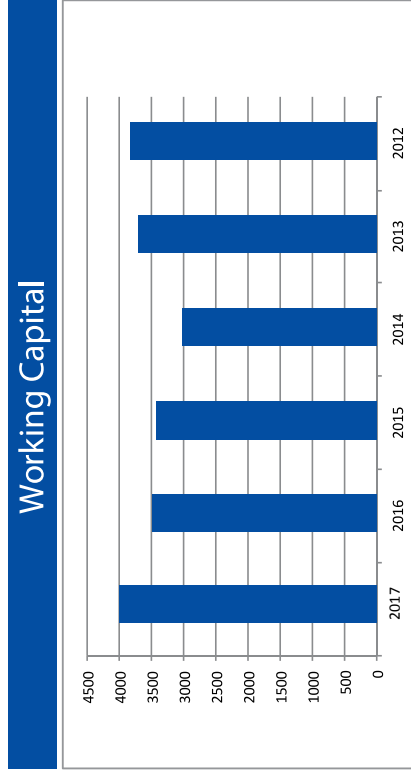
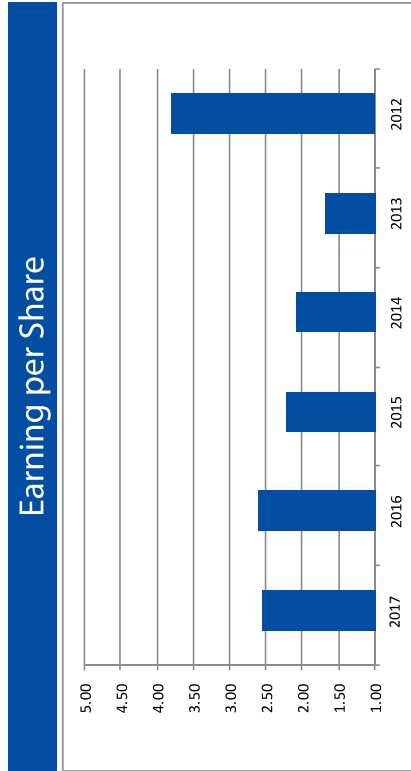
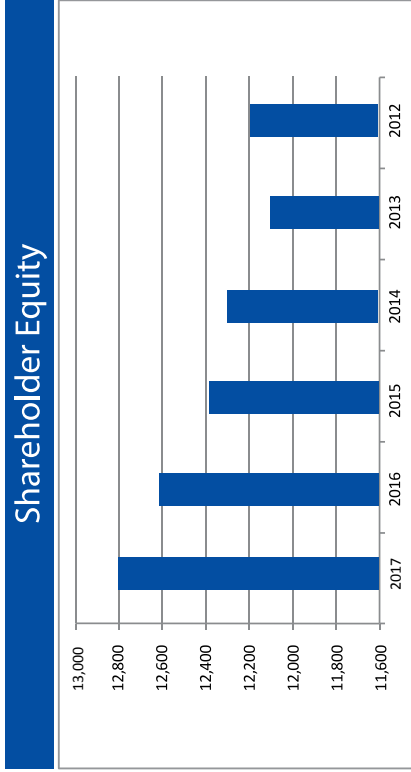
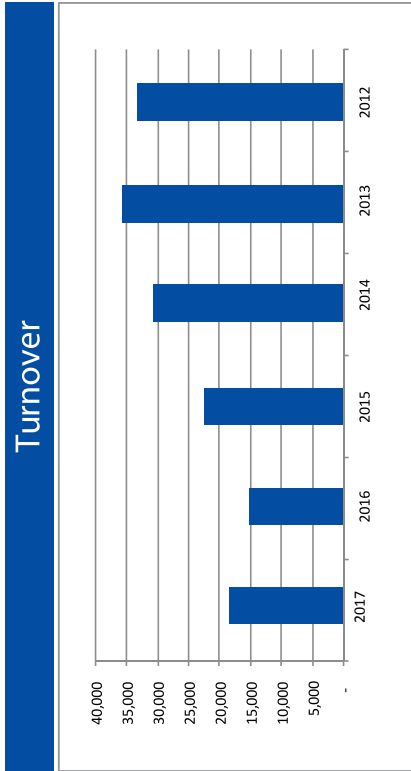
## Vertical Analysis - Profit and Loss Account

	2017	% of Turnover	2016	% of Turnover	2015	% of Turnover
Revenue	18,313,076	100	15,366,041	100	22,078,537	100
Cost of Sales	(16,508,376)	(90.15)	(13,510,090)	(87.92)	(20,039,190)	(90.76)
Gross Profit	1,804,700	8.17	1,855,951	12.08	2,039,347	9.24
Administration Expenses	(187,067)	(1.02)	(165,229)	(1.08)	(146,951)	(0.67)
Other operating Expenses	(17,388.00)	(0.09)	(7,590)	(0.05)	(245,553)	(1.11)
Other income	111,321.00	0.61	29,806	0.19	11,929	0.05
Finance Cost.	(739,226.00)	(4.04)	(718,114)	(4.67)	(807,489)	(3.66)
share of loss of associated company	-	-	(127.00)	(0.00)	(1,420)	(0.01)
Profit for the year	972,340	5.31	994,697	6.47	849,863	3.85

## Horizontal Analysis - Profit and Loss Account

	2017	17 v 16	2016	16 v 15	2015	15 v 14
Revenue	18,313,076	19.18	15,366,041	(30.40)	22,078,537	(28.59)
Cost of Sales	(16,508,376)	22.19	(13,510,090)	(32.58)	(20,039,190)	(30.99)
Gross Profit	1,804,700	(2.76)	1,855,951	(8.99)	2,039,347	8.51
Administration Expenses	(187,067)	27.30	(165,229)	12.44	(146,951)	10.67
Other operating Expenses	(17,388)	(92.92)	(7,590)	(96.91)	(245,553)	10,389.24
Other income	111,321	833.20	29,806	149.86	11,929	(50.65)
Finance Cost.	(739,226)	(8.45)	(718,114)	(11.07)	(807,489)	(17.23)
share of loss of associated company	-	-	(127.0)	(91.06)	(1,420)	1,179
Profit for the year	972,340	14.41	994,697	17.04	849,863	7.21

# PERFORMANCE REVIEW



# PATTERN OF SHAREHOLDINGS

As at December 31, 2017

# of Shareholders	Shareholdings' Slab		Total Shares Held
224	1	to 100	3,848
825	101	to 500	405,676
423	501	to 1000	414,945
623	1001	to 5000	1,823,609
201	5001	to 10000	1,689,342
43	10001	to 15000	559,803
51	15001	to 20000	951,603
43	20001	to 25000	1,019,128
15	25001	to 30000	421,357
16	30001	to 35000	536,876
12	35001	to 40000	455,500
12	40001	to 45000	521,980
24	45001	to 50000	1,193,000
7	50001	to 55000	374,500
6	55001	to 60000	355,061
3	60001	to 65000	189,500
5	65001	to 70000	347,000
8	70001	to 75000	597,000
1	75001	to 80000	80,000
2	80001	to 85000	169,000
4	85001	to 90000	348,500
1	90001	to 95000	94,500
8	95001	to 100000	799,000
1	100001	to 105000	104,000
1	105001	to 110000	107,000
1	120001	to 125000	120,121
1	125001	to 130000	129,000
1	130001	to 135000	134,500
1	140001	to 145000	141,000
3	145001	to 150000	450,000
1	155001	to 160000	160,000
1	160001	to 165000	161,500
1	165001	to 170000	169,000
2	170001	to 175000	347,500
1	185001	to 190000	186,000
1	190001	to 195000	192,500
1	195001	to 200000	199,500
2	220001	to 225000	450,000
1	240001	to 245000	241,000
2	245001	to 250000	498,000
2	295001	to 300000	600,000
3	300001	to 305000	914,500
1	310001	to 315000	313,000
1	320001	to 325000	322,000
1	325001	to 330000	330,000
1	345001	to 350000	350,000
1	390001	to 395000	392,000
1	395001	to 400000	396,000
1	405001	to 410000	407,000
1	415001	to 420000	416,000
1	420001	to 425000	423,349

# of Shareholders	Shareholdings' Slab		Total Shares Held
1	445001	to 450000	448,500
1	465001	to 470000	467,000
1	475001	to 480000	476,000
4	495001	to 500000	2,000,000
2	560001	to 565000	1,128,000
1	630001	to 635000	634,000
1	650001	to 655000	655,000
1	745001	to 750000	750,000
1	805001	to 810000	806,555
1	815001	to 820000	817,000
1	840001	to 845000	840,500
1	870001	to 875000	871,000
1	960001	to 965000	962,500
2	995001	to 1000000	2,000,000
1	1060001	to 1065000	1,061,500
2	1135001	to 1140000	2,273,055
1	1140001	to 1145000	1,145,000
1	1230001	to 1235000	1,230,500
1	1260001	to 1265000	1,264,000
1	1265001	to 1270000	1,269,000
1	1435001	to 1440000	1,438,000
1	1465001	to 1470000	1,465,500
1	1565001	to 1570000	1,570,000
1	1575001	to 1580000	1,579,500
1	1800001	to 1805000	1,803,000
1	2015001	to 2020000	2,019,000
1	2070001	to 2075000	2,071,402
1	2485001	to 2490000	2,485,500
1	2675001	to 2680000	2,677,000
1	3260001	to 3265000	3,263,000
1	6835001	to 6840000	6,836,547
1	8265001	to 8270000	8,266,000
1	13140001	to 13145000	13,144,000
1	18030001	to 18035000	18,034,000
1	25990001	to 25995000	25,993,711
1	27345001	to 27350000	27,348,388
1	38335001	to 38340000	38,335,500
1	69010001	to 69015000	69,011,371
1	109390001	to 109395000	109,393,005
<b>2638</b>			<b>379,838,732</b>

# CATEGORIES OF SHAREHOLDERS

As at December 31, 2017

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
MIAN HASSAN MANSHA	2	25,993,762	6.84
AURANGZEB FIROZ	1	550	0.00
JAWAID IQBAL	1	500	0.00
MR. MAHMOOD AKHTAR	1	550	0.00
MR. KAMRAN RASOOL	1	500	0.00
MR. KHALID QADEER QURESHI	1	550	0.00
MUHAMMAD AZAM	1	500	0.00
<b>Associated Companies, undertakings and related parties</b>			
NISHAT MILLS LIMITED	1	109,393,005	28.80
SECURITY GENERAL INSURANCE COMPANY LIMITED	2	6,836,548	1.80
ADAMJEE INSURANCE COMPANY LIMITED	1	27,348,388	7.20
M/S. ENGEN (PRIVATE) LIMITED	2	69,011,922	18.17
<b>Executives</b>			
	-	-	-
<b>Public Sector Companies and Corporations</b>			
	2	1,267,000	0.33
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>			
	13	26,553,000	6.99
<b>Mutual Funds</b>			
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	407,000	0.11
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	1,137,555	0.30
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	806,555	0.21
MCBFSL - TRUSTEE JS VALUE FUND	1	1,269,000	0.33
CDC - TRUSTEE JS LARGE CAP. FUND	1	817,000	0.22
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	300,000	0.08
CDC - TRUSTEE JS ISLAMIC FUND	1	241,000	0.06
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	1,438,000	0.38
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	150,000	0.04
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	1,465,500	0.39
CDC - TRUSTEE APF-EQUITY SUB FUND	1	75,000	0.02
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	225,000	0.06
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	75,000	0.02
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	248,000	0.07
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	563,000	0.15
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	1,061,500	0.28
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	2,677,000	0.70
CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	1	2,019,000	0.53
<b>General Public</b>			
a. Local	2541	28,328,162	7.46
b. Foreign	0	-	-
<b>Foreign Companies</b>			
	3	327,000	0.09
<b>Others</b>			
	47	69,801,685	18.38
<b>Totals</b>	<b>2638</b>	<b>379,838,732</b>	<b>100.00</b>

Share holders holding 5% or more	Shares Held	Percentage
ADAMJEE INSURANCE COMPANY LIMITED	27,348,388	7.20
ENGEN (PRIVATE) LTD	69,011,922	18.17
MAHMOOD TEXTILE MILLS LTD	38,335,500	10.09
MIAN HASSAN MANSHA	25,993,762	6.84
NISHAT MILLS LIMITED	109,393,005	28.80

#### INFORMATION UNDER LISTING REGULATION NO. 5.19.11 (XII) OF PAKISTAN STOCK EXCHANGE LIMITED RULE BOOK AS ON DECEMBER 31, 2017

There is no trading in the shares of the company , carried out by its directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, their spouses, and minor children and other employees of the company for whom the Board of Directors have set the threshold.

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

NAME OF COMPANY : LALPIR POWER LIMITED

YEAR ENDED : DECEMBER 31, 2017

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited 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. At present the Board includes:

CATEGORY	NAMES
Independent Directors	Mr. Jawaid Iqbal
Executive Directors	Mr. Khalid Qadeer Qureshi
Non Executive Directors	Mian Hassan Mansha Mr. Aurangzeb Firoz Mr. Muhammad Azam Mr. Inayat Ullah Niazi (appointed in place of Mr. Kamran Rasool on 21 February 2018) Mr. Mahmood Akhtar

The independent director meets the criteria of independence under clause 5.19.1.(b) of the CCG.

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 taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year ended December 31, 2017. However, one casual vacancy occurred on the Board on 21 February 2018 and was filled up by the Directors on same day.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.



7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged following for its Directors during the year.

**Orientation Course: -**

All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.

**Directors' Training Programme: -**

- (i) Two Directors of the Company are exempt due to 14 years of education and 15 years of experience on the board of a listed company.
  - (ii) Four Directors Mr. Aurangzeb Firoz, Mr. Mahmood Akhtar, Mr. Inayat Ullah Niazi and Mr. Jawaid Iqbal have completed the directors training program.
10. The Board has approved appointment of Miss Hina Rauf as Head of Internal Audit including the remuneration and terms and conditions of her employment in place of Syed Arshad Ali Zaidi. The remuneration of CFO was revised during the year after due approval of the Board. Subsequent to the year end, the Board has approved the appointment of Mr. Awais Majeed Khan as Chief Financial Officer of the Company in place of Mr. Khalid Qadeer Qureshi and Miss Zeenat Salam as Head of Internal Audit in place of Miss. Hina Rauf including terms and conditions of their employment with effect from February 01, 2018.
  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 3 members of whom 2 are non-executive directors and one is independent director. The Chairman of Audit 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 Human Resource and Remuneration Committee. It comprises 3 members all of whom are non-executive directors and the chairman of the committee is a non-executive director.
18. The Board has set up an effective internal audit function, and the members of internal audit function are considered suitably qualified and experienced for the purpose and are conversant with the policies and the procedures of the Company.
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 financial results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with. Further, the Company has continued to present the details of all related party transactions before the Audit Committee and upon their recommendation to the Board for review and approval. The definition of related party used is in accordance with repealed Companies Ordinance, 1984 and applicable financial reporting framework as the regulations under Section 208 of the Companies Act, 2017 have not yet been announced.



(KHALID QADEER QURESHI)  
CHIEF EXECUTIVE OFFICER  
CNIC # 35202-8191856-7



(INAYAT ULLAH NIAZI)  
DIRECTOR  
CNIC # 35202-2732121-1

## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of LALPIR POWER LIMITED (“the Company”) for the year ended 31 December 2017 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, where the Company is listed.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors’ statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company’s corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2017.



RIAZ AHMAD & COMPANY  
Chartered Accountants

Name of engagement partner:  
Mubashar Mehmood

Date: 22 March 2018  
LAHORE

# FINANCIAL HIGHLIGHTS





# AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **LALPIR POWER LIMITED** as at 31 December 2017 and the related profit and loss account, cash flow statement and statement of changes in equity 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 repealed 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 repealed 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 repealed 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed 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 31 December 2017 and of the profit, its cash flows and changes in equity 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.

We draw attention to note 10.1.2 to the financial statements which explains the uncertainty regarding outcome of claims lodged by Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), which have been disputed by the company. Our opinion is not modified in respect of this matter.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Name of engagement partner:  
Mubashar Mehmood

Date: 22 March 2018

LAHORE

# BALANCE SHEET

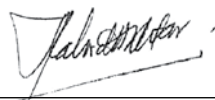
As at 31 December 2017

	Note	2017 (Rupees in thousand)	2016
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 500,000,000 (2016: 500,000,000) ordinary shares of Rupees 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up share capital	3	3,798,387	3,798,387
Capital reserve	4	107,004	107,004
Revenue reserve - un-appropriated profit		8,898,912	8,713,239
<b>Total equity</b>		<b>12,804,303</b>	<b>12,618,630</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	230,423	783,438
Employee benefit - gratuity	6	38,280	19,207
		268,703	802,645
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	1,274,361	1,116,226
Accrued mark-up / profit	8	108,270	95,424
Short term borrowings	9	8,664,776	8,631,862
Current portion of long term financing	5	553,015	553,015
		10,600,422	10,396,527
<b>Total liabilities</b>		<b>10,869,125</b>	<b>11,199,172</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>23,673,428</b>	<b>23,817,802</b>

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

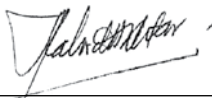


CHIEF FINANCIAL OFFICER

	Note	2017 (Rupees in thousand)	2016
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	9,018,793	9,868,334
Investment property	12	10,118	10,201
Long term investment	13	-	842
Long term loans to employees	14	64,118	54,076
Long term security deposit		300	300
		9,093,329	9,933,753
<b>CURRENT ASSETS</b>			
Stores, spare parts and other consumables	15	947,439	976,655
Fuel stock	16	299,334	349,471
Trade debts	17	10,849,196	8,596,673
Loans, advances and short term prepayments	18	439,597	1,101,782
Other receivables	19	246,449	237,654
Sales tax recoverable		1,797,462	2,120,067
Cash and bank balances	20	622	501,747
		14,580,099	13,884,049
<b>TOTAL ASSETS</b>		<b>23,673,428</b>	<b>23,817,802</b>



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



# PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2017

	Note	2017 (Rupees in thousand)	2016
REVENUE	21	18,313,076	15,366,041
COST OF SALES	22	(16,508,376)	(13,510,090)
GROSS PROFIT		1,804,700	1,855,951
ADMINISTRATIVE EXPENSES	23	(187,067)	(165,229)
OTHER EXPENSES	24	(17,388)	(7,590)
OTHER INCOME	25	111,321	29,806
PROFIT FROM OPERATIONS		1,711,566	1,712,938
FINANCE COST	26	(739,226)	(718,114)
SHARE OF LOSS FROM ASSOCIATED COMPANY	13	-	(127)
PROFIT BEFORE TAXATION		972,340	994,697
TAXATION	27	-	-
PROFIT AFTER TAXATION		972,340	994,697
OTHER COMPREHENSIVE INCOME: ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS ACCOUNT		-	-
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS ACCOUNT:			
LOSS ON REMEASUREMENTS OF DEFINED BENEFIT PLAN		(26,989)	(2,452)
OTHER COMPREHENSIVE LOSS		(26,989)	(2,452)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		945,351	992,245
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	28	2.56	2.62

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# CASH FLOW STATEMENT

for the year ended 31 December 2017

	Note	2017 (Rupees in thousand)	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	29	1,649,919	334,457
Finance cost paid		(726,380)	(759,573)
Gratuity paid		(19,845)	(16,993)
Net increase in long term loans to employees		(11,828)	(699)
Interest income received		56,628	20,499
Income tax paid		(13,532)	(12,001)
<b>Net cash generated from / (used in) operating activities</b>		<b>934,962</b>	<b>(434,310)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(176,473)	(456,617)
Proceeds from disposal of operating fixed assets		19,930	1,475
<b>Net cash used in investing activities</b>		<b>(156,543)</b>	<b>(455,142)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(553,015)	(553,015)
Dividend paid		(759,443)	(759,181)
<b>Net cash used in financing activities</b>		<b>(1,312,458)</b>	<b>(1,312,196)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(534,039)</b>	<b>(2,201,648)</b>
Cash and cash equivalents at beginning of the year		(8,130,115)	(5,928,467)
<b>Cash and cash equivalents at end of the year</b>		<b>(8,664,154)</b>	<b>(8,130,115)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash in hand		121	197
Cash at banks		501	501,550
Short term borrowings		(8,664,776)	(8,631,862)
		<b>(8,664,154)</b>	<b>(8,130,115)</b>

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	RESERVES			TOTAL EQUITY
	Capital	Revenue		
	Retained payments reserve	Un-appropriated profit		
	(-----Rupees in thousand-----)			
Balance as at 31 December 2015	3,798,387	107,004	8,480,672	12,386,063
Transactions with owners:				
Final dividend for the year ended 31 December 2015 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Interim dividend for the year ended 31 December 2016 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Transactions with owners of the Company recognised directly in equity	-	-	(759,678)	(759,678)
Profit for the year ended 31 December 2016	-	-	994,697	994,697
Other comprehensive loss for the year ended 31 December 2016	-	-	(2,452)	(2,452)
Total comprehensive income for the year ended 31 December 2016	-	-	992,245	992,245
Balance as at 31 December 2016	3,798,387	107,004	8,713,239	12,618,630
Transactions with owners:				
Final dividend for the year ended 31 December 2016 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Interim dividend for the year ended 31 December 2017 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Transactions with owners of the Company recognised directly in equity	-	-	(759,678)	(759,678)
Profit for the year ended 31 December 2017	-	-	972,340	972,340
Other comprehensive loss for the year ended 31 December 2017	-	-	(26,989)	(26,989)
Total comprehensive income for the year ended 31 December 2017	-	-	945,351	945,351
Balance as at 31 December 2017	3,798,387	107,004	8,898,912	12,804,303

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 1. THE COMPANY AND ITS OPERATIONS

Lalpir Power Limited (“the Company”) was incorporated in Pakistan on 08 May 1994 under the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The ordinary shares of the Company are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain an oil fired power station (“the Complex”) having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. The Company has a Power Purchase Agreement (PPA) with its sole customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for 30 years which commenced from 06 November 1997.

## 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 years presented, unless otherwise stated:

### 2.1 Basis of preparation

#### a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. However, the Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 23 of 2017 dated 04 October 2017 has advised the Companies whose financial year closes on or before 31 December 2017 to prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Company’s operations and has also enhanced the definition of related parties.

Securities and Exchange Commission of Pakistan (SECP) granted waiver to all companies from the requirements of International Financial Reporting Interpretation Committee (IFRIC) 4 ‘Determining Whether an Arrangement Contains a Lease’ through its notification, S.R.O. 24(1)/2012 dated 16 January 2012. Therefore, the Company is not required to account for the portion of its Power Purchase Agreement (PPA) with Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) as a lease under International Accounting Standard (IAS) 17 ‘Leases’. Further, SECP also granted waiver for the requirements of IAS 21 ‘The Effects of Changes in Foreign Exchange Rates’ in respect of accounting principle of capitalization of exchange differences to power sector companies.

However, if the Company followed IFRIC 4 and IAS 17, the effect on the financial statements would be as follows:

	2017 (Rupees in thousand)	2016
De-recognition of property, plant and equipment	(8,918,088)	(9,754,114)
Recognition of lease debtor	4,122,337	4,193,464
	<u>(4,795,751)</u>	<u>(5,560,650)</u>
Decrease in un-appropriated profit at the beginning of the year	(5,560,650)	(5,871,209)
Increase in profit for the year	764,899	310,559
Decrease in un-appropriated profit at the end of the year	<u>(4,795,751)</u>	<u>(5,560,650)</u>

#### b) Accounting convention

These financial statements have been prepared on historical cost basis, except for recognition of employee benefits liabilities at present value and certain financial instruments at fair value.

#### c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with 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 expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

##### Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decisions by appellate authorities on certain issues in the past.

##### Useful lives, pattern of economic benefits and impairment

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of the assets for possible impairments on an annual basis. If such indication exists assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

### Provision for obsolescence of stores, spare parts and other consumables

Provision for obsolescence of items of stores, spare parts and other consumables is made on the basis of management's estimate of net realizable value and ageing analysis prepared on an item-by-item basis.

### Provisions for doubtful debts

The Company reviews its receivables against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

### Retirement benefit

The cost of defined benefit retirement plan is determined using actuarial valuation. The actuarial valuation is based on the assumptions as mentioned in Note 6.12.

#### d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 January 2017:

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments have resulted in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on Company's financial statements.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

#### e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are other amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2017 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) **Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2018 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IAS 40 (Amendments), 'Investment Property' (effective for annual periods beginning on or after 01 January 2018). The amendments clarify that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendment is not likely to have a significant impact on the Company's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The amendment is not likely to have significant impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

**g) Standard and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company**

There are other standard and amendments to published approved standards that are mandatory for accounting periods beginning on or after 01 January 2018 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

## **2.2 Property, plant and equipment**

### **2.2.1 Operating fixed assets**

Operating fixed assets, except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost less impairment loss, if any. Residual values and estimated useful lives are reviewed at each reporting date, with the effect of changes in estimate accounted for on prospective basis. The Company has reviewed the useful lives of its operating fixed assets and, as the expectations differed from previous estimates, the change has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had there been no change in the accounting estimate, the profit after tax for the year ended 31 December 2017 would have been higher by Rupees 113.414 million and carrying value of operating fixed assets as at that date would have been higher by the same amount.



Depreciation is charged to income applying the straight line method whereby cost of an asset less its residual value is written off over its estimated useful life at the rates given in Note 11.1. Depreciation on additions is charged for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion.

Subsequent costs are included in the asset's carrying amount or recognized 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 repair and maintenance costs are included in the profit and loss account during the period in which they are incurred.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated remaining useful life.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

### 2.2.2 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

## 2.3 Investment property

Land and buildings held for capital appreciation or to earn rental income are classified as investment property. Investment property except land, are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Land is stated at cost less accumulated impairment loss, if any. Depreciation on buildings is charged to profit and loss account applying the straight line method so as to write off the cost of buildings over their estimated useful lives at a rate of 5% per annum.

## 2.4 Leases

The Company is the lessee:

### 2.4.1 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to income on a straight line basis over the lease term.

## 2.5 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for “Investment at fair value through profit or loss” which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 ‘Financial Instruments: Recognition and Measurement’ to all investments, except investment accounted for under equity method for associate, which is tested for impairment in accordance with the provisions of IAS 36 ‘Impairment of Assets’.

### 2.5.1 Investment at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

### 2.5.2 Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

### 2.5.3 Investment in associate - (with significant influence)

Investment in associate is valued using equity method in accordance with the IAS 28 “Investments in Associates and Joint Ventures”.

### 2.5.4 Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss

previously reported in other comprehensive income is included in profit and loss account. These are sub-categorized as under:

#### Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date. Fair value of investments in open-end mutual funds is determined using redemption price.

#### Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'.

## 2.6 Foreign currency translation

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Transactions in foreign currency are converted in Pak Rupees at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies at the reporting date are translated into Pak Rupees at the rate of exchange prevailing on that date. Net exchange differences are recognized as income or expense in the period in which they arise.

## 2.7 Employee benefits

### 2.7.1 Defined contribution plan

The Company operates a contributory provident fund scheme covering all regular employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10 % of basic salary of employees.

### 2.7.2 Defined benefit plan

The Company operates a funded gratuity scheme for all of its employees who have completed the qualifying period as defined under the scheme. As per gratuity scheme, employees of the Company are entitled to gratuity equivalent to last drawn salary multiplied by the numbers of year of service up to the date of leaving the Company. The liability recognised in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The charge for the year is based on actuarial valuation. The latest actuarial valuation was carried out as at 31 December 2017 using projected unit credit method. The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service costs are recognised immediately in income.

## 2.8 Inventories

Inventories, except in transit are stated at lower of cost and net realizable value. Cost is determined as follows:

### 2.8.1 Fuel stock

Cost is determined on the basis of first-in-first-out method.

### 2.8.2 Stores, spare parts and other consumables

Cost is determined on the basis of average cost method, less allowance for obsolete and slow moving items. Cost in relation to items in transit comprises of invoice value and other charges incurred thereon up to the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

## 2.9 Financial instruments

### 2.9.1 Recognition and de-recognition

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de- recognition of financial assets and financial liabilities is included in the profit and loss account.

Financial instruments carried on the balance sheet include long term loans to employees, deposits, trade debts, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up / profit and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item.

### 2.9.2 Offsetting

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

## 2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash, balance with banks in current, saving and deposit accounts and short-term borrowings under mark-up arrangements.

## 2.11 Provision

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

## 2.12 Taxation

### 2.12.1 Current

Income (profit and gains) of the Company derived from power generation are exempt from income tax under Clause 132 of Part I and Clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001. This exemption is available till the term of Power Purchase Agreement (PPA). However, full provision is made in the profit and loss account on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

### 2.12.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax has not been provided in these financial statements as the management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the Company remains exempt from taxation under Clause 132 of Part I and Clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

## 2.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued mark-up / profit to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### 2.14 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the profit and loss account in the period in which they arise.

#### 2.15 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect the entire amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

#### 2.16 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

#### 2.17 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 twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise loans, deposits, trade debts, other receivables and cash and bank balances in the balance sheet.

#### 2.18 Impairment

##### 2.18.1 Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

## 2.18.2 Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

## 2.19 Revenue

### 2.19.1 Sale of electricity

Revenue from sale of electricity to the CPPA-G, the sole customer of the Company, is recorded on the basis of output delivered and capacity available at rates specified under the Power Purchase Agreement (PPA). PPA is a contract over a period of 30 years.

### 2.19.2 Interest income

Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

### 2.19.3 Rental income

Rental income is recognized on accrual basis.

## 2.20 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

## 2.21 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

### 3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2017 (Number of Shares)	2016		2017 (Rupees in thousand)	2016
342,458,215	342,458,215	Ordinary shares of Rupees 10 each fully paid-up in cash	3,424,582	3,424,582
2,849,724	2,849,724	Ordinary shares of Rupees 10 each issued as fully paid-up for consideration other than cash	28,497	28,497
34,530,794	34,530,794	Ordinary shares of Rupees 10 each issued as fully paid-up bonus shares	345,308	345,308
<u>379,838,733</u>	<u>379,838,733</u>		<u>3,798,387</u>	<u>3,798,387</u>

#### 3.1 Ordinary shares of the Company held by associated companies:

	2017 (Number of shares)	2016
Nishat Mills Limited	109,393,005	109,393,005
Adamjee Insurance Company Limited	27,348,388	27,348,388
Security General Insurance Company Limited	6,836,548	6,836,548
Engen (Private) Limited	69,011,922	69,011,922
	<u>212,589,863</u>	<u>212,589,863</u>

#### 3.2 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders keeping in view its cash flow requirements to maintain its operating capacity in terms of PPA. No changes were made in the objectives, policies or processes from the previous year. The Company monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. The Company includes within net debt, long term financing, short term borrowings less cash and bank balances. Capital includes equity attributable to the equity holders.



	2017 (Rupees in thousand)	2016
Long term financing	783,438	1,336,453
Short term borrowings	8,664,776	8,631,862
Cash and bank balances	(622)	(501,747)
Net debt	9,447,592	9,466,568
Equity	12,804,303	12,618,630
Capital and net debt	22,251,895	22,085,198
Gearing ratio	42.46%	42.86%

#### 4. CAPITAL RESERVE

This represents Retained Payments Fund (“the reserve”) maintained under clause 9.11 of the PPA. Initially the reserve was established at one twenty fourth of the annual operating and maintenance budget of the Company’s first year of operations less fuel expenses. The reserve can only be utilized to pay expenses on major maintenance for proper operation of the Complex in case of non-availability of sufficient funds. The reserve fund needs to be replenished for the monies utilized by the Company.

#### 5. LONG TERM FINANCING

##### From banking company - secured

	2017 (Rupees in thousand)	2016
Long term loan (Note 5.1)	783,438	1,336,453
Less: Current portion shown under current liabilities	553,015	553,015
	230,423	783,438

**5.1** This represents syndicated medium term finance facility obtained through Standard Chartered Bank (Pakistan) Limited (lead arranger) for the purpose of financing the change of turbine rotors for the Complex. This facility consists of two parts, Rupees 78.218 million (2016: Rupees 133.430 million) on mark-up basis whereas remaining Rupees 705.220 million (2016: Rupees 1,203.023 million) represents Islamic facility (Diminishing Musharakah Finance). This carries mark-up at the rate of one month KIBOR plus 0.50% per annum payable monthly. The effective rate of mark-up charged during the year ranged from 6.75% to 9.02% (2016: 8.93% to 9.27%) per annum. This finance is repayable in forty five equal monthly installments with a grace period of fifteen months and is secured by the way of parri passu charge over present and future fixed assets (excluding land and buildings) of the Company amounting to Rupees 4,000 million.

## 6. EMPLOYEE BENEFIT - GRATUITY

The latest actuarial valuation of the defined benefit plan as at 31 December 2017 was carried out using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

	2017 (Rupees in thousand)	2016
<b>6.1 Balance sheet reconciliation:</b>		
Present value of defined benefit obligation (Note 6.2)	173,049	144,337
Fair value of plan assets (Note 6.3)	(134,769)	(125,130)
	<u>38,280</u>	<u>19,207</u>
<b>6.2 Movement in present value of defined benefit obligation:</b>		
Present value of obligation at the beginning of the year	144,337	113,624
Current service cost	23,089	22,524
Interest cost	11,044	9,922
Benefits paid	(12,566)	(6,760)
Remeasurement	7,145	5,027
	<u>173,049</u>	<u>144,337</u>
<b>6.3 Movement in fair value of plan assets:</b>		
Fair value of plan assets at the beginning of the year	125,130	91,633
Contributions	19,207	21,990
Interest income	10,276	8,932
Benefits paid on behalf of fund	12,566	6,760
Benefits paid by fund	(12,566)	(6,760)
Remeasurement	(19,844)	2,575
	<u>134,769</u>	<u>125,130</u>
<b>6.4 Actual return on plan assets</b>	<u>(9,568)</u>	<u>11,507</u>
<b>6.5 Plan assets consist of the followings:</b>		
Term deposit receipts	47,394	30,996
Units of mutual funds	50,520	58,942
Cash at banks	36,855	35,192
	<u>134,769</u>	<u>125,130</u>

	2017 (Rupees in thousand)	2016
<b>6.6 Net movement in liability:</b>		
Opening liability	19,207	21,991
Charge for the year (Note 6.7)	23,857	23,514
Remeasurements recognized in other comprehensive income (Note 6.9)	26,989	2,452
Contributions	(19,207)	(21,990)
Benefits paid on behalf of fund	(12,566)	(6,760)
Closing liability	<u>38,280</u>	<u>19,207</u>
<b>6.7 Charge for the year recognized in profit and loss account:</b>		
Current service cost	23,089	22,524
Interest cost - net	768	990
Charge for the year	<u>23,857</u>	<u>23,514</u>

**6.8** The charge for the year is shared with Pakgen Power Limited - associated company on fifty-fifty basis in accordance with "Shared Facilities Agreement".

	2017 (Rupees in thousand)	2016
<b>6.9 Remeasurements recognised in other comprehensive income:</b>		
Experience losses	7,145	5,027
Remeasurement of fair value of plan assets	19,844	(2,575)
Remeasurements	<u>26,989</u>	<u>2,452</u>

**6.10** Plan assets held in the trust are governed by local regulations which mainly includes the Trust Act, 1882, the Companies Act, 2017, the Income Tax Rules, 2002 and Rules under the Trust Deed of the plan. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. Responsibility for governance of the plan, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

**6.11 Amounts for the current and previous four years:**

	2017	2016	2015	2014	2013
	(----- Rupees in thousand -----)				
Present value of defined benefit obligation	173,049	144,337	113,624	85,326	63,011
Fair value of plan assets	(134,769)	(125,130)	(91,633)	(67,389)	(42,789)
Deficit	38,280	19,207	21,991	17,937	20,222
Remeasurement loss on obligation	7,145	5,027	883	6,229	2,403
Remeasurement gain / (loss) on plan assets	(19,844)	2,575	(1,576)	(2,500)	(415)

**6.12 Principal actuarial assumptions used:**

	2017	2016
	(% per annum)	
Discount rate	8.25	8.00
Expected rate of increase in salary	8.25	8.00
Expected rate of return on plan assets	8.25	8.00

**6.13** Mortality was assumed to be based on SLIC 2001-05 ultimate mortality rates, rated down by one year.

**6.14** The expected charge to profit and loss account of the Company for defined benefit plan obligation for the next year is Rupees 28.066 million.

**6.15** The Company's contribution to defined benefit plan in 2018 is expected to Rupees 22.571 million. There are no minimum funding requirements to the defined benefit plan. The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the gratuity fund according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

**6.16** The weighted average duration of the defined benefit plan is 8.05 years..

### 6.17 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation as at reporting date to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Changes in assumption (%)	Increase in assumption (Rupees in thousand)	Decrease in assumption
Discount rate	1	160,168	188,043
Future salary increases	1	188,720	159,357

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

6.18 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the plan, at the beginning of the period, for returns over the entire life of related obligation. The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on term deposits are based on gross redemption yields as at the balance sheet date.

6.19 Expected maturity profile of undiscounted defined benefit obligation:

Less than a year	Between 1 - 2 years	Between 3 - 5 years	Between 6 - 10 years	Over 10 Years	Total
(----- Rupees in thousand -----)					
29,242	22,470	34,689	63,048	272,771	422,220

### 7. TRADE AND OTHER PAYABLES

	2017 (Rupees in thousand)	2016
Creditors	1,086,931	894,503
Accrued liabilities	103,960	143,334
Workers' profit participation fund payable (Note 7.1)	48,617	49,735
Unclaimed dividend	2,775	2,540
Income tax deducted at source	4,287	972
Payable to provident fund trust	7,849	7,309
Others	19,942	17,833
	<u>1,274,361</u>	<u>1,116,226</u>

	2017 (Rupees in thousand)	2016
<b>7.1 Workers' profit participation fund payable</b>		
Opening balance	49,735	42,493
Allocation for the year (Note 24.2)	48,617	49,735
Payments made to the fund during the year	(49,735)	(42,493)
Closing balance	48,617	49,735
<b>8. ACCRUED MARK-UP / PROFIT</b>		
Long term financing	1,701	2,613
Short term borrowings	106,569	92,811
	108,270	95,424
<b>9. SHORT-TERM BORROWINGS</b>		
<b>From banking companies and financial institution:</b>		
Working capital finances - secured (Note 9.1)	7,815,827	7,818,460
Running musharakah (Note 9.2)	848,949	813,402
	8,664,776	8,631,862

**9.1** The Company has total working capital finance facilities of Rupees 15,114 million (2016: Rupees 15,114 million) available from commercial banks and financial institution out of which Rupees 6,450 million (2016: Rupees 6,483 million) remained unutilized at year end. These facilities carry mark-up at average offer rate for 1 month to 6 months KIBOR plus 0.20% to 2.50% (2016: 1 month to 6 months KIBOR plus 0.20% to 2.50%) per annum payable monthly / quarterly / semi-annually (2016: monthly / quarterly / semi-annually). The effective mark-up rate charged during the year ranged from 6.30% to 8.79% (2016: from 6.25% to 8.76%) per annum. These facilities are secured by way of charge to the extent of Rupees 17,785 million (2016: Rupees 17,573 million) on the present and future current assets of the Company.

**9.2** This represents running musharakah facility obtained from Meezan Bank Limited to meet short term working capital requirements. This facility carries profit at the rate of 3 months KIBOR plus 0.30% (2016: 3 months KIBOR plus 0.30%) per annum payable quarterly. The effective profit rate charged during the year ranged from 6.42% to 6.45% (2016: 6.40%) per annum. This facility is secured by way of first charge on current assets amounting to Rupees 2,500 million (2016: Rupees 2,500 million).

## 10. CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

- 10.1.1** Up to the year ended 31 December 2002, the Company had recorded and paid to the Federal Treasury contributions on its annual profit as per the provisions of the Companies Profits (Workers' Participation) Act, 1968 (the Act).

Based on legal advice, the Company filed a petition on 15 April 2004 in the Lahore High Court challenging the application of the Act to the Company on the grounds that since inception the Company has not employed any person who falls within the definition of the term "Worker" as per the provisions of the Act. The Company asserts that it had erroneously deposited in the past certain sums with Federal Treasury as contributions of Workers' Profit Participation Fund (WPPF) and Workers' Welfare Fund (WWF), although it was not obligated to make such payments. The petition was filed subsequent to the Company's receipt of the Federal Board of Revenue's Income Tax / Wealth Tax Circle's letter dated 30 March 2004 directing the Company to allocate five percent of its net profit towards the WPPF and deposit the un-utilized amount of the WPPF in the Federal Treasury. The petition had been filed against the Labour, Manpower and Overseas Pakistani Division of Ministry of Labour, Manpower and Overseas Pakistanis.

The management, based on legal advice, asserts that if the Company does not succeed in the above petition and it is held that the scheme is applicable to the Company, any payments that the Company is ultimately required to make under the provision of the Act are considered as pass through items recoverable from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) under the provisions of the Power Purchase Agreement (PPA). Consequently, there will be no impact on its financial position and its results of operations, even if it does not succeed in the above petition.

Consequent to the amendments that have been made in the Act through the Finance Act, 2006, the Company is required to pay 5% of its profits to WPPF from the financial year 2006. The Company established a workers' profit participation fund to comply with the requirements of the Companies Profit (Workers' Participation) Act, 1968. The changes to the law will not affect the aforementioned petition filed by the Company. The Company expects a favourable outcome of the matter.

- 10.1.2** Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) has raised invoices for liquidated damages to the Company from 11th to 20th (up to December 2017) agreement year (after taking into account forced outage allowance stipulated under the terms of Power Purchase Agreement - PPA) on account of short supply of electricity by the Company, which was due to cash constraints of the Company as a result of default by CPPA-G in making timely payments. Liquidated damages invoiced to the Company amounts to Rupees 3,343 million (2016: Rupees 3,341 million). Out of these, the Company has accepted and paid Rupees 34.82 million (2016: Rupees 22.13 million). The Company disputes and rejects balance claims on account of liquidated damages that are raised by CPPA-G on the premise that its failure to despatch electricity was due to CPPA-G's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel supplier that resulted in inadequate level of electricity production owing to shortage of fuel. Against these the Company has raised

invoice dispute notices to CPPA-G. The Company appointed mediation expert under the mechanism given in the PPA. On 22 June 2017, the mediation expert gave his decision in favour of the Company. However, this decision is not binding on either party. The Company is in the process of negotiation with CPPA-G to settle the issue. The ultimate outcome of the matter cannot presently be determined, and consequently, no provision for such liquidated damages has been made in these financial statements.

- 10.1.3** During the year, CPPA-G issued a notice on 20 March 2017, disputing all the invoices of the Company on the grounds that the Company was in default of its obligations under the PPA and accordingly not eligible for the cost of working capital claimed and adjustment on account of heat rate savings. The Company challenged the dispute notice in the Honourable Lahore High Court (“the Court”). The Court issued a stay order restraining CPPA-G from disputing any invoice of the Company. The management is of the view that there are meritorious grounds available to defend the dispute notice and consequently, no provision has been made in these financial statements.
- 10.1.4** Deputy Commissioner Inland Revenue (DCIR) issued order to the Company in which sales tax refund claims amounting to Rupees 910.122 million for the tax periods from November 2008 to July 2012 were rejected by apportioning input sales tax between capacity invoices and energy invoices and allowed input sales tax allocated to energy invoices only. Against aforesaid order, the Company filed appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] which was decided in favour of the Company. Against the order of CIR(A), tax department filed appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favour of tax department and vacated the order passed by CIR(A). Against the decision of ATIR, the Company has filed reference application in the Honourable Lahore High Court (“the Court”) which has been decided in favour of the Company by the Court. However, department has filed petition for leave to appeal before Supreme Court of Pakistan. Further, DCIR issued show cause notice to the Company for the tax periods from August 2009 to December 2012 declaring refund claims amounting to Rupees 1,971.516 million being inadmissible on aforesaid grounds. The Company challenged the show cause notice before the Court along with reply of the show cause notice to DCIR. The Court has decided the case in favour of the Company. However, tax department has filed petition for leave to appeal before Supreme Court of Pakistan as well as review application before the Court. The management is of the view that there are meritorious grounds available to defend the foregoing rejection. Consequently, no provision for such rejection has been made in these financial statements.
- 10.1.5** The tax authorities have completed assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2009 to 2014 creating a demand of Rupees 971.329 million on account of interest on delayed payments by CPPA-G not been offered for tax. As per tax authorities, interest on delayed payments falls under the head income from other sources and is not exempt from tax as the same is not covered under Clause 132, Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company filed appeals against foregoing assessment proceedings before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the orders of CIR(A), tax authorities have filed appeals before the Appellate Tribunal Inland Revenue (ATIR) which are in the process of hearing. Based on tax advisor’s opinion and CIR(A)’s decision in favour of the Company, the management is confident that the matter will be decided in favour of the Company and accordingly no provision has been made in these financial statements.



- 10.1.6** The Deputy Commissioner Inland Revenue (DCIR), through an assessment order, rejected the deferred sales tax refund claims of different tax periods amounting to Rupees 81.850 million on the grounds that the Company has failed to prove admissibility of refund claims in the light of objection raised by Sales Tax Automated Refund Repository (STARR). The Company filed an appeal before CIR(A) whereby CIR(A) has granted relief to the Company and directed the department to allow Company's refund claim after proper verification of underlying documents and refund should be curtailed if the Company failed to provide the proof. The management is of the view that there are meritorious grounds available to prove the genuineness of the refund claims. Consequently, no provision has been made in these financial statements.
- 10.1.7** The banks of the Company have issued letters of credit in favour of CPPA-G amounting to Rupees 596 million (2016: Rupees 596 million) to meet its obligations under the Power Purchase Agreement (PPA).
- 10.1.8** The bank of the Company has issued a letter of guarantee in favour of Siemens (Pakistan) Engineering Company Limited for an amount of Rupees 87 million (2016: Rupees Nil).
- 10.1.9** The banks of the Company have issued letters of guarantee in favour of Pakistan State Oil Company Limited (PSO) - fuel supplier for an amount of Rupees 1,500 million (2016: Rupees 1,000 million)..

## 10.2 Commitments

- 10.2.1** The Company has entered into a contract for a period of thirty years for purchase of fuel from Pakistan State Oil Company Limited (PSO). Under the terms of Fuel Supply Agreement (FSA), the Company is not required to buy any minimum quantity of fuel from PSO.

	2017 (Rupees in thousand)	2016
<b>10.2.2</b> Commitments in respect of letters of credit for capital expenditure	37,899	34,251
<b>10.2.3</b> Commitments in respect of other than capital expenditure	234,797	291,260
<b>11. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets (Note 11.1)	8,793,917	9,632,917
Capital work-in-progress (Note 11.2)	224,876	235,417
	<u>9,018,793</u>	<u>9,868,334</u>

11.1 Reconciliation of carrying amounts of operating fixed assets at the beginning and at the end of the year is as follows:

Description	Rupees in thousand										Total	
	Freehold land	Buildings on freehold land	Improvements on leasehold property	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Electric equipment and appliances	Telephone installations	Clinical equipment		
<b>At 31 December 2015</b>												
Cost	10,399	1,214,527	41,342	13,682,991	21,063	89,762	67,751	73,428	1,817	1,393		15,204,473
Accumulated depreciation	-	(491,228)	(17,876)	(4,886,230)	(15,861)	(46,962)	(45,287)	(48,668)	(1,400)	(1,393)		(5,554,905)
Net book value	10,399	723,299	23,466	8,796,761	5,202	42,800	22,464	24,760	417	-		9,649,568
<b>Year ended 31 December 2016</b>												
Opening net book value	10,399	723,299	23,466	8,796,761	5,202	42,800	22,464	24,760	417	-		9,649,568
Additions	-	2,354	-	784,716	532	20,542	5,040	4,583	4	-		817,771
Disposals / derecognitions:												
Cost	-	-	-	(39,657)	-	(3,222)	-	-	-	-		(42,879)
Accumulated depreciation	-	-	-	34,363	-	2,128	-	-	-	-		36,491
	-	-	-	(5,294)	-	(1,094)	-	-	-	-		(6,388)
Depreciation charge	-	(42,124)	(4,134)	(751,414)	(990)	(15,090)	(6,571)	(7,636)	(75)	-		(828,034)
Closing net book value	10,399	683,529	19,332	8,824,769	4,744	47,158	20,933	21,707	346	-		9,632,917
<b>At 31 December 2016</b>												
Cost	10,399	1,216,881	41,342	14,428,050	21,595	107,082	72,791	78,011	1,821	1,393		15,979,365
Accumulated depreciation	-	(533,352)	(22,010)	(5,603,281)	(16,851)	(59,924)	(51,858)	(56,304)	(1,475)	(1,393)		(6,346,448)
Net book value	10,399	683,529	19,332	8,824,769	4,744	47,158	20,933	21,707	346	-		9,632,917
<b>Year ended 31 December 2017</b>												
Opening net book value	10,399	683,529	19,332	8,824,769	4,744	47,158	20,933	21,707	346	-		9,632,917
Additions	-	39,953	-	104,755	42	36,196	2,571	3,437	-	60		187,014
Disposals / derecognitions:												
Cost	-	-	-	(32,467)	-	(22,634)	-	(1,067)	-	-		(56,168)
Accumulated depreciation	-	-	-	18,169	-	3,173	-	1,027	-	-		22,369
Depreciation charge	-	(66,254)	(4,134)	(14,298)	(861)	(19,461)	(7,164)	(8,007)	(75)	(1)		(33,799)
	-	(66,254)	(4,134)	(889,641)	(861)	(16,078)	(7,164)	(8,007)	(75)	(1)		(992,215)
Closing net book value	10,399	657,228	15,198	8,025,585	3,925	47,815	16,340	17,097	271	59		8,793,917
<b>At 31 December 2017</b>												
Cost	10,399	1,256,834	41,342	14,500,338	21,637	120,644	75,362	80,381	1,821	1,453		16,110,211
Accumulated depreciation	-	(599,606)	(26,144)	(6,474,753)	(17,712)	(72,829)	(59,022)	(63,284)	(1,550)	(1,394)		(7,316,294)
Net book value	10,399	657,228	15,198	8,025,585	3,925	47,815	16,340	17,097	271	59		8,793,917
Annual rate of depreciation (%)												
		3.33-20	10	4.89-33.3	10-20	20	10-33.3	10-33.3	10	10		

11.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

Description	2017					Mode of disposal	Particulars of purchasers
	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/ (loss)		
----- Rupees in thousand -----							
<b>Vehicles</b>							
Honda Civic LED-11-8785	2,149	2,149	-	430	430	Negotiation	Mr. Khalid Qadeer Qureshi, Director.
BMW LEA-16A-500	20,486	1,024	19,462	19,500	38	Negotiation	City Housing (Private) Limited, Gujranwala.
<b>Plant and machinery</b>							
GAH with motor including SOVs	8,719	4,421	4,298	-	(4,298)	(Note 11.1.4)	
GAH with motor including SOVs	597	597	-	-	-	(Note 11.1.4)	
Condensate pumps with motors including guages, strainers	10,431	6,258	4,173	-	(4,173)	(Note 11.1.4)	
CWP pumps with motor including movs, switches, guages	3,697	2,046	1,651	-	(1,651)	(Note 11.1.4)	
GRF with motors including inlet guide vanes, vanes drives	1,420	1,420	-	-	-	(Note 11.1.4)	
Reverse osmosis (RO) membranes	768	418	350	-	(350)	(Note 11.1.4)	
Neutralization and blow down pit	1,625	858	767	-	(767)	(Note 11.1.4)	
Excitation transformer	2,572	1,424	1,148	-	(1,148)	(Note 11.1.4)	
Acid regeneration skid including stroke controllers	488	270	218	-	(218)	(Note 11.1.4)	
Electrical protection system	2,152	455	1,697	-	(1,697)	(Note 11.1.4)	
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000	1,064	1,029	35	-	(35)	(Note 11.1.4)	
	<u>56,168</u>	<u>22,369</u>	<u>33,799</u>	<u>19,930</u>	<u>(13,869)</u>		

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

	2017 (Rupees in thousand)	2016
Cost of sales (Note 22)	955,895	793,538
Administrative expenses (Note 23)	36,320	34,496
	<u>992,215</u>	<u>828,034</u>

11.1.3 Property, plant and equipment include operating fixed assets costing Rupees 279.607 million (2016: Rupees 216.029 million) which are fully depreciated but still in the use of the Company.

11.1.4 These represent operating fixed assets derecognized during the year due to replacement of assets as per requirement of IAS 16 "Property, Plant and Equipment".

11.1.5 Improvements on leasehold property represent costs of improvements incurred on rented property which is owned by Nishat (Aziz Avenue) Hotels and Properties Limited - associated company.

	2017 (Rupees in thousand)	2016
<b>11.2 Capital work-in-progress</b>		
Civil works	-	39,588
Plant and machinery	216,097	195,829
Others	8,779	-
	224,876	235,417

## 12. INVESTMENT PROPERTY

	Land	Building	Total
	(Rupees in thousand)		
<b>At 31 December 2016</b>			
Cost	9,388	1,653	11,041
Accumulated depreciation	-	(840)	(840)
Net book value	9,388	813	10,201
<b>Year ended 31 December 2017</b>			
Opening net book value	9,388	813	10,201
Depreciation charge (Note 24)	-	(83)	(83)
Closing net book value	9,388	730	10,118
<b>At 31 December 2017</b>			
Cost	9,388	1,653	11,041
Accumulated depreciation	-	(923)	(923)
Net book value	9,388	730	10,118
Annual rate of depreciation (%)		5	

12.1 This represents house rented out, the market value of which is estimated at Rupees 104.400 million (2016: Rupees 77.834 million) by M/s Al-Hadi Financial & Legal Consultants, an independent valuer. Fair value of land and building is based on market value and present depreciated cost of construction respectively. No expenses directly related to investment property were incurred during the year.

	2017 (Rupees in thousand)	2016
<b>13. LONG TERM INVESTMENT</b>		
<b>Associated company - under equity method</b>		
Nishat Energy Limited - unquoted 250,000 (2016: 250,000) fully paid ordinary shares of Rupees 10 each Equity held 25% (2016: 25%) at cost	2,500	2,500
Share of reserve		
As at 01 January	(1,658)	(1,531)
Less: Share of loss	-	(127)
As at 31 December	(1,658)	(1,658)
Less: Impairment loss (Note 24)	(842)	-
Carrying amount under equity method	-	842

**13.1** Summary of financial information of associated company as per un-audited financial statements for the year:

	2017 (Rupees in thousand)	2016
Non-current assets	12	3,037
Current assets	454	474
Total assets	466	3,511
Liabilities	2,574	146
Net assets	(2,108)	3,365
Loss for the year (Note 13.5)	5,473	508

**13.2** Nishat Energy Limited (NEL) is a public limited company incorporated in Pakistan. The principal activity of NEL was to build, own, operate and maintain coal power station. NEL had submitted an upfront tariff petition which was pending for receipt of Purchase Acquisition Request from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G). On 14 October 2016, existing upfront tariff for power generation on imported / local coal expired and National Electric Power Regulatory Authority (NEPRA) has decided not to extend the existing upfront tariff beyond 14 October 2016. In view of the aforesaid reasons, NEL is not considered a going concern. Therefore, investment of the Company in NEL has been fully impaired in these financial statements.

**13.3** NEL is an unlisted company therefore, no quoted market price is available for its shares.

13.4 There are no contingent liabilities relating to the Company's interest in NEL.

13.5 Provision for taxation is Nil in the financial statements of NEL.

	2017 (Rupees in thousand)	2016
<b>14. LONG-TERM LOANS TO EMPLOYEES</b>		
<b>Considered good:</b>		
Executives (Note 14.1)	90,608	79,579
Other employees	3,092	2,293
	<u>93,700</u>	<u>81,872</u>
Current portion shown under current assets (Note 18)		
Executives	(28,502)	(27,227)
Other employees	(1,080)	(569)
	<u>(29,582)</u>	<u>(27,796)</u>
	<u>64,118</u>	<u>54,076</u>
<b>14.1 Reconciliation of carrying amount of loans to executives:</b>		
Balance as at 01 January	79,579	79,673
Add: Disbursements	77,393	45,898
	<u>156,972</u>	<u>125,571</u>
Less: Repayments	66,364	45,992
Balance as at 31 December	<u>90,608</u>	<u>79,579</u>

14.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 90,608 million (2016: Rupees 79.579 million).

14.2 Loans given to employees are in accordance with the Company's policy. These loans are interest free and are repayable in equal monthly instalments within a maximum period of five years. These loans are provided for purchase of vehicles and are secured against those vehicles.

14.3 Fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of employees' loans is not considered material and hence not recognized.

## 15. STORES, SPARE PARTS AND OTHER CONSUMABLES

	2017 (Rupees in thousand)	2016
Stores, spare parts and other consumables (Note 15.1)	1,012,492	1,041,708
Less: Provision for slow moving / obsolete items	(65,053)	(65,053)
	947,439	976,655

15.1 These include stores in transit of Rupees 7.675 million (2016: Rupees 48.753 million). Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

## 16. FUEL STOCK

	2017 (Rupees in thousand)	2016
Furnace oil	294,245	344,009
Diesel	5,089	5,462
	299,334	349,471

## 17. TRADE DEBTS

Other than related parties - considered good	10,849,196	8,596,673
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17.1 These represent receivables from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), the Company's sole customer, and are backed by sovereign guarantee of Government of Pakistan. This includes an overdue amount of Rupees 6,729 million (2016: Rupees 4,326 million) on which a penal mark-up at the rate of State Bank of Pakistan (SBP) discount rate plus 2% per annum compounded semi-annually is charged in case the amounts are not paid within due dates. The penal mark-up rate charged during the year is 6.25% (2016: 6.25% to 6.50%) per annum.

17.2 As at 31 December, age analysis of trade debts is as follows:

	2017 (Rupees in thousand)	2016
Neither past due nor impaired	2,803,751	3,185,445
Past due but not impaired:		
- 26 to 90 days	3,686,573	2,018,891
- 91 to 180 days	1,674,885	1,066,610
- 181 to 365 days	1,912,670	1,488,004
- Above 365 days	771,317	837,723
	8,045,445	5,411,228
	10,849,196	8,596,673

	2017 (Rupees in thousand)	2016
<b>18. LOANS, ADVANCES AND SHORT-TERM PREPAYMENTS</b>		
Current maturity of long term loans to employees (Note 14)	29,582	27,796
Advances - considered good, unsecured		
- to employees for expenses	4,019	1,243
- to suppliers	31,959	55,962
Advance income tax - net	371,338	357,806
Other advances	-	656,500
Short term prepayments	2,699	2,475
	439,597	1,101,782
<b>19. OTHER RECEIVABLES</b>		
Recoverable from CPPA-G as pass through item:		
Workers' profit participation fund (Note 19.1)	245,243	236,413
Workers' welfare fund (Note 19.2)	-	-
Others	1,206	1,241
	246,449	237,654
<b>19.1 Workers' profit participation fund</b>		
Balance as at 01 January	236,413	186,678
Allocation for the year (Note 24.2)	48,617	49,735
Amount received during the year	39,787	-
Balance as at 31 December	245,243	236,413
<b>19.2 Workers' welfare fund</b>		
Considered doubtful	13,216	13,216
Provision for doubtful receivable	(13,216)	(13,216)
	-	-
<b>19.2.1</b> Provision for Workers' Welfare Fund (WWF) has not been made in these financial statements based on the advice of legal counsel of the Company. However, in case the Company pays WWF, the same is recoverable from CPPA-G as a pass through item under PPA with CPPA-G.		
<b>20. CASH AND BANK BALANCES</b>	<b>2017</b> (Rupees in thousand)	<b>2016</b>
Cash in hand	121	197
Cash with banks on:		
Saving accounts (Note 20.1)	417	501,550
Current accounts	84	-
	501	501,550
	622	501,747



20.1 Saving accounts carry mark-up at the rates ranging from 3.75% to 4% (2016: from 3.75% to 4%) per annum.

	2017 (Rupees in thousand)	2016
<b>21. REVENUE</b>		
Energy	16,516,123	13,245,780
Less: Sales tax	(2,357,662)	(1,922,640)
	<u>14,158,461</u>	<u>11,323,140</u>
Capacity	4,154,615	4,042,901
	<u>18,313,076</u>	<u>15,366,041</u>
<b>22. COST OF SALES</b>		
Fuel cost (Note 22.1)	14,548,041	11,761,499
Operation and maintenance costs (Note 22.2)	554,429	521,534
Insurance	437,208	433,334
Depreciation (Note 11.1.2)	955,895	793,538
Liquidated damages to CPPA-G	12,803	185
	<u>16,508,376</u>	<u>13,510,090</u>
<b>22.1 Fuel cost</b>		
Opening stock	349,471	406,970
Purchased during the year	14,497,904	11,704,000
	<u>14,847,375</u>	<u>12,110,970</u>
Closing stock	(299,334)	(349,471)
	<u>14,548,041</u>	<u>11,761,499</u>
<b>22.2 Operation and maintenance costs</b>		
Salaries, wages and other benefits (Note 22.2.1)	233,522	212,454
Repair and maintenance	112,171	117,568
Fee and subscription	5,281	5,123
Stores and spare parts consumed	163,920	154,657
Electricity consumed in-house	39,535	31,732
	<u>554,429</u>	<u>521,534</u>

22.2.1 Salaries, wages and other benefits include provident fund contribution and provision for gratuity of Rupees 12.488 million (2016: Rupees 11.611 million) and Rupees 9.151 million (2016: Rupees 9.087 million) respectively.

	2017 (Rupees in thousand)	2016
<b>23. ADMINISTRATIVE EXPENSES</b>		
Salaries and other benefits (Note 23.1)	69,165	55,865
Travelling, conveyance and entertainment	10,938	12,154
Office rent	6,280	8,380
Communication and utilities	1,234	1,209
Insurance	5,308	5,231
Repair and maintenance	5,997	4,297
Printing and stationery	2,100	1,820
Advertisement and publicity	278	363
Legal and professional charges	32,345	19,839
Depreciation (Note 11.1.2)	36,320	34,496
Community welfare	3,776	3,592
Security services	123	222
General expenses	13,203	17,761
	187,067	165,229

**23.1** Salaries and other benefits include provident fund contribution and provision for gratuity of Rupees 3.790 million (2016: Rupees 3.396 million) and Rupees 2.777 million (2016: Rupees 2.657 million) respectively.

	2017 (Rupees in thousand)	2016
<b>24. OTHER EXPENSES</b>		
Auditors' remuneration (Note 24.1)	2,594	2,594
Depreciation on investment property (Note 12)	83	83
Workers' profit participation fund (Note 24.2)	-	-
Loss on disposal / derecognition of operating fixed assets (Note 11.1.1)	13,869	4,913
Impairment loss on investment in associated company (Note 13)	842	-
	17,388	7,590
<b>24.1 Auditors' remuneration</b>		
Statutory audit	1,906	1,906
Half yearly review	550	550
Other certifications and reporting	50	50
Out of pocket expenses	88	88
	2,594	2,594

	2017 (Rupees in thousand)	2016
<b>24.2 Workers' profit participation fund</b>		
Allocation for workers' profit participation fund (Note 7.1)	48,617	49,735
Allocation to workers' profit participation fund recoverable from CPPA-G (Note 19.1)	(48,617)	(49,735)
	-	-
<b>25. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Interest income	56,628	20,499
Credit balances written back	27,706	-
<b>Income from non-financial assets</b>		
Rental income (Note 25.1)	4,836	4,510
Scrap sales	22,151	4,797
	111,321	29,806

**25.1** This includes rental income amounting to Rupees 2.958 million (2016: Rupees 2.753 million) from investment property.

	2017 (Rupees in thousand)	2016
<b>26. FINANCE COST</b>		
Mark-up / profit on:		
Long term financing	81,813	148,229
Short term borrowings	641,640	562,277
Bank charges and commission	15,773	7,608
	739,226	718,114

## 27. TAXATION

Provision for taxation has not been made in these financial statements as the total income of the Company except other income is exempt from levy of income tax under Clause 132 of Part I and Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. No provision for taxation is required against other income due to availability of tax credits. The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements being impracticable.

	2017	2016
<b>28. EARNINGS PER SHARE - BASIC AND DILUTED</b>		
There is no dilutive effect on the basic earnings per share which is based on:		
Profit attributable to ordinary shareholders (Rupees in thousand)	972,340	994,697
Weighted average number of shares (Number)	379,838,733	379,838,733
Earnings per share - basic (Rupees)	2.56	2.62
	<b>2017</b> <b>(Rupees in thousand)</b>	<b>2016</b>
<b>29. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	972,340	994,697
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on operating fixed assets	992,215	828,034
Depreciation on investment property	83	83
Provision for gratuity	11,929	11,757
Loss on disposal / derecognition of operating fixed assets	13,869	4,913
Share of loss from associated company	-	127
Impairment loss on investment in associated company	842	-
Interest income	(56,628)	(20,499)
Finance cost	739,226	718,114
Cash flows from operating activities before working capital changes	2,673,876	2,537,226
<b>Working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	29,216	(43,243)
Fuel stock	50,137	57,499
Trade debts	(2,252,523)	(1,919,347)
Loans, advances and short term prepayments	677,503	(347,435)
Other receivables	(8,795)	(49,832)
Sales tax recoverable	322,605	(573,720)
	(1,181,857)	(2,876,078)
Increase in trade and other payables	157,900	673,309
	1,649,919	334,457

**29.1** There are no non-cash investing and financing activities during the year.

## 29.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities from financing activities		Total
	Long term finance	Unclaimed dividend	
..... (Rupees in thousand) .....			
Balance as at 01 January 2017	1,336,453	2,540	1,338,993
Repayment of long term financing	(553,015)	-	(553,015)
Dividend declared	-	759,678	759,678
Dividend paid	-	(759,443)	(759,443)
Balance as at 31 December 2017	783,438	2,775	786,213

## 30. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, key management personnel and staff retirement benefit plans. The Company in the normal course of business carries out transactions with various related parties. Detail of significant transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements, except for remuneration to key management personnel as disclosed in note 31, are as follows:

Associated company	Nature of transaction	2017 (Rupees in thousand)	2016
Nishat Mills Limited	Dividend	218,786	218,786
	Share of expenses	496	-
Adamjee Insurance Company Limited	Dividend	54,697	54,697
	Insurance premium	12,666	12,303
	Insurance claims received	1,975	2,965
Security General Insurance Company Limited	Dividend	13,673	13,673
	Insurance premium	506,459	501,981
Nishat Hospitality (Private) Limited	Boarding and lodging services	731	392
Engen (Private) Limited	Dividend	138,024	138,024
Pakgen Power Limited	Share of expenses	329,290	356,171
	Share of rental income	1,688	1,688
	Stores and spare parts transferred to	25,963	11,987
	Stores and spare parts transferred from	8,539	6,595
	Loan given	1,000,000	656,500
	Loan repaid by Pakgen Power Limited	1,656,500	-
	Interest charged	55,846	20,378
Pakistan Aviators and Aviation (Private) Limited	Flying services	-	105
Nishat Hotels and Properties Limited	Boarding and lodging services	565	-

Associated company	Nature of transaction	2017 (Rupees in thousand)	2016
Nishat (Aziz Avenue) Hotels and Properties Limited	Rent expense	6,280	6,280
Nishat Power Limited D.G Khan Cement Company Limited	Purchase of goods	321	1,944
<b>Staff retirement benefit plans</b>			
Provident fund	Contributions	16,278	15,007
Gratuity fund	Contributions	19,207	21,990

30.1 The Company shares premises, employees and other common costs with its associated company, Pakgen Power Limited on fifty-fifty basis in accordance with "Shared Facilities Agreement".

### 31. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE DIRECTOR AND EXECUTIVES

Aggregate amounts charged in these financial statements for the year in respect of remuneration, including all benefits to the director and executives of the Company are as follows:

	2017		2016	
	Executive Director	Executives	Executive Director	Executives
	(----- Rupees in thousand -----)			
Managerial remuneration	5,650	179,473	5,403	159,495
Medical expenses	80	5,751	75	4,388
Bonus	1,702	39,981	1,530	41,689
Retirement benefits	514	31,469	491	14,082
	<u>7,946</u>	<u>256,674</u>	<u>7,499</u>	<u>219,654</u>
Number of persons	1	147	1	139

31.1 No expense was charged in these financial statements against salary to Chief Executive of the Company during the year. The Company provides to director and certain executives with free use of the Company maintained cars.

31.2 Meeting fee of Rupees 575,000 (2016: Rupees 250,000) was paid to non-executive directors of the Company during the year.

### 32. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund trust for the year ended 31 December, 2017 and audited financial statements of the provident fund trust for the year ended 31 December, 2016.

	2017 (Rupees in thousand)	2016
Size of the fund - total assets	413,219	403,586
Cost of investments	312,645	321,438
Percentage of investments made	76.74%	80.62%
Fair value of investments	317,122	325,367

32.1 The break-up of fair value of investments is as follows:

	2017 Percentage	2016	2017 (Rupees in thousand)	2016
Units of mutual funds	44.84%	47.71%	142,210	155,248
Term deposit receipts and certificate of investment of scheduled banks	50.15%	41.94%	159,050	136,468
Saving bank accounts	5.00%	10.34%	15,862	33,651
	100%	100%	317,122	325,367

32.2 As at the reporting date, the provident fund trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the rules formulated for this purpose in terms of SRO 770(1)/2016 issued by Securities and Exchange Commission of Pakistan on 17 August 2016 which allows transition period of two years for bringing the provident fund trust in conformity with the requirements of rules.

### 33. NUMBER OF EMPLOYEES

	2017	2016
Number of employees as on December 31	199	195
Average number of employees during the year	198	192

### 34. FINANCIAL RISK MANAGEMENT

#### 34.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors (the Board). The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

#### (a) Market risk

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Great Britain Pound (GBP) and Euro. As on reporting date, the Company's foreign exchange risk exposure is restricted to payables only. The Company's exposure to currency risk was as follows:

	2017	2016
Trade and other payables		
- USD	(109,363)	(20,231)
- GBP	(6,298)	(2,668)
- Euro	(13,973)	-
Net exposure - USD	(109,363)	(20,231)
Net exposure - GBP	(6,298)	(2,668)
Net exposure - Euro	(13,973)	-
The following significant exchange rates were applicable during the year:		
<b>Rupees per US Dollar</b>		
Average rate	105.58	104.69
Reporting date rate	110.50	104.80
<b>Rupees per GBP</b>		
Average rate	136.92	140.67
Reporting date rate	148.72	128.73
<b>Rupees per Euro</b>		
Average rate	119.93	115.44
Reporting date rate	131.79	110.32

### Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, GBP and Euro (2016: USD and GBP) with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 0.743 million (2016: Rupees 0.123 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

#### (ii) Other price risk

Other price risk represents 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 interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities traded in the market at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

#### (iii) Interest rate risk

This represents 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 bank balances in saving accounts, past due trade debts, long-term financing and short-term borrowings. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments, if any, at fixed rate expose the Company to fair value interest rate risk.



At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2017 (Rupees in thousand)	2016
<b>Fixed rate instruments</b>		
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances- saving accounts	417	501,550
Trade debts - past due	6,729,021	4,325,633
	6,729,438	4,827,183
<b>Financial liabilities</b>		
Long term financing	(783,438)	(1,336,453)
Short term borrowings	(8,664,776)	(8,631,862)
	(9,448,214)	(9,968,315)
<b>Net exposure</b>	(2,718,776)	(5,141,132)

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

#### Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 27.188 million (2016: Rupees 51.411 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

#### (b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2017 (Rupees in thousand)	2016
Long term loans to employees	93,700	81,872
Long term security deposit	300	300
Trade debts	10,849,196	8,596,673
Loans and advances	-	656,500
Other receivables	246,449	237,654
Bank balances	501	501,550
	11,190,146	10,074,549

Age analysis of trade debts as at reporting date is given in note 17.2.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2017	2016
	Short Term	Long Term	Agency		
				(Rupees in thousand)	
CPPA-G		Not available		2,803,751	3,185,445
National Bank of Pakistan	A1+	AAA	PACRA	296	460
Habib Bank Limited	A-1+	AAA	JCR-VIS	2	2
MCB Bank Limited	A1+	AAA	PACRA	4	9
United Bank Limited	A-1+	AAA	JCR-VIS	2	1
The Bank of Punjab	A1+	AA	PACRA	3	36
Allied Bank Limited	A1+	AA+	PACRA	2	1
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	110	501,041
Askari Bank Limited	A1+	AA+	PACRA	55	-
Bank Alfalah Limited	A1+	AA+	PACRA	25	-
BankIslami Pakistan Limited	A1	A+	PACRA	2	-
				2,804,252	3,686,995

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

### (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As 31 December 2017, the Company had Rupees 6,450 million (2016: Rupees 6,483 million) available borrowing limits from financial institutions and Rupees 0.622 million (2016: Rupees 501.747 million) cash and bank balances to meet the short-term funding requirements due to delay in payments by CPPA-G. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including mark-up / profit payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 31 December 2017:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
( ----- Rupees in thousand ----- )						
<b>Non-derivative financial liabilities:</b>						
Long term financing	783,438	818,462	297,368	288,096	232,998	-
Trade and other payables	1,213,608	1,213,608	1,213,608	-	-	-
Accrued mark-up / profit	108,270	108,270	108,270	-	-	-
Short term borrowings	8,664,776	8,688,502	8,688,502	-	-	-
	<u>10,770,092</u>	<u>10,828,842</u>	<u>10,307,748</u>	<u>288,096</u>	<u>232,998</u>	<u>-</u>

Contractual maturities of financial liabilities as at 31 December 2016:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
( ----- Rupees in thousand ----- )						
<b>Non-derivative financial liabilities:</b>						
Long-term financing	1,336,453	1,474,720	328,613	316,353	595,925	233,829
Trade and other payables	1,058,210	1,058,210	1,058,210	-	-	-
Accrued mark-up / profit	95,424	95,424	95,424	-	-	-
Short-term borrowings	8,631,862	8,781,722	8,754,092	27,630	-	-
	<u>11,121,949</u>	<u>11,410,076</u>	<u>10,236,339</u>	<u>343,983</u>	<u>595,925</u>	<u>233,829</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 31 December. The rates of mark-up / profit have been disclosed in note 5 and 9 to these financial statements.

### 34.2 Offsetting financial assets and financial liabilities

As on balance sheet date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

### 34.3 Financial instruments by categories

#### Assets as per balance sheet

Long term loans to employees  
 Long term security deposit  
 Trade debts  
 Loans and advances  
 Other receivables  
 Cash and bank balances

Loans and receivables	
2017	2016
(Rupees in thousand)	
93,700	81,872
300	300
10,849,196	8,596,673
-	656,500
246,449	237,654
622	501,747
<u>11,190,267</u>	<u>10,074,746</u>

Liabilities as per balance sheet	Financial liabilities at amortized cost	
	2017 (Rupees in thousand)	2016
Long term financing	783,438	1,336,453
Trade and other payables	1,213,608	1,058,210
Accrued mark-up / profit	108,270	95,424
Short term borrowings	8,664,776	8,631,862
	<u>10,770,092</u>	<u>11,121,949</u>

### 35. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### (i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities..

## 36. FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

### (i) Fair value hierarchy

Judgements and estimates are made for non-financial assets not measured at fair value in these financial statements but for which the fair value is described in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 31 December 2017	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees	Rupees
Investment property	-	104,400	-	104,400
<b>Total non-financial assets</b>	-	104,400	-	104,400

At 31 December 2016	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees	Rupees
Investment property	-	77,834	-	77,834
<b>Total non-financial assets</b>	-	77,834	-	77,834

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

### (ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its investment properties at least annually. At the end of each reporting period, the management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties.

#### Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of the company's investment properties at the end of every financial year. As at 31 December 2017, the fair values of the investment properties have been determined by M/s Al-Hadi Financial & Legal Consultants.

Changes in fair values are analysed at each reporting date during the annual valuation discussion between the chief financial officer and the valuers. As part of this discussion, the team presents a report that explains the reason for the fair value movements.

	2017 MWH	2016 MWH
<b>37. CAPACITY AND ACTUAL PRODUCTION</b>		
Installed capacity based on 8,760 (2016: 8,760) hours	3,171,120	3,171,120
Actual energy delivered	1,399,502	1,601,149

Output produced by the Complex is dependent on the load demanded by CPPA and Complex availability.

#### 38. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2017 (Rupees in thousand)	2016	2017 (Rupees in thousand)	2016
Total facilities	5,482,643	3,095,643	15,114,410	15,114,410
Utilized at the end of the year	2,440,121	1,661,751	8,664,776	8,631,862
Unutilized at the end of the year	<u>3,042,522</u>	<u>1,433,892</u>	<u>6,449,634</u>	<u>6,482,548</u>

#### 39. SEGMENT INFORMATION

These financial statements have been prepared on the basis of single reportable segment. Revenue from sale of electricity relates to CPPA-G, the Company's sole customer in Pakistan. All non-current assets of the Company as at reporting date are located in Pakistan.

#### 40. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed final cash dividend for the year ended 31 December 2017 of Rupees 1 per share (2016: Rupee 1 per share). However, this event has been considered as non-adjusting event under IAS 10 'Events after Reporting Period' and has not been recognized in these financial statements.

#### 41. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant rearrangement and reclassification have been made in these financial statements.

#### 42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 22 March 2018 by the Board of Directors of the Company.

#### 43. GENERAL

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# FORM OF PROXY

I/We, \_\_\_\_\_

of \_\_\_\_\_ CDCA/CNO./FOLIONO. \_\_\_\_\_

being a shareholder of the Lalpir Power Limited (The Company) do hereby appoint.

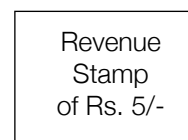
Mr./Miss/Ms. \_\_\_\_\_

of \_\_\_\_\_ CDCA/CNO./FOLIONO. \_\_\_\_\_ and

or failing him/her \_\_\_\_\_ of \_\_\_\_\_

who is/are also a shareholder of the said Company, as my/our proxy in my/our absence and to vote for me/us at the Annual General Meeting of the Company to be held on April 30, 2018 (Monday) at 11:00 A.M. at The Nishat Hotel (Emporium Mall), Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore and at any adjournment thereof in the same manner as I/we myself/ourselves would vote if personally present at such meeting.

As witness my/our hands in this day of \_\_\_\_\_ 2018.



Signature \_\_\_\_\_

Address \_\_\_\_\_

No. of shares held \_\_\_\_\_

Witnesses:-

Name \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

## IMPORTANT:

- a. This instrument appointing a proxy, duly completed, must be received at the registered Office of the Company at Nishat House, 53- A, Lawrence Road, Lahore not later than 48 hours before the time of holding the Annual General Meeting. For Appointing Proxies
- b. Attested copies of the CNIC or the passport of beneficial owners shall be furnished with the proxy form.
- c. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- d. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company.



## نمائندگی کا فارم (پراکسی فارم)

میں / ہم ----- ساکن  
 سی ڈی سی اکاؤنٹ نمبر / فوئیو نمبر -----  
 بحیثیت رکن لال پیر پاور لمیٹڈ (کمپنی) اور حامل عام حصص بذریعہ ہذا محترم / محترمہ -----  
 ساکن ----- سی ڈی سی اکاؤنٹ نمبر / فوئیو  
 نمبر ----- اور یا اسکی غیر موجودگی کی صورت میں -----  
 ساکن -----

جو مذکورہ کمپنی کا حصص دار بھی ہے کو اپنے / ہمارے ایما پر: 30 اپریل 2018ء (پیر) کو صبح 11:00 بجے نشاط ہوٹل، (ایمپوریم مال)، ٹریڈ اینڈ  
 فنانس سنٹر بلاک نزد ایکسپوسنٹر، عبدالحق روڈ، جوہر ٹاؤن، لاہور پر منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں میری / ہماری غیر موجودگی میں  
 حق رائے دہی استعمال کرنے، تفریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور نمائندہ (پراکسی) مقرر کرتا / کرتے ہیں۔  
 آج بروز ..... بتاریخ ..... 2018ء کو میرے / ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

دستخط: \_\_\_\_\_

پتہ: \_\_\_\_\_

تعداد ملکیتی حصص: \_\_\_\_\_

گواہان

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

5/- روپے کارسیدی ٹکٹ یہاں چسپاں کریں

### اہم نوٹ:

- پراکسی تقرری کے یہ آلات، باقاعدہ مکمل سالانہ اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر نشاط ہاؤس،  
 53-A، لارنس روڈ، لاہور میں لازماً وصول ہو جانے چاہئیں۔  
 پراکسی کے تقرر کے لئے
- بئینفیشل اونر کی CNIC یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ لازماً جمع کرانا ہوگی۔
- پراکسی اجلاس کے وقت اپنا اصل CNIC یا اصل پاسپورٹ مہیا کرے گا۔
- کارپوریٹ ایجنسی کی صورت میں بورڈ کی قرارداد / مختار نامہ معہ نمونہ دستخط پراکسی فارم کے ہمراہ کمپنی کو جمع کرانا ہوگا۔



AFFIX  
CORRECT  
POSTAGE

The Company Secretary

**LALPIR POWER LIMITED**

53 - A, Lawrence Road, Lahore.

Tel : 042 - 736367812 - 16 Fax: 042 - 736367414



N I S H A T

## LALPIR POWER LIMITED

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