



energizing the future
**together
we will**



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www.engroenergy.com/engro-powergen-qadirpur-limited/



about the theme



energizing the future together we will

Here we stand at the dawn of a new era where Pakistan is all energized to make an impact that reaches beyond.

As a centerpiece in the grand scheme of development and progress, all that the green passion needs is to leverage its limitless indigenous potential. Engro Powergen Qadirpur is all charged up to energize this ambition with a team and technology that aim nothing but the future.

Let's power it up together because only together... we will!

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making more than a company

corporate
information



company information



Board of Directors

Ahsan Zafar Syed - Chairman
Shahab Qader - Chief Executive Officer
Fauzia Viqar
Farooq Barkat Ali
Shabbir Hashmi
Kaiser Bengali
Vaqar Zakaria



Board Audit Committee

Kaiser Bengali - Chairperson
Shabbir Hashmi
Farooq Barkat Ali



Company Secretary

Sameen Asad



Chief Financial Officer

Amir Qasim



Head of Internal Audit

Ekta Sitani



Bankers / Development Finance Institute

Al Baraka Bank (Pakistan) Ltd
Allied Bank Ltd.
Bank Alfalah Ltd.
Faysal Bank Ltd
National Bank of Pakistan
MCB Bank Ltd.
Pak Kuwait Investment Company (Pvt) Ltd.
Soneri Bank Ltd.
Bank of Punjab
Habib Metropolitan Bank Limited
Standard Chartered Bank (Pakistan) Ltd



Auditors

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



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Plant

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



Share Registrar

FAMCO Associates (Private) Limited 8-F,
Next to Hotel Faran, Nursery, Block 6,
P.E.C.H.S., Shakra-e-Faisal, Karachi
Tel: +92-21-34380101-5
Fax: +92-21-34380106



Website

www.engroenergy.com/engro-powergen-qadirpur-limited/



CEO Message (Video Link)

<https://www.engroenergy.com/media-gallery/>

our history

On 27th March 2010, the spark of an idea conceived in one team's imagination became reality and Engro Powergen Qadirpur declared commencement of commercial operations.

At the turn of the century, Pakistan was anticipated to face severe and debilitating power shortages in the near future. We decided to take up the challenge and contribute to reducing the energy shortfall in the Country. The search for a viable long-term power project led to something extraordinary as vision and ingenuity came together to find the answer to the challenge.

For several years employees of Engro while travelling on the National Highway from Sukkur to Daharki, passed the Qadirpur gas field. Located 600 km from Karachi, the Qadirpur gas field is amongst Pakistan's largest gas reserves. From the highway they could see a huge flare of permeate gas. This flare, which is the by-product of the gas purification process, consisted mainly of Methane (60%), Carbon Dioxide (31%), Nitrogen (8%), Hydrogen Sulfide (320ppm), and about 1% of other hydrocarbons. The sulfur content made it unfit for household consumption. Our team was finally struck with the idea that energy could be harnessed from this waste gas. Use of permeate gas for electricity generation would also reduce carbon dioxide emissions produced when the gas is flared, hence its utilization resulted in a 'green solution' falling in line with Engro's philosophy. And so that short journey from Sukkur to Daharki became the stepping stone for our journey into the power sector.

A team was immediately formed to work on the feasibility of a permeate gas power plant. The project team's diligence & perseverance was finally rewarded when construction on a 217 MW combined cycle power plant was started in 2008. On 27th March 2010, the spark of an idea conceived in one team's imagination became reality and Engro Powergen Qadirpur declared commencement of commercial operations. Our Plant was the first power plant to be commissioned under the 2002 power policy and was completed in record time after the letter of intent (LOI) application. Our expertise coupled with relentless determination resulted in the Plant achieving commercial operations three months before the agreed schedule date.

The electricity generated through the Plant is transmitted to the National Transmission and Dispatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007 which is valid for a period of 25 years from the Commercial Operations Date.

The project is unique as it converts low-BTU, high sulfur content permeate gas, which was earlier being wasted and flared, into much needed electric power. The Plant is a combined cycle plant, with 1+1+1 configuration; i.e. one gas turbine, one heat recovery steam generator (HRSG), and one steam turbine. The Plant uses permeate gas as its primary fuel source and HSD as backup fuel. The unique fuel usage, which was previously being flared, makes Engro Powergen Qadirpur Limited one of the lowest opportunity cost thermal power plants in the country.

The Plant has a huge social impact as it helps provide non-stop electricity supply to areas that face severe load shedding; and employment to the locals





vision

To ensure affordable energy and reliable operations thereby creating value for all stakeholders.

mission

Plant operations and maintenance in a manner resulting in continuous supply to national grid by harnessing human talent and local resources giving high priority to health, safety and environment in a positive, sustainable and affordable way.

our strategic commitments



Maintain highest workplace safety standards



Continue with our commitment towards education, health, and infrastructure in areas in which we operate



Continue to benchmark performance against acclaimed environmental practice as per World Bank and National Environmental Quality Standards.



Ensure reliability and sustainability of operations and business processes.

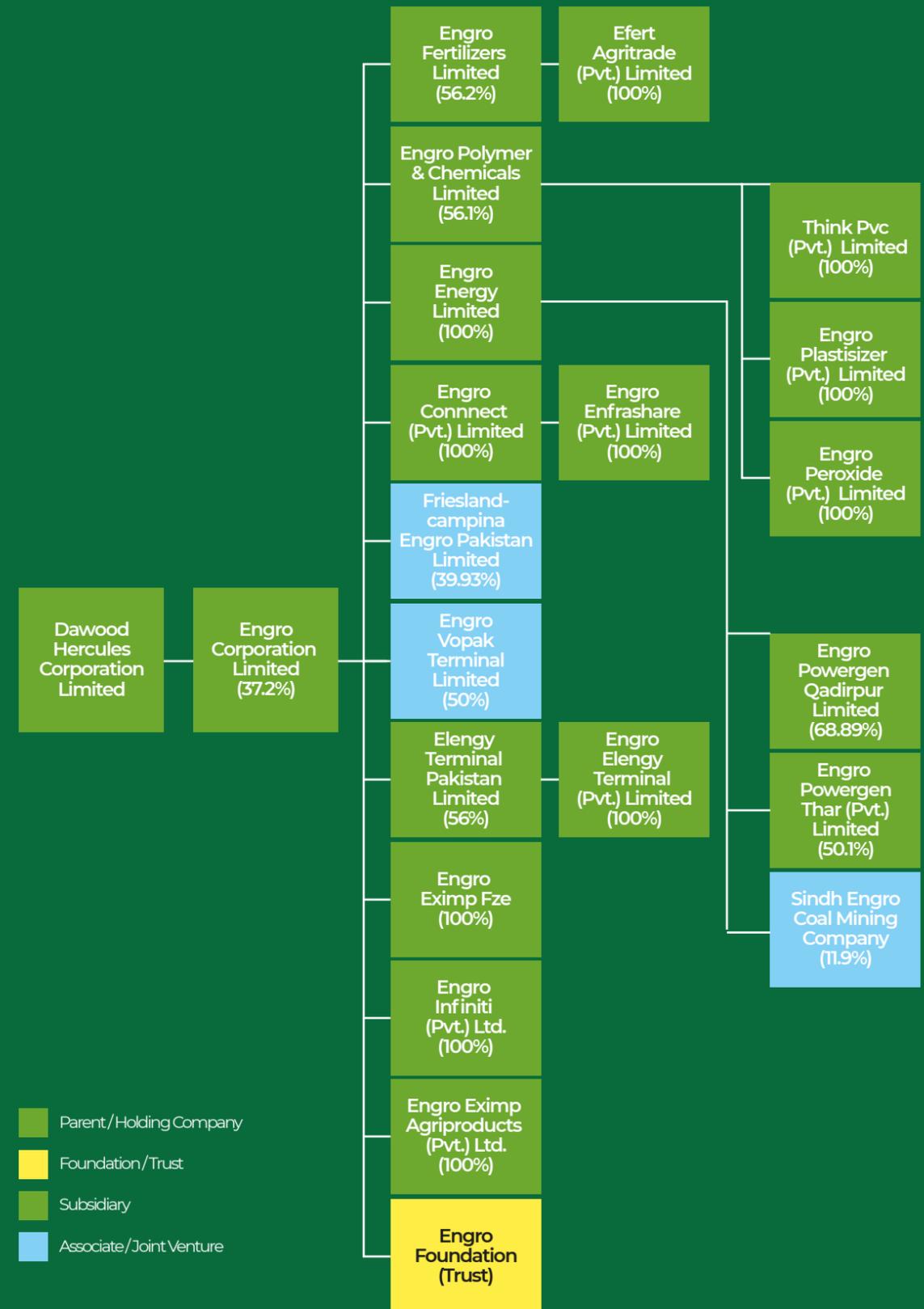


Explore options on alternate sources of fuel supply for future needs.



Develop and retain talent

group corporate structure



group portfolio



fertilizers

Top 50 fertilizer manufacturer in the world; 5 decades of operations as a world class business



dairy

12 million consumer base; market leader in Pakistan's UHT segment and number 2 dairy dessert brand



telecom infrastructure

Operating an independent tower company with a view to engage all the Mobile Network Operators to cater to their network deployment needs



energy & mining

Operating Pakistan's first 217 MW power plant on permeate gas; Operating first ever 2x330 MW mine-mouth coal power plant.



petrochemicals

The only fully integrated chlor-vinyl chemical complex in Pakistan producing PVC and other chlorine by products



chemical storage & handling

Pakistan's first LNG receiving terminal, and an integrated bulk liquid chemicals and LPG terminal

January & September 2005

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

February 2006

Engro Energy (Private) Limited was incorporated

July 2007

Tariff determined by National Electric Power Regulatory Authority (NEPRA)

October 2007

Power Purchase Agreement (PPA) and Implementation Agreement (IA) signed

April 2008

Gas Supply Agreement (CSA) signed with Sui Northern Gas Pipelines Limited (SNGPL) and financial close achieved

October 2008

International Finance Corporation (IFC) Equity Injection

March 2010

Commercial Operations Date (COD) achieved 3 months before the planned date

November 2010

Engro Energy (Private) Limited renamed as Engro Powergen Qadirpur Limited (EPQL)

December 2014

Listing on Pakistan Stock Exchange (PSX)

April & May 2015

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

2017

Engro Powergen Qadirpur Limited has achieved an American based Healthy Workplace Certification (2017-2019) from Global Center for Healthy Workplaces

2019

Gas depletion starts at Qadirpur gas field. Work begins on Alternate Fuel Plan for Engro Powergen Qadirpur plant

2020

Memorandum of Understanding (MoU) signed with the Government of Pakistan on renegotiation of Power Purchase Agreement

2020

Long term debt fully repaid

2020

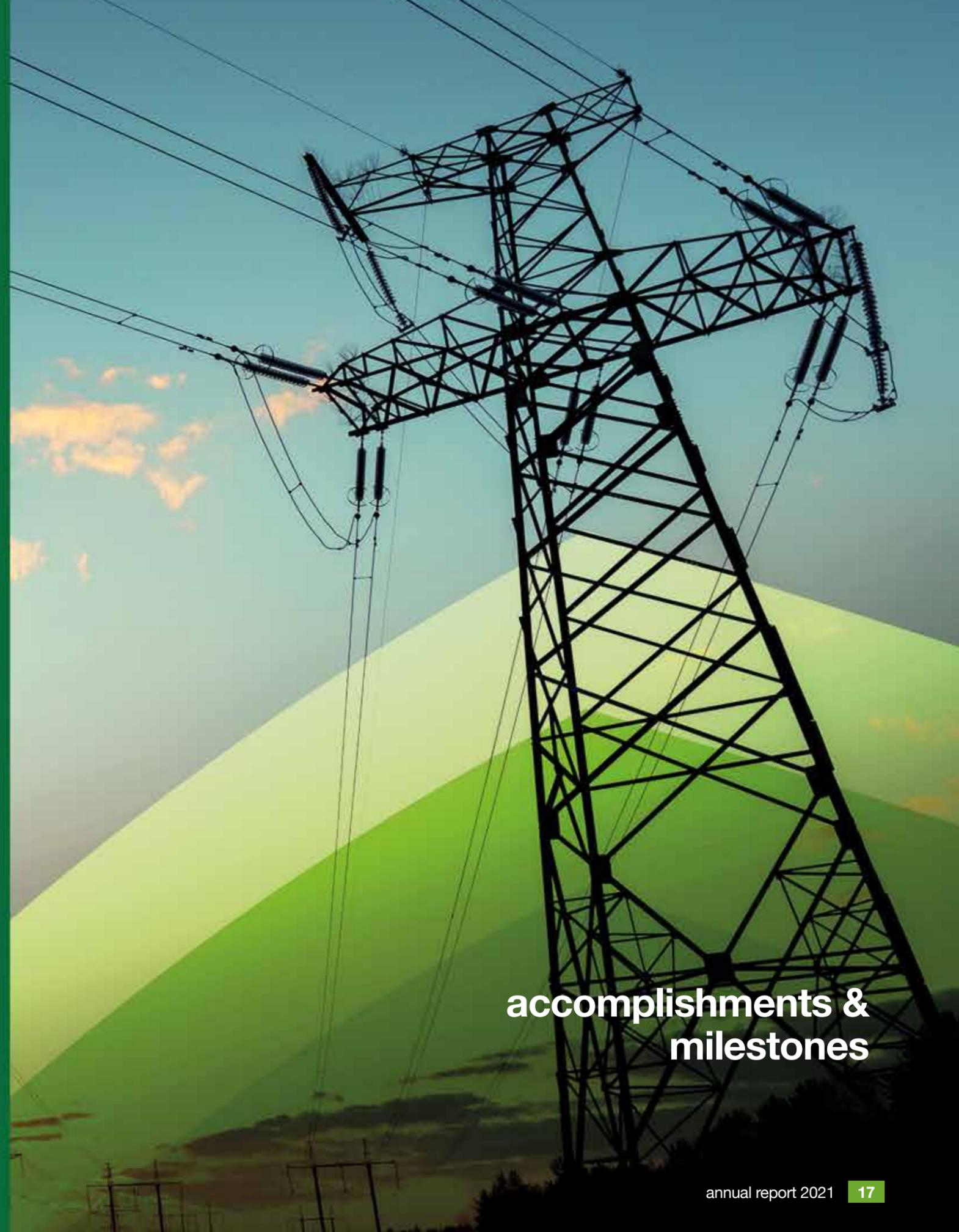
EPQL wins NFEH CSR awards 2020 - sports and recreational activities, CSR projects, livelihood

2021

SAP S/4 HANA Implementation

2021

EPQL Annual Report 2020 wins SAFA Award



accomplishments & milestones

our footprint in pakistan

**PKR 2.9 Bn Total
Wealth Generated in 2021**

**benefitting 700,000
households**

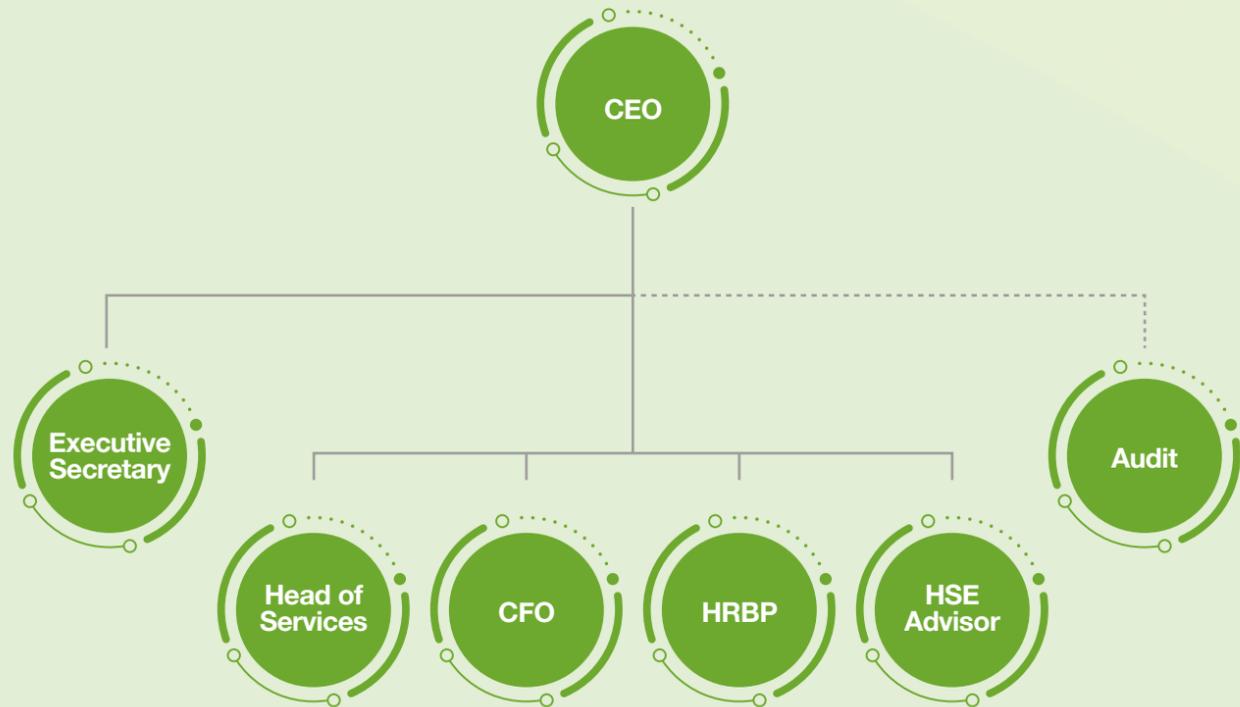


**qadirpur gas-fired
power plant**



**karachi
head office**

organizational structure





**fuelling an upward
approach**

**corporate
governance**

At Engro, we support our leadership culture through unique systems and policies which ensure open communication, foster an environment of employee and partner privacy, and guarantee the well-being and safety of our employees. Our core values form the basis of everything we do at Engro; from formal decision-making to how we conduct our business to spot awards and recognition. At Engro we never forget what we stand for



health, safety & environment

Cares deeply about environmental impact and safety of people



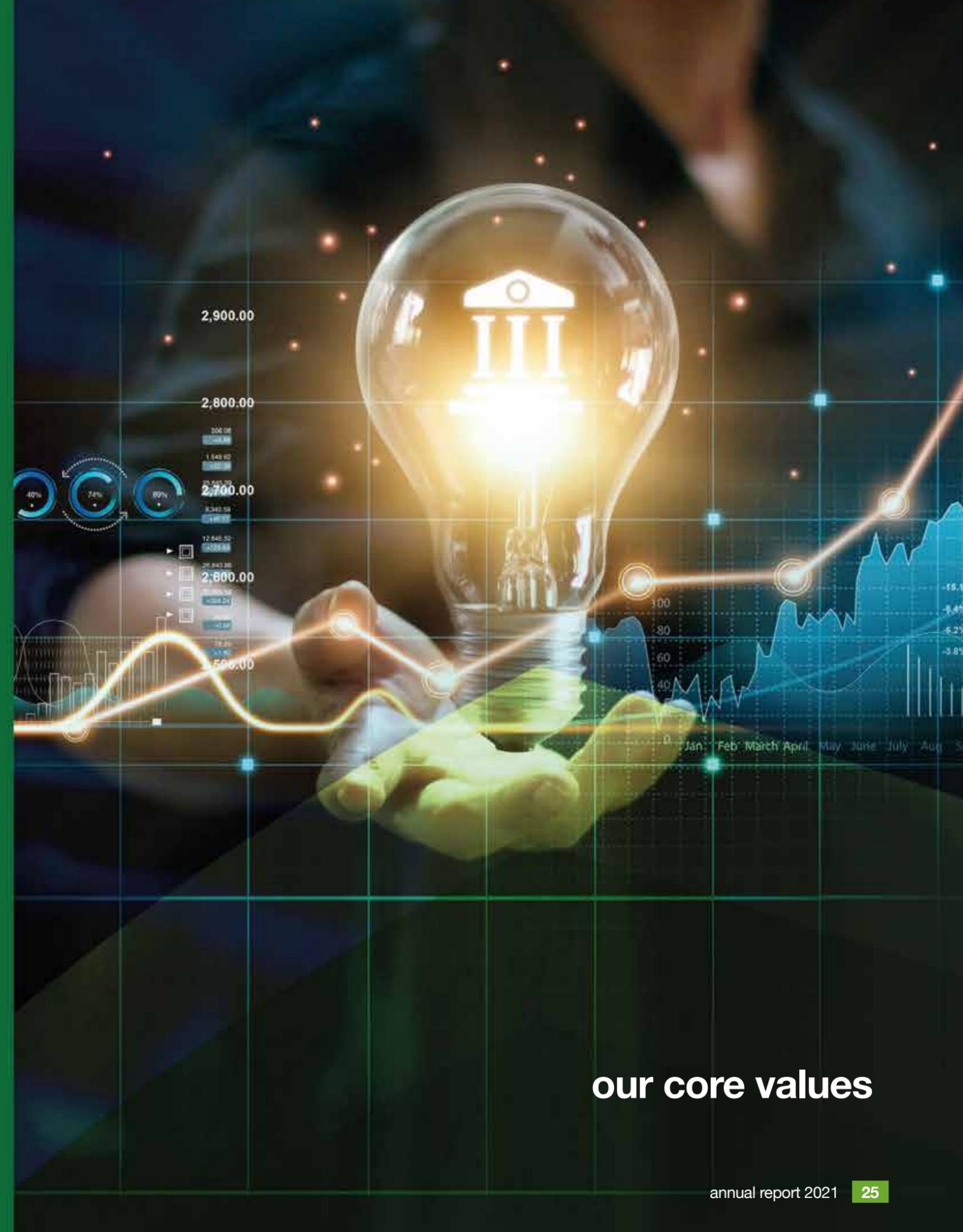
ethics & integrity

Has impeccable character and lives by highest standards of integrity and accountability



community & society

Nurtures passion to serve country, community and company, with strong belief in the dignity and value of people



our core values

directors' profile



Ahsan Zafar Syed
Chairman

Ahsan Zafar Syed is the CEO of Engro Energy Limited – one of the leading energy companies in Pakistan and a subsidiary of Engro Corporation. As the CEO he looks after various entities which include Engro Powergen Qadirpur Limited; Engro Powergen Thar Limited; Sindh Engro Coal Mining Company and Engro Energy Services Limited.

Ahsan is a graduate of NED where he studied Mechanical Engineering and then pursued his post-graduate degree in USA. As a proud alumnus of NED, Ahsan has close to three decades of managing and leading multi-billion dollar, mega-scale projects such as the fertilizer expansion project of Engro Fertilizers, setting up of Pakistan's largest rice processing facility in Muridke and most recently establishing the CPEC-endorsed multi-billion dollar Thar power and mining projects which have successfully unearthed Pakistan's large coal reserves in Thar and produced electricity through Pakistan's own fuel source. He joined the EPQL Board in 2019. He also serves on the board of the following:

- Tenaga Generasi Limited
- Kolachi Portgen (Pvt.) Limited
- Elengy Terminal Pakistan Limited
- Thar Foundation
- Siddiqsons Energy Limited
- Engro Elengy Terminal (Pvt.) Limited



Shahab Qader
Chief Executive Officer

Shahab has had more than two decades of rich industry experience in the chemical process and power utility industry where his expertise ranges from project development and project execution to Operations & Management.

In addition to having worked through project development and execution at a senior level, Shahab has been part of Operations & Management teams in the first twelve years of his career. He holds a bachelor's in electrical engineering from UET. He joined the EPQL board in March 2017. He also serves on the board of the following:

- Gel Nigeria
- Kolachi Portgen (Pvt.) Limited
- Engro Power Services Limited
- Siddiqsons Energy Limited



Farooq Barkat Ali
Director

Farooq Barkat Ali is the Chief Financial Officer of Engro Energy Limited (EEL). Previously he was serving as the Vice President Finance at Engro Corporation Limited – the holding company for EEL. As CFO at Engro Energy he looks after various aspects of the business including Performance Management of EEL subsidiaries, Treasury & Investor Relations and financial oversight of all entities under the energy vertical. Farooq has also served as the Chief Financial Officer of Engro Powergen Qadirpur and Engro Eximp Pvt Limited.

He is a Chartered Accountant by profession from Institute of Chartered Accountants of Pakistan (ICAP) and was associated with Pricewaterhouse Coopers (PwC) in Karachi. He carries nearly two decades of experience in various Finance and commercial roles. Farooq started his career with Reckitt Benckiser way back in 2002 and then moved to Shell Pakistan in 2007 before joining Engro Group in 2013. During his career Farooq has managed multiple projects including Financing of mega projects, ERP implementations and Mergers & Acquisitions. He also serves on the board of the following:

- Engro Powergen Thar (Pvt.) Limited
- Kolachi Portgen (Pvt.) Limited
- Engro Energy Services Limited
- Engro Digital Limited



Shabbir Hashmi
Director

Shabbir Hashmi has more than 35 years of project finance and private equity experience. At Actis Capital, one of the largest private equity investors in the emerging market, he has led the Pakistan operations. Prior to Actis, he was responsible for a large regional portfolio of CDC Group Plc for Pakistan and Bangladesh. He also did a long stint with USAID and later briefly with the World Bank in Pakistan, specializing in planning and development of energy sector of the country. In the past, he has held more than 24 board directorships as a nominee of CDC/Actis and 11 directorships as an independent director. He is also on the board of governors of The Help Care Society which is operating K-12 schools in Lahore for underprivileged children.

He is an engineer from Dawood College of Engineering & Technology, Pakistan and holds an MBA from J.F. Kennedy University, USA. He joined the EPQL Board in 2010. He also serves on the board of the following:

- DH Corporation
- OJ Motors (Pvt.) Limited
- HBL Asset Management Limited
- FINCA Microfinance Bank Ltd.



Fauzia Viqar
Director

Fauzia Viqar is an internationally recognized expert and visionary leader on gender issues in development. She has vast experience of working with government and civil society organizations in Canada and Pakistan where Fauzia has led large programs on human rights and women's empowerment. As Chairperson of the Punjab Commission on the Status of Women, Fauzia succeeded in placing gender equality at the core of government processes, by providing concrete evidence derived from unique data collection mechanisms that she pioneered. She currently serves as an Advisor to various development projects providing technical assistance to the governments in Pakistan and also heads a development consultancy, Rah Center for Management and Development. Fauzia serves on various policy making boards and committees. She joined the Board in 2019. He also serves on the board of the following:

- Rah Center for Management and Development (Pvt.) Limited
- Social Policy and Development Center



Vaqar Zakaria
Director

Vaqar Zakaria has over 40 years' experience in energy and environmental management in Pakistan and in the region. His professional focus has been on business policy and strategy evaluation, planning of energy production and distribution systems, energy pricing, demand forecasting, and environmental assessment of energy projects. With private sector firms, he has been extensively involved in power, and oil and gas infrastructure projects, including conceptual planning, engineering and project management. He has assisted the Planning Commission, energy ministries, state owned utilities, the World Bank, the Asian Development Bank, and the private sector in the development of energy infrastructure, policies to promote investment in the energy sector, and in formulating short and long-term energy plans. He played a key role in setting up Hagler Bailly Pakistan in 1990, where he continues to oversee all organizational matters. He has also been instrumental in establishing the Himalayan Wildlife Foundation, an NGO active in setting up national parks and assisting the communities and government in management of the protected areas. He holds Bachelors and Master's degrees in Chemical Engineering from the Massachusetts Institute of Technology (MIT), USA. He joined the EPQL Board in 2008. He also serves on the board of the following:

- Hagler Baily Pakistan
- Elengy Terminal Pakistan Limited
- Pakistan Foundation Fighting Blindness
- Islamabad Wildlife Management Board



Kaiser Bengali
Director

Kaiser Bengali is an economist with over 40 years of experience in teaching, research and policy advice in Pakistan and abroad. He has a master's in economics from Boston University, USA, and a Ph.D. in Economics from the University of Karachi, Pakistan. He has taught and conducted research at prestigious institutions in Pakistan, such as the Applied Economics Research Centre (AERC), University of Karachi, Sustainable Development Policy Institute (SDPI), Islamabad, Shaheed Zulfikar Ali Bhutto Institute of Science & Technology (SZABIST), and was Managing Director of the Social Policy & Development Centre (SPDC), Karachi.

His areas of research interest include issues in planning & development and macro-economic and fiscal policies, particularly relating to inter-personal and inter-regional inequality, poverty, unemployment, and social justice, urban and regional planning, decentralization and local government and finance, education, and ethnic, sectarian and religious militancy and violence. His areas of expertise and experience include political management of planning & development, management of institutions, personnel and finance. He has also served in a number of government positions. Till recently, he was Head of the Chief Minister's Policy Reform Unit, Government of Balochistan. Earlier, he was Advisor to the Chief Minister of Sindh for Planning & Development. He was also the first head of the Benazir Income Support Programme and designed the programme. He was also Sindh's representative on the 7th National Finance Commission, which gave a successful Award. He has now been nominated on the 8th NFC to represent Balochistan.

He has over 50 research publications in national and international journals and conferences and he is the author/editor of 8 books on subjects ranging from unemployment, inequality and poverty to education, water, gender, and regional development. He has regularly contributed articles on economic and political issues in newspapers and appears on electronic media. He joined the Board in 2019. He also serves on the board of the following:

- Sindh Education Foundation, Karachi
- Bargad, Lahore
- PPP Facility, Government of Sindh, Karachi



approach to governance

Empowerment with Accountability

Whilst we seek to empower our employees to facilitate business decision making we also hold them accountable for their actions. During performance of various job tasks employees are required to ensure that they conduct themselves in a manner that reflects positively on the company

As part of deploying a rigorous internal control framework all our employees are held to the highest of standards and are responsible for:

- Complying with all applicable laws, company policies and procedures.
 - Maintaining appropriate ethical behavior in all internal and external dealings.
 - Reporting any suspected misconduct, illegal activity, fraud, abuse of company assets or other violation of ethical standards.
 - Submit an ethics compliance declaration.
- Our Supporting Infrastructure to Aid in Ethical Conduct
- Orientation:**
- Brief to new hires about policies on ethical business conduct
- Reinforcement:**
- Workshops on Ethics carried out periodically
 - All vendors, contractors and customers are sent the Ethics Policy statement, which has been translated into Urdu, periodically with a request to ensure compliance in their dealings with the company
 - Clauses related to Ethics and Conflicts of Interest are mandatory in all contracts entered into by the company
- Monitoring of Compliance:**
- Voluntary disclosure of actual or suspected non-compliance through Irregularity Reporting system
 - Irregularity reports are shared with management and Board Audit Committee on a quarterly basis.
 - Whistleblower system whereby employees are encouraged to raise red flags and help strengthen the control environment
 - Whistleblower complaints and results of their investigations are also reported to Board Audit Committee every quarter
 - Periodic Business Practices review involving all Engro companies and employees to identify questionable business practices. All identified issues are reported directly to the Board of Directors
 - We are also cognizant of the fact that our employees may encounter a variety of legal issues while taking decisions to conduct business and, therefore, they need to be aware of the legal implications of their actions. Consequently, to mitigate risks associated with non-compliance we continue to host information and training sessions that promote compliance to the law and strengthen awareness of systems and protocols that have been instituted to monitor and report any such violations. We also encourage our employees to seek clarification from their respective supervisors and company's legal advisors to ensure that we remain fully compliant with all applicable laws, rules and regulations.

- As an enabler of ethical excellence, we believe in promoting fair trade and a free-market competitive system – an objective that all our companies seek to pursue. While all our companies compete vigorously in the marketplace, they also ensure compliance with the Competition Act 2010 and, therefore, compete on the merits of their product quality, prices, service and the customer loyalty we create by fulfilling the needs of all our consumers and clients. In order to reinforce our commitment to the competition laws, all Engro companies have joined up to the requirements of the voluntary competition compliance code initiative of the CCP and implemented all its requirements. Furthermore, we also strive to ensure that all our employees remain transparent in their dealings and are accurate in describing the attributes of the Company's products.

- Our employees often have access to confidential information on future plans and financial data. Such individuals-commonly referred to as 'insiders' can use this information in the public domain for trading or tipping others to trade in the Company's securities or use this information to exercise any share options granted by the Company to the employees. To discourage insider trading all our employees are educated about the ethical and legal implications of such actions.
- Yet even as we monitor the behavior of our employees and suppliers, we also make it a point to ensure that Engro treats them fairly. We believe our commitment to living up to our financial obligations in a timely manner sets us apart from many of our competitors.



board committee

Board People's Committee

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

The committee met once during the year.

Committee Members:	
Ms. Fauzia Viqar	Chairperson
Mr. Shahab Qader	Member
Mr. Vaqar Zakaria	Member

The secretary of the Board People's Committee is Mr. Zeshan Taj Khan.

The Board Audit Committee

The committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the power to call on information from management and to consult directly with the external auditors or their advisors as considered appropriate.

The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board.

The Committee met four times during 2021.

Committee Members:	
Mr. Kaiser Bengali	Chairman
Mr. Shabbir Hashmi	Member
Mr. Farooq Barkat Ali	Member

The Secretary of the Committee is Ms. Ekta Sitani.

functional committee

Steering Committee

Shahab Qader	Chairman
Farooq Nazim Shah	Member
Fatima Khushnud	Member
Imran Aslam	Member
Haseeb Shaukat	Member
Sarmad Riaz	Member
Anum Irfan	Secretary

HSE Committee

Shahab Qader	Chairman
Farooq Nazim Shah	Co-Chairman
Imran Aslam	Secretary
Haseeb Shaukat	Member
Imran Wazeer	Member
Masood Ali	Member
Hamid Ali Abbasi	Member
Akhtar Nawaz	Member
Munawar Saeed	Member

our governance framework

Directors Orientation Program:

The Human Resource department chalks out a formal orientation plan, which is followed at the induction of a new Board member. The orientation plan is devised to familiarise the new member with the business. Each Divisional Head of the Company takes them through a presentation pertaining to their own divisions, and macro-level policies are discussed. During the year, no new directors were appointed and therefore no orientation course was conducted.

Directors' Remuneration:

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding their own remuneration. The Company does not pay remuneration to non-executive directors except for fees for attending the meetings. For information on remuneration of Directors and CEO in 2021, please refer notes to the Financial Statements. The Company has a documented policy which generally restricts employees from holding directorships in companies that are not subsidiaries or joint ventures of Engro Corporation Limited. However, the President of Engro Corporation Limited or the Chairman of the Company, may make exceptions to this general rule in special circumstances. All expenses incurred by an employee serving as a director of a company that is not a subsidiary or joint venture of ECL in accordance with this policy will be for that employee's own account. The employee may accept and retain annual fees, meeting fees, other remuneration or reimbursed expenses specifically related to service as a director.

Performance Evaluation of Directors:

The Board has developed a formal mechanism for evaluation of board's own performance, members of board and of its committees. The assessment was carried out four times in the current year. The performance evaluation focuses on:

- Clarity of agenda and objectives.

- Preparation for the meetings.
- Quality and diversity of discussions.
- Clarity of decisions and outcome

Role of the Chairman & the CEO:

The Chairman of the Board and the Managing Director/CEO of the Company have well defined, separate but complimentary roles in line with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Chairman EPQL Board:

Chairman is responsible for providing effective leadership to the Board particularly during Board and shareholders' meetings. He sets the agenda of the Board meetings and ensures that reasonable time is available for discussion of the same. He ensures a conducive environment for overall effectiveness of the Board and facilitates and encourages the contribution of executive, non-executive and independent directors in carrying out the Board's business in line with applicable laws, rules and regulations. At the start of the term of newly appointed directors, the Chairman informs them about their roles, responsibilities, duties and powers to help them effectively manage the affairs of the Company.

CEO of EPQL:

The CEO is responsible for providing effective leadership to the management and employees and for overseeing the day-to-day operations and management of the Company's businesses and affairs by ensuring that the executive team implements the policies and strategies approved by the Board. He keeps the Board updated on significant and sensitive issues that might affect the Company. He ensures that operational plans and control systems are in place and he regularly monitors actual performance against plans and takes remedial actions, where necessary.

Operations of the Board:

The Board is responsible for setting strategic objectives, overseeing the effective management and control of the Company, and identifying significant business risks and ensuring that policies and mechanisms are in place to adequately manage those risks. The Board has delegated certain responsibilities to its committees for review of relevant matters and making recommendations to the Board. All Committees operate in accordance with their TORs approved by the Board. The permanent Committees of the Board are the Board Audit Committee and the Board Peoples Committee. Any agenda or matter that requires Board's approval is first presented to relevant Committee of the Board which, after thorough deliberations, presents its recommendations to the Board for final decision.

Board's Policy on Diversity:

EPQL has a diverse and balanced Board which not only represents the shareholders proportionately but also provides a mix of professional expertise in leadership, finance, economics, engineering, legal, corporate law, energy and business management skills and experiences covering adequately all areas of EPQL's business undertakings.

Furthermore, in compliance with regulatory requirements, a female director has been on the Board of Directors since 2010.

Policy for Retention of Fee by an Executive Director:

As per Directors' Remuneration Policy, executive directors are not paid any fee for attending the board, committee or general meetings.

Evaluation of board, committees, CEO and the chairman:

As at December 31, 2021 the Board comprises of one Executive Director, two Independent Directors, and four Non-Executive Directors. A Non-Executive Director chairs the Board and the Chief Executive Officer is Mr. Shahab Qader. Biographical details of the Directors are

given on pages 26 to 30 of the annual report. A Board of Directors' meeting calendar is issued annually that schedules the matters reserved for discussion and approval. The Board met 7 times this year and discussed matters relating to inter alia current year performance and long-term planning, giving consideration both to the opportunities and risks of future strategy. All Board members are given appropriate documentation in advance of each Board meeting. This normally includes a detailed analysis on businesses and full papers on matters where the Board will be required to make a decision or give its approval.

Evaluation:

The Listed Companies (Code of Corporate Governance) Regulations 2019 mandatorily requires evaluation of the Board of Directors as a whole, its Committees, and the contribution of each Director to the strategic direction and steering of the Company. In this regard, a comprehensive range of self-evaluation surveys were conducted in the Company with respect to the performance of its Board of Directors and Board Committees. Purposive feedback from all Board members was solicited on areas of strategic clarity & beliefs, direction of business plan, and functional adequacy of its role. Equal emphasis is given to evaluating and assessing the individual contribution of each Director during the year by the Chairman of the Board, highlighting significant areas of development for them. The evaluation of the members of the Board and its committees (i.e. Board Audit Committee and Board Peoples Committees) is carried out internally on the following premise:

- Timeliness: The Board Members receive timely meeting notices, clearly describing the agenda of the meetings, followed by the duly circulation of its minutes.
- Preparedness: The Board Members are provided with the well-structured financial and non-financial reports on significant matters at least seven days before the meeting.

- Participation and inclusivity: The Board meetings are conducted in a manner that ensures open communication, meaningful participation, and timely resolution of issues. The Board Members respect the difference between the Board's policy-making role and CEO's management role.
- Transparency: The Board Members determine goals, expectation and concerns, and ensure its due communication to the CEO.

The evaluation of CEO and Chairman is also carried out on above criteria. The overall performance of the Board, its committees, Chairman and CEO measured based on approved criteria remained satisfactory.

Details of board meetings held outside Pakistan during the year:

During 2021, all Board meetings were held in Pakistan.

Security Clearance of Foreign Directors:

There are no foreign director on EPQL 's Board. In case a foreign director is elected on the Board in future, security clearance will be required from the Ministry of Interior through the SECP. A detailed SOP is in place for security clearance and provision of security to the foreigners coming into Pakistan to work with the Company.

Performance Evaluation of the CEO

The performance of the CEO is formally appraised through the evaluation system which is based on quantitative and qualitative values. It includes the performance of the business, the accomplishment of objectives, organization building, succession planning and corporate success.

Matters Decided and Delegated by Board of Directors

The powers of the Board of Directors and the management of the Company have been defined with special reference to, and in compliance with, the Companies Act 2017, the Code of Corporate Governance and the Articles of Association of the Company. In addition to approving the vision, core values,

corporate strategy and the policies for conduct of business of the Company, the types of decisions taken by the Board includes the following:

- to issue shares
- to issue debentures or any instrument in the nature of redeemable capital
- to borrow moneys otherwise than on debentures.
- to invest and divest funds of the company
- to make loans;
- to authorise a director or the firm of which he is a partner or any partner of such firm or a private company of which he is a member or director to enter into any contract with the company for making sale, purchase or supply of goods or rendering services with the company
- to approve financial statements
- to approve bonus to employees
- to incur capital expenditure on any single item or dispose of a fixed asset in accordance with the limits as may be specified
- to undertake obligations under leasing contracts exceeding such amount as may be notified
- to declare interim dividend
- having regard to such amount as may be determined to be material (as construed in Generally Accepted Accounting Principles) by the board
- to write off bad debts, advances and receivables
- to write off inventories and other assets of the company
- to determine the terms of and the circumstances in which a lawsuit may be compromised and a claim or right in favour of a company may be released, extinguished or relinquished
- to take over a company or acquire a controlling or substantial stake in another company
- any other matter which may be specified

Matters Delegated to the Management:

Management of the Company is entrusted with the responsibility to conduct operations of the Company adhering to the vision, core values, corporate strategy and the policies for conduct of business approved by Board of Directors. The delegation of authority to the management has been formally documented in the Limits of Authority Manual (LOAM) which is periodically reviewed and appropriately updated.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal controls as management determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Conflict of Interest Among Board Members:

A formal code of conduct is in place that promotes ethical culture in the company and prevents conflict of interest in capacity as member of the board, senior management and other employees. The code of conduct also includes a section on fiduciary duties of Directors which included the following:

- Duty not to place themselves in a position of conflict between their personal interests and those of the company – this includes the duty to disclose any such personal interests to the Company and the duty not to make secret and/or incidental profits at the expense of the company.
- Duty to account for profits, and not to make secret or incidental profits.
- Duty not to act on behalf of Company in any matter in which he/she has an interest that conflicts, or may conflict, with his duties to his/her company.

- The Directors of the Company excuse themselves from the meetings when the matters under discussion involve a conflict or potential conflict of interest with the activities of any undertaking in which they may hold a real or beneficial interest.

Contracts/ transactions with related parties:

The Company has an established and approved policy of governing transactions between the Company and its Related Parties, in compliance with the requirements of Section 208 of the Companies Act, 2017 and the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018. The policy provides a framework for governance and reporting of Related Party Transactions, and is intended to ensure due and timely approval, disclosure including its pricing policy and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws. During the period, the Company has not entered into any contract or arrangement, other than ordinary course of business on an arm's length basis, with its related parties.

Investors' Grievance Policy

The Company strives to develop and maintain trustworthy relations with all its stakeholders, including shareholders and investors. It recognizes the importance of timely and fair disclosure of all material information to them, without advantage to any particular investor, group or investment advisor / analyst, in order to enable them to make informed decisions about investing in the Company. The Company's contact details are disclosed in "Company Information" section of this annual report and on it's website under "Investors relation" section to facilitate shareholders / other investors' and timely resolve their complaints, if any.

Policy for Safety Records of the Company.

The Company has a documented Record Retention Policy to ensure the safety of the records for periods that exceed the minimum requirement prescribed by Companies Act, 2017 and other applicable regulatory requirements. In addition, the Company has a formally documented Business Continuity Plan (BCP) complemented by a formal Disaster Recovery Plan (DRP).

Disclosure of IT Governance Policy:

Information Technology (IT) Governance is an integral part of enterprise governance and consists of the Leadership, Organizational Structures and Processes. IT Governance aims to ensure that IT activities are aligned with business objectives and that stakeholder requirements of Value Delivery, Risk Optimization, and Resource Optimization are addressed. The Enterprise IT Governance Framework aims to achieve the following objectives:

- Alignment of IT goals with business
- Meet stakeholders' requirements relating to risk optimization, resource optimization and value delivery
- Support the decision-making process regarding governance and management of IT by providing sufficient information and reports
- Achieve effective and prudent IT project management and IT resources management processes
- Enabling enterprise business strategies by developing technological infrastructure and information systems
- Ensure the necessary protection of assets through optimization of IT Risk Management
- Comply with legal and regulatory requirements, internal controls and monitoring, and related policies and procedures
- Maximize the satisfaction level of end user with respect to IT services
- Employ a comprehensive sourcing strategy to manage third parties/vendors relationships

Whistleblower Policy – “Speak Out!”

The Board of Directors of the Company have established a Whistle-blower policy which allows employees and third parties such as suppliers, customers and contractors to raise any concerns they have regarding business ethics, safety, environmental performance, harassment, employment related matters or other possible breaches of company's code of conduct. The Company also has specific procedures in place to increase awareness of the policy. In order to further strengthen the Company's Ethics compliance program and promote adherence to sound business conduct, all employees, customers, suppliers and contractors are encouraged to report serious concerns that could have a significant impact on the organization, such as actions that:

- are unlawful or may damage the reputation of the Company
- are fraudulent and lead to a loss of assets
- may be intended to result in incorrect financial reporting
- are in violation of various corporate policies governing business conduct
- are in violation of Health, Safety & Environmental standards applicable to the business
- give rise to harassment, discrimination or other unfair employment practices.

As per the requirements of the policy, confidentiality of complainants is maintained to protect them from any form of retaliation or victimization for genuinely held concerns that are raised in good faith. Further, all concerns reported are investigated confidentially by the Corporate Audit Department (CAD) which are also presented on a quarterly basis to the Board Audit Committee (BAC).

All complaints and concerns should be reported on the Speakout platform at Speakout@engro.com for confidential investigation.

Human Resource Management & Succession Planning:

The Company has a documented Human Resource management policy which aims to attract, induct, develop, retain and motivate high calibre talent who are qualified, capable and willing to contribute their best towards accomplishment of Company objectives. To complement this policy several other policies have been developed for recruitment, compensation and organizational development. The Company's HR policies have been developed encompassing following principles:

Equal Opportunity:

- Provide equal opportunity to all job applicants through clearly defined and consistently applied induction standards.
- Create a work environment where every employee has an equal opportunity to develop their skills and talents.

Training and Development:

- To meet employee and organizational needs, provide opportunities to employees for acquisition of knowledge for technical and managerial skills through classroom and on-the-job learning.

Performance Management:

- Have a transparent and merit-based performance management system in place.
- Have a formal career development and succession planning system.
- Clearly defined system for career progression based on merit and potential.

Compensation and Benefits:

- Rewards policies aligned with best companies in the market that compete for high quality talent.
- Clear linkage of reward policies with performance and potential.

Diversity and Non-Discrimination:

- Provide an environment free from all forms of discrimination and harassment at workplace.
- Foster gender diversity at all levels within the Company

- Policies aimed at creating flexible and conducive working arrangements for all.

Succession Planning Policy:

The Company's Succession Planning policy is aimed at ensuring seamless business continuity, through a stronger talent pipeline for future leadership positions. Keeping People Development at the core and recognizing that change is imminent, focus is on skill enhancement for all current and future business needs to ensure that the organization remains abreast with changing times. Career growth for employees has also been mapped keeping in view, the individual's potential, experience, display of Engro competencies along with other factors. Each employee is provided training and development opportunities and is equipped with the necessary tools and resources to perform at the job. The Company has also initiated the Leadership Pipeline Development Framework, which encompasses a holistic approach to People Development covering aspects like on-going coaching, rotations and Cross Functional Projects. In addition to this, Mentorship is also an integral part of the system along with a Top Talent Strategy to ensure focused upward mobility.

Social and Environmental Responsibility Policy:

The Company believes that businesses, in their normal course of operations, create positive and adverse impacts. The Company is committed to improve its understanding of social and environmental impacts of its business and it will quantify the impact on the lives of its customers, suppliers and communities in which it operates and will strive to minimize adverse impacts. The associated funding requirement will be part of the business cost. The Company's Social Responsibility policies and practices include:

- Statement of ethics and business practices
- Policy for handling conflict of interest
- Employee Code of Conduct
- Policy for soliciting customers, suppliers, vendors and contractors
- Allocation of funds for social investments

The Company aims to be recognized as a world class performer in the field of Health, safety and environmental management. For this it will:

- Comply with all applicable environmental laws, regulations and apply responsible standards
- where law and regulations does not exist
- Conserve natural resources & energy by continuously improving our processes and measuring performance
- Continuously improve our processes to minimize pollution and waste

'Social Investments' section of the Directors' report to the shareholders outlines the Company's Social and Environmental practices and interventions during the year.

Business Continuity Plan:

The Company has a formally documented Business Continuity Plan (BCP) complemented by a formal Disaster Recovery Plan (DRP). The BCP and DRP specifies the policy and procedures implemented at the Company for the safety of critical electronic, hard copy data and processes to ensure all critical functions continue in case of a disruption or disaster.

The main purpose of the Company policies for safety of ERP systems and business records are as follows:

- Define roles and responsibilities of all functions and departments to ensure that a proper mechanism is in place within their department for backup of electronic data and digitization and archival of critical hard copy documents.
- Define arrangements for storage of ERP systems and business data at secure location with state of the art protections against physical deterioration, fire, natural disasters etc.
- Availability of suitable alternate site for backup of critical information systems including defining the methodologies for replication of applications on the alternate site based on industry best practices.
- Provide mechanism and arrangements for digitization (through a Document Management Solution) and archival of

critical hard copy data and for backup of critical electronic data.

Pandemic Recovery Plan by the management:

While the economy has started to recover from the pandemic, the focus of our leadership remains to manage smooth operations while ensuring health and safety of employees. In addition to a strong Business Continuity Plan in place, following key measures are being taken to manage the pandemic:

- Guidelines developed for work from home and social distancing which are being followed
- Medical help desk established for employees. The Company also encouraged and arranged for vaccination of its employees and their families.
- ROTA plans in place for managing different scenarios

The Company developed and implemented special protocols to manage the COVID-19 crisis and to ensure the safety of its team. The plant was operational throughout the year.

Sponsors, directors and executives shareholding:

Information relating to shares held by Sponsor, Directors and Executives has been disclosed in Directors Report on page 79.

Beneficial (including indirect) ownership and flow chart of group shareholding:

Complete disclosure of Engro Powergen Qadirpur Limited shareholders has been provided in Director's Report on page 79. In addition, group shareholding and direct & indirect ownerships of the Company are demonstrated on page 13.

compliance with best practices of code of corporate governance:

Information relating to compliance with the best practices of code of Corporate Governance have been provided on pages 132.

Interaction with major shareholders:

Engro Energy Limited continues to be the major shareholder in the Company which is kept abreast with the business updates on a quarterly basis. Furthermore, other interactions include the annual general meeting, extra ordinary general meetings, corporate briefings/road shows, responding to investor queries either raised on email, website or on telephone.

Investors' Relations Section on Corporate Website:

The investors' relations section on the Company's website

(<https://www.engroenergy.com/epql/>) is updated regularly to provide detailed and latest company information including financial highlights, investor information and other requisite information. Furthermore, the Company's website also contains the link to SECP's investor education portal, 'Jamapunji'.

Issues Raised at Last AGM:

The Company's Annual General Meeting for year ended December 31, 2020 was held on March 31, 2021, and no issues were raised by the Shareholders during the meeting.

Compliance of International Financial Reporting Standards (IFRS):

The management of the Company strongly believes in adherence to unreserved compliance with all the applicable International Accounting Standards (IAS) / IFRS issued by International Accounting Standards Board (IASB) and as adopted by SECP vital to fair preparation and presentation of financial information. Compliance to IFRS encourages sufficient disclosures of the financial statements that are beneficial for informed decisions of stakeholders. Financial statements for the year have been prepared in accordance with the accounting and reporting standards issued by IASB as are applicable in Pakistan. IFRS adoption status is in detail is explained in note 2 of the annexed financial statements.

Efforts to Implement Governance Practices Exceeding Legal Requirements:

With a strong legacy system, Engro Powergen Qadirpur Limited continues to optimize its governance framework by institutionalizing its core values, policies and principles across the board to surpass the legal requirements and adhere to global Best Practices and Standards of governance. Some governance practices being followed by the management include:

- Voluntary disclosure of additional corporate and financial information in this annual report for the year ended 2021, although not required by any law, to make the Company's affairs more transparent and to give better insight of the Company's affairs, policies and strategies.
- Implementation of Health, Safety and Environment Policy for better and safe workplace environment for employees, workers and surrounded community.
- Implementation of various social projects for welfare of the community as part of it's Corporate Social Responsibility (CSR).
- Adoption of a strict insider trading policy.
- Restriction of employees of group companies to adhere to close period requirements.
- The Company endeavors to replicate the best practices to its privately owned subsidiaries.

Minority Shareholders at AGMs:

Notice of Annual General Meeting is sent to all shareholders of the Company at least twenty-one days before the date fixed for meeting. Such notice is published in Urdu and English languages in at least in one issue each of daily newspaper of respective language having nationwide circulation Further, notice of AGM is also placed on Company's website. The Company encourages maximum participation from all the shareholders including minority shareholders.



internal control framework

Responsibility

The Board is ultimately responsible to ensure that a system of sound internal control is established, which is effectively implemented and maintained at all levels within the Company. However, such a system is designed to govern rather than eliminate the risk of failure to achieve business objectives. The Board, whilst maintaining its overall responsibility for governance of risk within the Company, has delegated the detailed design and operation of the system of internal controls to the Chief Executive.

Framework

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

Review

The Board meets at least once in a quarter, to consider the Company's financial performance, financial and operating budgets and forecasts, business growth and development plans, capital expenditure proposals and other key performance indicators. The Board Audit Committee receives reports on the system of internal financial controls from the external and internal auditors and reviews the process for monitoring the effectiveness of internal controls. There is a Company-wide policy governing appraisal and approval of investment expenditure and asset disposals. Post completion reviews are performed on all material investment expenditure.

Internal Audit

EPQL has an Internal Audit function, manned with suitably qualified and experienced staff. The Board Audit Committee annually reviews the appropriateness of resources and authority of this function. Moreover, the Board Audit Committee in coordination with the Board People Committee ensures that the performance review and compensation mechanisms of the Internal Audit personnel are appropriate to maintain their independence from the Company's management. The Head of Internal Audit functionally reports to the Audit Committee and has indirect reporting to the Head of Corporate Audit of the Ultimate Parent Company i.e. Engro Corporation Limited. The Head of Internal Audit only reports for administrative matters to the CEO of the Company. The Board Audit Committee approves the audit program, based on an annual risk assessment of the operating areas. The Internal Audit function carries out reviews on the financial, operational and compliance controls, and reports on findings to the Board Audit Committee. The Company ensures appropriate focus on its business ethics policies through an inhouse Ethics and Compliance section, housed within its Internal Audit department that monitors compliance against all ethics related policies, inter alia the following:

- Code of Conduct
- Fraud Risk Management
- Governance of Conflicts of Interest
- Statement of Ethics and Business Practices
- Whistleblower Policy – Speak Out
- Governance of Transactions/Contracts with Related Parties

statement of compliance with listed companies (code of corporate governance) regulations, 2019

Engro Powergen Qadirpur Limited (the "Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "Regulations") in the following manner:-

1. The total number of directors is Seven as per the following,
 - a. Male: 6
 - b. Female: 1
2. The composition of the Board as at December 31, 2021 is as follows:

Director's Name	
Independent director	Mr. Kaiser Bengali
Independent director – Female	Ms. Fauzia Viqar
Non-executive directors	Mr. Ahsan Zafar Syed
	Mr. Shabbir Hashmi
	Mr. Vaqar Zakaria
Executive directors	Mr. Farooq Barkat Ali
	Mr. Shahab Qader

The then term of office of directors of the Company was expiring in October 2019. The Board fixed the number of directors at seven (07) in its meeting dated August 02, 2019. Notice of Extraordinary General Meeting was approved by the Board and published on the website of Pakistan Stock Exchange Limited on September 05, 2019. Consents to act as directors were also provided by the directors which included consents from two independent directors as required under the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the "2017 Regulations").

Thereafter the Listed Companies (Code of Corporate Governance) Regulations, 2019 were notified by the Securities and Exchange Commission of Pakistan on September 25, 2019. All the actions that were taken by the Company, including inter-alia, approvals and announcements were made prior to notification of the Regulations. Section 39 (Repeal and Savings) of the Regulations specifically states that nothing in the said Regulations will affect or deem to affect any action taken under the repealed 2017 Regulations and further shall not affect the previous operation of the 2017 Regulations or anything duly done or suffered thereunder.

In the view of the above, the requirement for having one-third directors as independent directors on the Board, with any fraction rounded up as one, will be met when the Board is next re-constituted;

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company;

4. 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;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. No director attended the Directors' Training Program during the year. However, three directors are duly certified or exempted from the Directors' Training Program.
10. The Board approved appointment of Chief Financial Officer (CFO) during the year including the remuneration and terms and conditions of the employment and complied with relevant requirements of the Regulations. Upon resignation of CFO during the year, the Board notified acting CFO with effect from August 02, 2021 at his existing remuneration as the appointment was a temporary arrangement. There were no changes in the position of Company Secretary and Head of Internal Audit during the year;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:-
 - a) The Board Audit Committee
 - i) Mr. Kaiser Bengali – Chairman;
 - ii) Mr. Farooq Barkat Ali; and
 - iii) Mr. Shabbir Hashmi.
 - b) The Board People's Committee i.e. HR and Remuneration Committee
 - i) Ms. Fauzia Viqar – Chairperson;
 - ii) Mr. Vaqar Zakaria; and
 - iii) Mr. Shahab Qader.
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;

14. The frequency of meetings of the committees were as per following,

- a) Audit Committee – 4 meetings; and
- b) The Board People's Committee - 1 meeting;

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Mr. Ahsan Zafar Syed
Chairman

Karachi
Date: February 08, 2022

report of the audit committee

Dear Shareholder,

On behalf of the Board, I am pleased to present the Audit Committee's Report for the financial year ended December 31, 2021. Our key focus was to assist the Board of Directors in fulfilling their governance and stewardship responsibilities including integrity of financial reporting and ensuring robustness of internal controls and risk management process at Engro Powergen Qadirpur Limited.

Composition

The Committee is appointed by the Board and comprised of:

- Mr. Kaiser Bengali (Chairman)
 - Independent Director
- Mr. Shabbir Hashmi (Member)
 - Non-Executive Director
- Mr. Farooq Barkat Ali (Member)
 - Non-Executive Director
- Ms. Ekta Sitani (Secretary)
 - Head of Internal Audit

These Committee members possess sufficient business and commercial knowledge and have extensive experience in the field.

Charter of the Committee

The terms of the Audit Committee's mandate are governed by the Board of Directors and the Code of Corporate Governance. The terms of reference of the Committee are clearly defined in the Charter of the Committee which is duly approved by the Board of Directors. The salient features are stated below:

- Review the quarterly, half-yearly and annual financial statements;
- Review the adequacy and effectiveness of the risk assessment and management system including business continuity plans;
- Oversee the internal control systems and internal audit function;
- Monitor management's compliance with all Company's policies including complaints received through the Speak Out – Whistle Blower System;
- Monitor compliance of statutory requirements; and

- Recommend to the Board the appointment and removal of external auditors.

Meetings during 2021

Audit Committee meetings take place ahead of Board meetings and the Audit Committee Chairman provides an update to the Board on the key issues discussed during each Audit Committee meeting. The minutes of Audit Committee meetings are provided to the Board on regular basis. The CFO and other departmental Heads are invited to the BAC Meetings on a need basis for matters pertaining to their respective areas.

During the year 2021, the Committee met four (4) times. Furthermore, as required by the Code, the Committee also independently met external and internal auditors.

Role of the Committee

The Committee assists the Board to effectively carry out its supervisory oversight responsibilities on financial reporting and compliance, internal controls and risk management, internal and external audit functions of the Company. The Audit Committee believes that it has carried out all its responsibilities, in accordance with Terms of Reference approved by the Board. The evaluation of the Board performance, which also included members of the Audit Committee was carried out separately.

During 2021, the following key responsibilities were satisfactorily carried out by the Audit Committee:

- Ensured compliance with the listed Companies (Code of Corporate Governance) Regulations, 2019;

- Reviewed quarterly, half-yearly, and annual financial statements of the Company prior to their approval by the Board of Directors, focusing on major judgmental areas, financial estimates, going concern assumption, compliance of accounting standards, local regulations, and other statutory / regulatory requirements;
- Reviewed Related Party Transactions, ensuring that the pricing methods used were on terms equivalent to those that prevail on arm's length basis;
- Ensured that proper, accurate, and adequate accounting records have been maintained by the Company;
- Recommended the appointment of the external auditors to the Board to be confirmed by the Company shareholders in the Annual General Meeting;
- Reviewed new policies / modifications to existing policies and Management's compliance with all Company's policies, procedures, and guidelines;
- Reviewed and investigated whistleblower complaints lodged during the year;
- Ensured that the Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy;
- Closed periods were duly determined and announced by the Company, preventing the directors, executives and all employees of all Engro companies from dealing in the shares of the Company, prior to each Board meeting.

Risk Management and Internal Control

The Company has developed a sound mechanism for identification of risks, assigning appropriate criticality level and devising appropriate mitigation measures, which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for

information and review. The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function. The Internal Audit department is responsible for monitoring of compliance, inherent and other risks associated with operations of the Company

Internal Audit

- The Internal Audit function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal Audit findings, taken appropriate action or brought the matters to the Board's attention where required.
- Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters. Adequate remedial and mitigating measures are applied, where necessary.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Audit

The statutory auditors of the Company, A. F. Ferguson & Co., Chartered Accountants, have completed their audit assignment of the Company's financial statements and the statement of compliance with the Code of

Corporate Governance for the year ended December 31, 2021 and shall retire on the conclusion of the 16th Annual General Meeting;

- The Committee has reviewed and discussed audit observations highlighted in covering letter to the audit report with the external auditors. A meeting was also held with the external auditors in the absence of the management;
- The external auditors have direct access to the Committee and Internal Audit Department, thereby ensuring the effectiveness, independence and objectivity of the audit process;
- A.F. Ferguson & Co., Chartered Accountants also provided taxation services to the Company; the statutory auditors have no financial or other relationship of any kind with the Company except that of External Auditor and Taxation Consultant.
- The performance, cost and independence of the external auditors is reviewed annually by the Committee. The Audit



Kaiser Bengali

Chairman of the Audit Committee
Engro Powergen Qadirpur Limited
February 7, 2022

- Committee obtained confirmation from the external auditors in its meeting that the engagement team, other partners and staff in the firm, and the firm have complied with the applicable requirements regarding independence.

The Committee is satisfied with the performance of the External Auditors. The engagement partner on the audit was Mr. Osama Kapadia. Being eligible for reappointment under the Code of Corporate Governance, the Committee has recommended to the Board the reappointment of A. F. Ferguson and Co., Chartered Accountants for the year 2022. A resolution to this effect has been proposed at the forthcoming Annual General Meeting.

Financial Statements 2021

The Committee assessed the 2021 Financial Statements as fair, balanced, and understandable, and that it provided sufficient information to enable the shareholders to assess the performance.

**taking the
tradition forward**

**business
performance**



chairman's review

Dear Shareholders,

In the year 2021, we have demonstrated that we have the right team, the right strategy, and the right culture in place to deliver consistent and sustained value to our shareholders. We have a legacy of more than a decade behind us and we continue to play a vital role in energy landscape of Pakistan.

Our purpose is to continue providing energy for the people of Pakistan and fuel their overall macroeconomic progress. The energy industry of Pakistan has tackled many challenges related to shortage of electricity of supply, circular debt, recent over supply and the overall macroeconomic uncertainty related to the pandemic. Industries all over the world have had to reexamine and adapt to these changes.

At EPQL we have continued our singular focus to face the challenges such as those related to lack of power demand compared to an increase in electricity generation of 11% during 2021. The increase in power demand is essential to recover the cost of capacity additions made over the past years and those in pipeline. Moreover, it is imperative that the overall system is made more efficient and losses minimized. Once these issues are worked upon there would be an overall reduction in the inflated circular debt which has been an ongoing problem for the energy sector.

In accordance with the Master Agreement signed between the Government and IPPs in February 2021, overdues of IPPs are being cleared in tranches. First tranche for 2002 Policy based IPPs was received in January 2022, while second tranche is expected to be received during current year.

As an indigenously sourced power plant, EPQL remained high on the merit order and continued to provide hedge against the increasing fuel prices. On the input side, currently EPQL has a Gas Supply Agreement (GSA) with Sui Northern Gas Pipelines Limited (SNGPL), for supply of permeate gas from the Qadirpur Gas Field. The gas supply from Qadirpur gas field is depleting and based on

profile shared by the gas supplier, we have declared gas depletion phase and made our plant available in mixed mode where we utilize both permeate gas and High-Speed Diesel (HSD) fuel as the need arises since last year. Considering this, we have submitted a gas depletion mitigation plan to PPIB and are engaged with all relevant stakeholders to come to a consensus on the way forward for the approval of the alternate fuel supply.

At EPQL, we light up the lives of over 700,000 households of Pakistan and benefit over 3 million individuals directly through our project. We continued working towards the betterment of the communities around our project. Under our Corporate Social Responsibility philosophy, EPQL worked actively with relevant partners to improve the standard of education especially for girls of the Chotki region. We also adopted various schools in the area to manage their operations fully.

We have also started a dedicated Primary Healthcare Centre (PHC) for the surrounding villages in partnership with HANDS this year to fulfil the basic healthcare needs of the people around. As part of our inclusive business model, our primary goal has always been to improve the lives of all our direct and indirect stakeholders.

In conclusion, I would like to thank the EPQL's management, employees, customers, partners, and all our stakeholders. Thank you for your dedication and commitment which has enabled EPQL to achieve many milestones during the year. As we continue our journey of hope and resilience, I am confident that the year 2022 will fare as a prosperous one for us and Pakistan at large.



Mr. Ahsan Zafar Syed
Chairman



ceo's message

Dear Shareholders,

Effective approach and efficient work amalgamated with innovative ideas is what we believe to be a perfect recipe for excellence. At Engro Powergen Qadirpur Limited (EPQL) we are committed to providing all our stakeholders the most efficient results all year round. We believe in making a continuous effort to maintain what's being already achieved and to toil for what's not yet achieved.

We demonstrated a billable availability factor of 100% in 2021, approximately same as last year and dispatched a total net electrical output of 851 GWh to the National Grid demonstrating a load factor of 45.7% versus 29.5% last year. The increase in load factor this year was primarily due to higher merit order ranking and consequently higher dispatch. Sales revenue for the year 2021 was PKR 10.2 billion as compared to PKR 8.1 billion last year. Overdues from power purchaser stood at PKR 11.2 billion as on December 31, 2021, vs PKR 9.0 billion as on December 31, 2020. Overdue amount payable to SNGPL on December 31, 2021, was PKR 2.5 billion vs PKR 1.8 billion in 2020. EPQL earned a net profit of PKR 1.6 billion for 2021 as compared to PKR 2.1 billion for 2020 which resulted in earnings per share of PKR 4.92 for 2021 vs PKR 6.42 for 2020.

On the operational front we continue to ensure the safety of our systems, employees, and the environment at large, and EPQL has continued to keep its Health, Safety and Environment (HSE) management systems and processes in line with international best practices. With the help of a multidisciplinary team, we ensured 100% compliance with National Environmental Quality Standards (NEQS) and World Bank Group guidelines. EPQL also successfully recertified ISO 14001 and ISO 45001 rating; signifying its commitment to HSE.

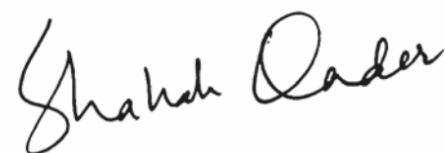
All operations ran smoothly in the second year of the global pandemic as we implemented many special protocols to manage the COVID-19 crisis and ensure the safety of our team. I am pleased to share that all employees

at the plant and office are fully vaccinated as well.

Success and failure in the journey of achieving goals ultimately comes down to one thing: our people. They can make or break the image of the company they work for. Therefore, our company continues to invest in technically dynamic, forward-looking, and highly professional individuals through various trainings as well as holistic well-being programs to ensure an all-rounder experience for them all.

We also make a concerted effort to help our communities prosper by investing in initiatives that provide education, technical training, healthcare facilities, and basic infrastructure for the communities around. This year we started operations of a Girls' middle school in Rasheed Ahmed Arain village which was constructed through the financial support provided by the Company. We continue to sponsor the adopted schools in the areas surrounding our project as well. Additionally, we also started operations of a dedicated Primary Healthcare Centre (PHC) for our surrounding villages in partnership with HANDS and to date over 1,700 patients have benefited from the medical facility.

Our strengths give me confidence to proclaim that EPQL will continue to provide solutions to Pakistan's energy sector and with our talent, vision, and conviction, we will continue the building of a rewarding future for all our stakeholders and for Pakistan at large.



Shahab Qader
Chief Executive Officer



organizational highlights



9 Mn
man hours without LWI
till December 2021



100%
Billable
Availability in 2021



851
GwH Electrical
Output in 2021



46%
Load Factor
in 2021



100%
National Environmental
Quality Standards
and World Bank
Guidelines Compliance

external overview

Political

Possibility of short, medium, and long-term policy interventions by regulatory authorities remains, with respect to the energy mix of Pakistan, with the aim to provide indigenous, affordable, and sustainable energy to the Country. Regulatory changes such as fuel pricing and supply, power plants running out of merit will have an impact on the Company's business, and therefore the Company remains on the lookout for new challenges or opportunities arising from change in policies.

During the year the Company signed a Master Agreement with power purchaser primarily based on the terms of the Memorandum of Understanding (MoU), agreed with the Committee for negotiation with Independent Power Producers (IPPs), which was notified by the government. As a result, return structure of the Company has been revised.

Economic

Any change in the global economic environment has a potential to impact the Company's financial performance and profitability. Movements in exchange rate can have significant impacts on the profitability and hence the Company actively formulates strategies to hedge against economic risks. Additionally, fuel price variations, for both local and imported fuels, affect the economic dispatch order of power plants in the Country, including EPQL's. GDP growth also has a significant impact on the company, as GDP growth is a determinant of power demand. Interest rates affect the profitability of the company with changes in cost of short-term financing. Circular debt is a major issue which impacts the power sector, affecting the liquidity profile of the Company.

During the year, as the country recovered from the effects of the pandemic, power demand rebounded. Elevated power demand coupled with increase in international fuel prices, led to an improvement in EPQL's merit order position and thereby increasing in EPQL's load factor during 2021 vis-à-vis the preceding year.

Social

Population is expected to increase by more than 75% by 2050 requiring streamlining in power generation throughout the Country. Growth in population may lead to an increase in not only the domestic demand for power but may also influence industrial demand due to overall increase in consumption profile. Cheap and abundant sources of energy have been a necessary precondition for industrial production and emphasis is laid predominantly on merit run plants. The Company has been working on various fronts to cater to demand growing due to social factors. During the year, the public health system of the country continued to be affected by the pandemic, as additional variants of the virus emerged. The Company implemented and maintained strict health and safety protocols to curb the spread of COVID-19 along with a 100% vaccinated workforce and remained fully operational throughout the year.

Technological

The concept of power generation is technology driven and as technologies are updated, there is risk associated with obsolescence as well as maintaining overall cost efficiency. The Company makes prudent efforts to manage this risk.

Environmental

Power generation has several ecological effects which include air and water pollution. However, any emissions resulting from generation are well within limits determined by local authorities. Being a permeate gas-based power plant, EPQL does not have any adverse impact of the environment and hence is safe from any environment related taxes/costs.

Legal

The Company's Implementation Agreement safeguards it from any changes in legal environment. The Company limits its legal exposure by carefully deliberating upon terms and conditions of such agreements from legal, technical, and commercial aspects using expertise of professionals from each area before execution.

Strategic Objectives	Strategic Actions	Measurable KPI
Ensure consistent shareholder value creation by managing liquidity position.	Maintain constant contact with key stakeholders for clearance of outstanding dues. Periodic cashflow monitoring to ensure liquidity for payment obligations.	Make cash available for shareholders
Continue efforts to finalize and implement alternate fuel plan for base load plant operations.	The Company has submitted the final gas depletion plan to PPIB. Discussions are underway to conclude the same.	Notification of alternate fuel plan.
Continue with CSR activities, increasing engagement with local communities through educational and health care initiatives.	Focus on improving quality of life of people residing in low-income communities by investing in social initiatives in education, technical training, and health care.	Number of lives impacted
Achieve Operational Excellence.	Continue smooth operations of the plant with focus on health, safety, and environment.	Ensure plant's availability and maintain plant's health and safety standards. Ensure Business Continuity Plan is in place.

risks and opportunities

Risks are inherent in the businesses and can relate to strategic threats, operational issues, compliance with laws and regulations, and reporting obligations. To deliver value to all stakeholders, it is important that the Company understands and manages the risks faced across the entire organization.

Risk Governance

The Board of Directors are responsible for ensuring that the Company has a robust process in place for assessment of principal risks facing the Company, including those that would threaten the business model, future performance, solvency, or liquidity. The Board Audit Committee is responsible to oversee implementation of the Enterprise Risk Management methodology approved by the Board. In addition, the Board People's Committee focuses on risks relating to human capital including assessment of compensation programs and succession planning.

Further, management level committees have been constituted which perform regular oversight of performance of the Company with respect to Organization & Employee Development, Health Safety & Environment, Execution of Planned Capital Projects, Business Continuity Planning and Business Process Reengineering.

The Company has a dedicated Internal Audit function which provides independent and objective evaluations while reporting directly to the Audit Committee on the effectiveness of governance, risk management and control processes.

Enterprise Risk Management Process

Enterprise Risk Management (ERM) methodology implemented at the Company provides a structured, disciplined, and consistent approach to risk management that facilitates risk-informed decision-making throughout the organization. The Framework implemented at the Company is illustrated below:

- **Formulation of Strategy and Business Objectives**
The focus of ERM at the Company is to ensure achievement of the organization objectives. Defining the organization's strategy and objectives is pre-requisite to identifying risks and opportunities. During this step, the management defines strategy and objectives for different areas of the organization which are then approved by the Board of Directors.
- **Identification of Risks and Opportunities**
The purpose of this step is to identify a comprehensive list of risks and events that may potentially impact the achievement of organization's mission and strategic objectives. In order to identify enterprise-level risks to be managed, a structured and systematic "Enterprise Risk Register" is used. Broad types of risk which are used for categorization of risk and opportunities are as follows:

Risk type	Description
Strategic Risk	Strategic risks are risks that affect or are created by an organization's business strategy and strategic objectives.
Commercial Risk	Commercial risks refer to potential losses arising from third party stakeholders or the sector in which the Company operates.

Risk type	Description
Operational Risk	Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events.
Financial Risk	Financial risk is an umbrella term for multiple types of risk associated with financing, profitability, liquidity, and credit. The Company's overall risk management program focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders. The Company's policy for management of financial risks is explained in notes to the financial statements for the year ended December 31, 2021.

• **Risk Assessment**

The process involves consideration of the causes and sources of risk, the probability that the risk event will occur, their consequences and magnitude, and the likelihood that those consequences may occur. The Board has approved formal criterion for assessment of the 'likelihood' and 'impact' which is used by the management for risk assessment. Each risk is assigned a rating and recorded in the Risk Register. Risk assessment provides the basis for evaluation and decisions regarding risk response or treatment.

• **Prioritization of Risk**

The purpose of this step is to develop a prioritized list of enterprise-level risks for response options. By ranking and prioritizing the enterprise-level risks, the Company's leadership can respond as appropriate with strategic allocation of resources while responding to the risks. The risks are ranked according to Impact and likelihood rating.

• **Implementation Risk Responses**

The purpose of this step is to select a combination of risk response options that will optimize the Company's resources in managing its portfolio of risks. The process involves identifying and assessing the range of risk response options and preparing implementation plans for selected response options. Using a prioritized list of quantified risks requiring response options, the leadership makes informed strategic decisions about how to allocate resources to risks reflected in the Enterprise Risk Register.

Risk type	Description
Accept Risk	<ul style="list-style-type: none"> Retain risk at its present level, taking no further action
Avoid Risk	<ul style="list-style-type: none"> Prohibit unacceptably high-risk activities and asset exposures through appropriate policies. Stop specific activities by redefining objectives, refocusing strategic plans and policies, or redirecting resources. Screen alternative projects and budgeted investments to avoid off-strategy and unacceptably high-risk initiatives. Eliminate at the source by designing and implementing internal preventive processes.
Reduce Risk	<ul style="list-style-type: none"> Disperse financial, physical, or information assets to reduce risk of unacceptable catastrophic losses. Control risk through internal processes or actions that reduce the likelihood of undesirable events occurring to an acceptable level. Respond to well-defined contingencies by documenting effective plan and empowering appropriate personnel to make decisions; periodically test and, if necessary, execute the plan. Diminish the magnitude of the activity that drives the risk. Improve capabilities to manage a desired exposure. Redesign the approach to managing the risk.
Reduce Risk	<ul style="list-style-type: none"> Outsource non-core processes (a viable risk transfer option only when risk is contractually transferred). Delegate risk by entering arrangements with independent, capable authorities.

Monitoring and Reporting

The ERM Risk Register is reviewed on periodic basis to ensure updating for changes in external and internal environment. The ERM Risk Register, and mitigation strategies are also presented to the Management Committee and the Board Audit Committee on bi-annual basis.

Risk and Mitigation Plan:

Following are the major risks affecting the operations of the business, along with the management assessment of their source, likelihood, impact, and the mitigating strategies implemented by the Company for these risks:

Risk type	Risk Assessment		Mitigation Strategies
	Likelihood	Impact	
Strategic Risk			
Reduction in Company's Net Electrical Output Source of Risk: External	Medium	Medium	With new plants coming online, the merit order position of EPQL is now at risk of being lower, thereby affecting its dispatch. The Company is actively monitoring changes occurring in the power sector. The Management is closely working with key stakeholders to improve its dispatch position.
Adverse impact of increasing Circular Debt on Company cashflows Source: External	High	High	The Company has developed liaison with relevant stakeholders for clearance of outstanding dues and recovery profile is closely monitored for any advance triggers.
Reduction in gas supply from Qadirpur Gas Field Source of Risk: Internal	High	High	The Company is in the process of finalizing alternate fuel plan.

Commercial Risk

Risk type	Risk Assessment		Mitigation Strategies
	Likelihood	Impact	
Strategic Risk			
Slowdown in corporate lending due to increased exposure in the energy sector taken up by majority commercial banks. Source: External	Medium	Low	The Company's management has maintained valuable relationships with lenders to minimize financing costs and maximizing financial income.

Operational Risk

Risk type	Risk Assessment		Mitigation Strategies
	Likelihood	Impact	
Strategic Risk			
Impact of pandemic resulting in plant outage. Source: External	Medium	High	The Company has a strong Business Continuity Plan in place to keep the plant operational. Key site personnel were identified along with back-ups. The Company also encouraged and arranged for vaccination of its employees.
Compromised Plant availability due to operational issues at Plant site. Source: Internal	Medium	High	The Company has introduced new and improved control and mitigation plans to maintain the likelihood of operational issues within the agreed tolerance levels. An efficient technical team, trained for remedial actions, is deployed at the site.

Financial Risks

Risk type	Risk Assessment		Mitigation Strategies
	Likelihood	Impact	
Strategic Risk			
Liquidity constraints due to circular debt. Source of Risk: Internal	Low	Medium	The Company has a pro-active treasury function which ensures that adequate funds and credit lines are kept available for any unforeseen situation. Master Agreement signed with power purchaser; it has been agreed that outstanding dues will be cleared.
Inability of the Company to recover billed amount resulting in delayed payment obligations and adverse impacts on shareholder value.	Medium	High	The Company has ensured strong relationships to ensure an improved collections profile and manages liquidity prudently by engaging key stakeholders and leveraging relationships to retrieve payments, smoothing out cashflow issues.

Opportunities

The Company is currently pursuing opportunities to create value in the short, medium, and long term through identification of cost optimization strategies associated with its strategic objectives, policies, and targeted growth.

key operational highlights 2021

Risk type	Impact Area	Description
Development of Business Sustainability	Natural Capital	The Company is actively pursuing its gas depletion mitigation plan to safeguard shareholder value and improve operational efficiencies.
Investment in Sustainable Initiatives	Social Capital	The Company takes a concerted effort to help communities prosper by investing in initiatives that provide education, technical training, health-care facilities, and basic infrastructure to beneficiaries
HR transformations	Human Capital	The Company focuses on HR transformation to ensure sustainable business operations whilst remaining an agile and flexible organization. The Company has identified and resolved to move to a system which is more performance driven, better aligned with the market and creates opportunities for growth

Way Forward

The Company remains wary of the gas situation in the Country and has been taking measures to efficiently use its allocated share. The Company continues to make its plant available in mixed mode, due to gas depletion. The Company has engaged with all stakeholders and prepared and submitted a gas depletion mitigation plan to PPIB. The Company will continue to actively work towards finalizing the same. The Company takes a holistic view while detailing out plans for the coming years, which includes studying the industry position and taking prudent measures to formulate strategies for cost effective solutions.



10.2 Bn
Revenue



AA-
Credit Rating



2,429
Dividend



6.3 Bn
Market Capitalisation

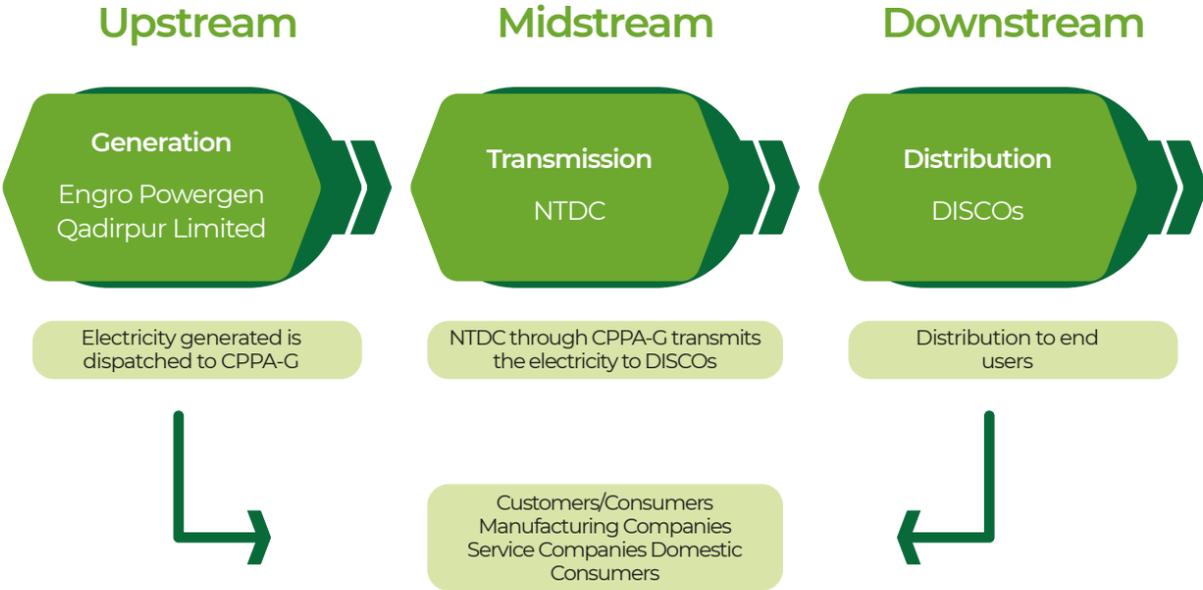


27.4 Bn
Total Assets



851 GWH
Total electricity generated

our value chain process



We strongly believe that our pursuit of an inclusive growth model will continue to yield greater success and value for all our stakeholders. Together through concrete processes and mechanisms, we fulfill our responsibilities with everyone we interact with whether it be our customers, suppliers, communities or the government.

swot analysis



Strengths

- Indigenous fuel-based plant which utilizes permeate gas, which was previously being flared
- Green fuel
- Operational excellence with Management team with vast experience and technical expertise
- High credit ratings, which reflect strong financials and management



Weaknesses

- High receivable balance due to delays in payments by the power purchaser
- High exposure to international fuel prices that affect merit order position
- Dependence on fuel availability



Opportunities

- Investment in sustainable initiatives by developing social capital.
- HR transformation to ensure sustainable business operations whilst remaining an agile and flexible organization.



Threats

- Reduction in the prices of various fuels, which will negatively impact EPQL's merit order position.
- Slowdown in economy affecting growth of power demand
- Non-resolution of the circular debt situation.

our integrated value creation model



Engro Energy acts as the ultimate parent/holding company of EPQL. EEL explores investment opportunities in business ventures and forms a corporate model of the businesses in the energy vertical of the group.

Governance

- Oversight on group companies' business performances
- Executive committee of Engro Energy consists of Group CEO, direct holding companies' CEOs, HR & CFO
- CEO of Engro Energy is the Chairman of the Board of all energy vertical companies with majority shareholding.
- All energy companies' CEOs report to Engro Energy CEO

Strategy

- Group level strategy formulation (business and high level functional)
- Provide visionary direction, support and guidance on company level business strategies

Financial Capital

- Financial capital allocation
- Group level portfolio management
- Debt raising activities
- New investment opportunities and project expansion outside and in-between existing portfolio

Intellectual capital

- Setting up group wide standards and policies
- Instilling spirit of common brand identity of 'One Engro' and uniformity of vision, mission, ethics and core values etc.
- Group's public relations and brand management (patent, license of Engro brand)

Human Capital

- Managing Top Talents (i.e. employees having high potential to progress at the executive level)
- Rewards, career & development and succession management of executives, senior management and Board members
- Ethics and compliance
- Providing legal and company secretariat support
- Shareholder audits, review companies' internal audits and group-wide corporate ethics & compliance management

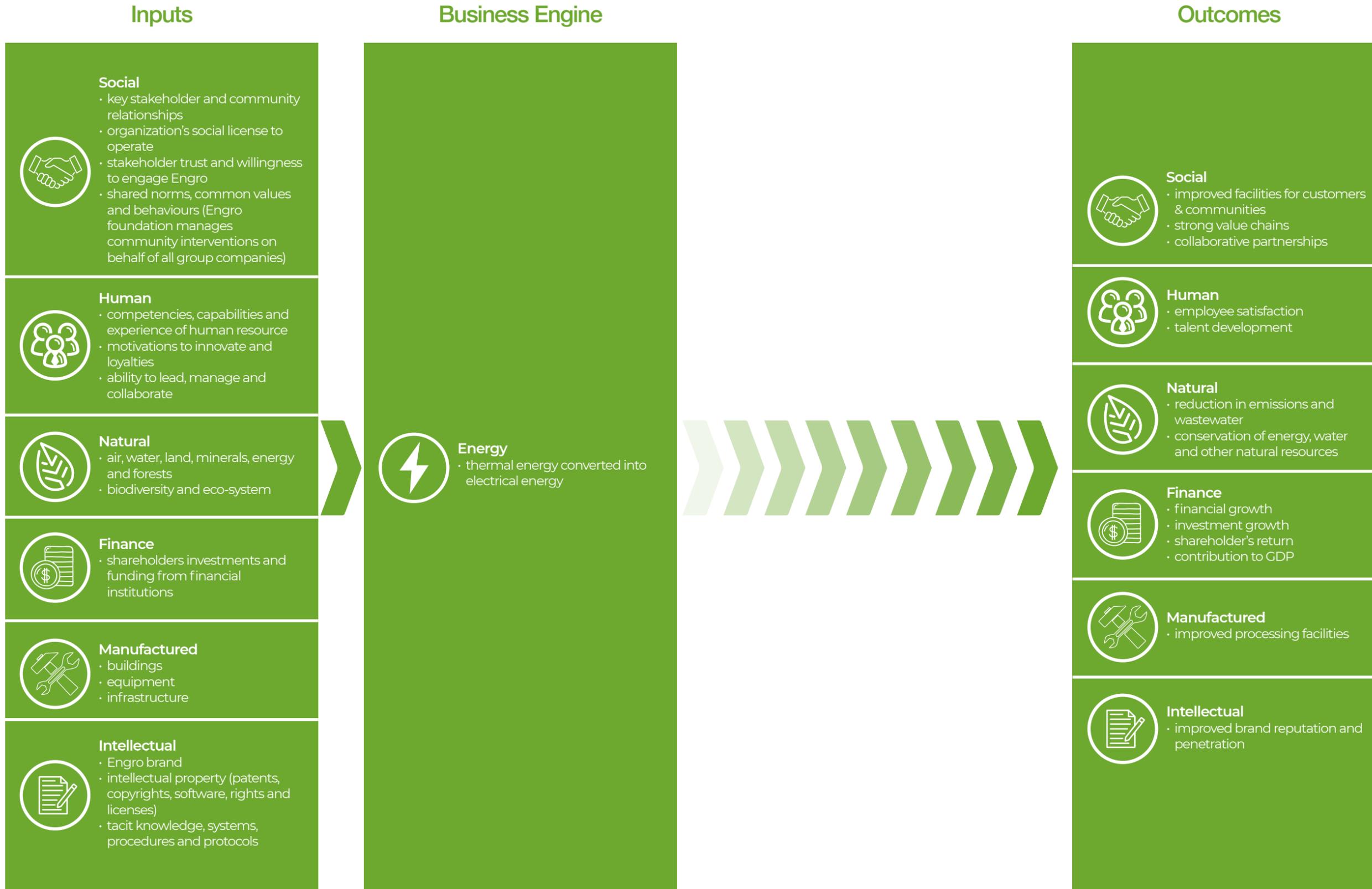
Ethics and compliance

- Providing legal and company secretariat support
- Shareholder audits, review companies' internal audits and group-wide corporate ethics & compliance management

Group companies of Engro Energy – including EPQL – extend their own business strategies at more detailed level and execute and implement the same in alignment with high level strategy driven by Engro Energy. EPQL and other group companies enjoy independence and autonomy in financial, operational, business and performance management

- Investors and shareholders
- Human Capital
- Customers and Suppliers
- Regulators
- Society and community (Social and relationship capital)
- National Economy
- Natural Capital (Environment)

our integrated business approach



resource allocation plans

The Company aims to achieve its long-term goals by optimizing available resources. This would be done primarily with efficient utilization of Company's core strengths which includes but is not limited to:

- Financial Strength
- Competent Human Resource
- Generation excellence
- Strong HSE standards

Engro Powergen Qadirpur Limited aims to increase its reliability to the national grid by maintaining its availability and to increase the value for its shareholders. This will be achieved through implementation of smart strategic objectives which are easily measurable and will remain relevant in the foreseeable future. The Company will continue to efficiently utilize its resources.

The Company will continue to monitor the strategic objectives on an annual basis and will make amendments if needed based on changes in the internal and external environment. The Company is exploring various initiatives to achieve its long-term ambitions and has undertaken a comprehensive alternate fuel study program which will enable the Company to decrease its reliance on its primary fuel.

Significant Plans and Decisions

Due to gas depletion from Qadirpur field, the Company has formulated a Gas Depletion Mitigation Plan (GDMP), including different mitigation options available to the Company, which was subsequently approved by relevant key stakeholders. The Company is in discussions with stakeholders to finalize modalities of GDMP.

The Company signed a Master Agreement with power purchaser in February 2021, primarily based on the terms of the MoU, agreed with the notified Committee for negotiation with Independent Power Producers (IPPs). The tariff adjustment application submitted in accordance with the afore-mentioned Master Agreement has been approved by NEPRA. Payment against the first instalment, as agreed under the Master Agreement was received in January 2022.

On the operational front, the Company has transitioned to self O&M from January 1, 2022.

Changes in Objectives and Strategies

While the Company's long-term strategies and objectives have remained unchanged compared to last year, Engro Powergen Qadirpur Limited is continuously exploring opportunities to improve its merit order ranking resulting in consistent shareholder value creation.

Liquidity and Working Capital Management

To manage its working capital in the most efficient manner, the Company has a proactive treasury management system in place. Cash generation realized through collection from CPPA-G and short-term borrowings from banks are used to meet the liquidity requirements of the Company.

The Company has been able to successfully maintain its long-term and short-term credit rating of AA- and A-1 respectively through its prompt, coherent and effective methods of managing its business, cash, and liabilities.

Treasury Management

The Company operates its treasury with a focus to enhance profitability, increase shareholder return and preserve invested capital.

Considering the company's major chunk of amount is stuck in receivables, Running Finance facilities are arranged by treasury at best possible rates to ensure sufficient liquidity is always available.

Financing Arrangements

The Company places great emphasis on value maximization, which in turn leads to higher shareholder returns. The Company does this by minimizing its financing cost. Working capital requirements are met through internal cash generation and short-term borrowing to ensure balance sheet optimization. External financing consists of only local financing which is obtained after exhaustive evaluations of offers in hand and market conditions, ensuring maximization of shareholder value.

The Company recognizes its responsibility for timely repayment of outstanding loans. No default on repayment of loans was made during the year. The company retired its long-term debt in 2020, and currently has no long-term debt outstanding.

Significant Changes from Prior Year

Subsequent to signing of Master Agreement in February 2021, tariff adjustment application was submitted to NEPRA by power purchaser which has been approved. Payment against first instalment was received in January 2022.

The Company has moved to self O&M from January 1st 2022.

Composition of Local vs. Imported Raw Materials

Primary source of fuel for EPQL is permeate gas procured locally under its Gas Supply Agreement with Sui Northern Gas Pipelines Limited. The fuel is supplied from Qadirpur Field. The Company's Plant has the capability to operate on mixed mode (Gas + HSD) under conditions when the Company faces shortage of gas supply. During the outgoing year, 98% of the dispatch was based on gas hence, the composition of raw material for the Company was 98% local.

directors' report

The Directors are pleased to present the audited financial statements and a review of the Company's performance for the year ended December 31, 2021.

Principal Activity

Engro Powergen Qadirpur Limited (EPQL) was established with the primary objective of undertaking the business of power generation and sale. The Company setup a 217.3 MW combined cycle power plant near Qadirpur, District Ghotki and commenced commercial operations on March 27, 2010.

Engro Powergen Qadirpur (EPQL) is one of the first green facilities of Pakistan as it utilizes permeate gas (low-BTU and high sulphur content gas) to generate electricity. Prior to conceptualization of EPQL, Permeate Gas was flared and wasted since 1995. The power generated is transmitted to the National Transmission and Despatch Company (NTDC) under a Power Purchase Agreement (PPA) signed on October 26, 2007, which is valid for a period of 25 years from the date of commencement of commercial operations.

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

Market Review

As the economy recovered from the Covid-19 pandemic, electricity generation in the CPPA system increased by 11% during 2021. Continued growth in power demand is essential to recover the cost of the capacity additions made over the past years and those in pipeline. Moreover, it is imperative that the overall system is made more efficient and losses should be minimized.

During the outgoing year, international fuel prices remain elevated while EPQL, operating on indigenous fuel, was able to maintain a high ranking on the merit order throughout the year.

Circular debt has been a persistent problem in the domestic energy sector. The root causes behind the accumulation of circular debt are high T&D losses, low recovery, power theft, and expensive fuel mix. With new power projects coming online, capacity payments continue to increase leading to inflated Circular debt.

In accordance with the Master Agreement signed between the Government and IPPs in February 2021, overdues of IPPs are being cleared in tranches. First tranche for 2002 Policy based IPPs was received in January 2022, while second tranche is expected to be received during current year.

Operational Overview

In 2021, the company was able to demonstrate a billable availability factor of ~100% and dispatched a total net electrical output of 851 GWh, increasing its load factor to 45.7% during the year, from 29.5% in 2020. The increase in load factor can be attributable to higher electricity demand in the country and higher merit order ranking.

Financial Review

Sales revenue for the year 2021 was PKR 10.2 billion as compared to PKR 8.1 billion last year. The increase in sales revenue is attributable to higher dispatch during the year and was partly offset by lower capacity payments due to debt servicing component no longer being applicable. Consequently, gross profit for the year was lower at PKR 1.4 billion against PKR 1.7 billion last year.

The Company earned a net profit of PKR 1.6 billion for 2021 as compared to PKR 2.1 billion for 2020 which resulted in earnings per share of PKR 4.92 for 2021 vs PKR 6.42 for 2020.

Overdues from power purchaser stood at PKR 11.2 billion as on December 31, 2021 vs PKR 9.04 billion as on December 31, 2020. Overdue amount payable to SNGPL on December 31, 2021 was PKR 2.5 billion vs PKR 1.8 billion in 2020. The Company continues to strive to manage its finances and ensure timely payments to all stakeholders.

Gas Scenario

The Company has a Gas Supply Agreement (GSA) with Sui Northern Gas Pipelines Limited (SNGPL), for supply of permeate gas from the Qadirpur Gas Field. The gas supply from Qadirpur gas field is depleting and based on profile shared by the gas supplier, the Company has declared gas depletion phase and made its plant available in mixed mode, that is, made the plant available on both gas and High-Speed Diesel (HSD). In accordance with the terms of the Implementation Agreement (IA), the Company has engaged with all stakeholders and prepared and submitted a gas depletion mitigation plan to PPIB.

Social Investments

At Engro Powergen Qadirpur Limited we go the extra mile to help the communities around our project evolve, prosper, and grow. We have adopted an inclusive business model strategy under which we invest in sustainable initiatives that not only change the face of communities but are geared towards impacting people positively through various facets of their economic and social lives.

Our corporate social responsibility strategy lives up to our vision of serving all our stakeholders and exceeding their expectations. Our vision to inspire change that can result in socio-economic development, and help those in need, led to the development of Engro Foundation (EF). Founded in 2010, Engro Foundation is the dedicated CSR arm for all Engro companies which strives to improve the lives of people living in surrounding communities of our projects by implementing various initiatives.

At EPQL, we take a concerted effort to help our communities prosper by investing in initiatives that provide education, technical training, healthcare facilities, and basic infrastructure to our beneficiaries. This in turn has a significant impact on the lives of thousands of people by improving access to basic facilities.

As the pandemic persists, several challenges continued affecting the economic, social, business, and environmental landscape of our country. However, EPQL remained focused on its mission by offering a helping hand to those living in low-income communities, and in and around our plant facilities.

In 2021, we continued our focused efforts on health and education programs. We started operations of a Girls' middle school in Rasheed Ahmed Arain village. This middle school has been constructed with EPQL's financial support and the land has been generously donated by the community. We also started operations of a dedicated Primary Healthcare Centre (PHC) for our surrounding villages in partnership with HANDS in June, 2021 and to date over 1,700 patients have received timely medical treatments from the facility.

EPQL in collaboration with Engro Foundation, also sponsors one of the largest adopted school networks in district Ghotki. The Company specifically supports the operational costs of 3 government schools namely Rasheed Ahmed Arain, Gul M Arbani, and Juma Khan Arbani in the Ghotki area, educating more than 700 students. Moreover, during the year we also continued the blended-learning model called Sabaq which includes students class learning and teachers' training on blended learning format with a digitized curriculum.

At Engro Powergen Qadirpur Limited, the health, safety, and well-being of our employees and the communities that we engage with, remain the epicenter of everything we do. We ensure that we stay true to our commitment, so our health

programs exceed basic healthcare treatment facilities and lean towards providing awareness, prevention, and treatment strategies as well. In view of Covid-19, all adopted schools were provided with stocks of hygiene-related material (masks, sanitizers, thermometers, temperature guns) for Covid prevention, and teachers were trained on implementing social distancing and health measures as per the directives of the Education department.

Our People

At Engro, we realize every day that our people are our most important asset and the key to a successful organization is to engage and empower its workforce. We ensure a work environment where our people are safe, empowered and inspired every day to innovate and contribute towards a larger goal of solving the pressing issues of our time.

We focus on cultivating an enabling organizational culture that equally prioritizes employees physical and mental well-being. With this focus, we started the year with a month-long engagement activity in January, under the banner of Engage2k21. The key elements of the program were to focus on wellbeing, wisdom and wonder for our employees and through a series of sessions over zoom with external experts and accompanying activities the employees across the head office and plant started the year on a high note.

To ensure employees had relevant support to continue their office work successfully while also maintaining personal and professional harmony in their lives, EPQL continued the well-being program Elevate. Under the program Elevate, employees had the opportunity to seek counselling and attend structured workshops from our in-house therapist. The sessions were moved from online to in-person and the employees were also engaged to participate in the Tension Release Exercise sessions to manage their stress levels better.

Since Covid-19 halted face-to-face trainings, employees had the opportunity to subscribe to online trainings via the e-learning platform called LEAP, which gave employees the chance to continue working on their professional development online.

The leadership at EPQL also conducted various townhall sessions throughout the year to discuss the company updates and have feedback session with the workforce on how they are managing work in the hybrid format. In addition, regular check-in sessions were also held by the HR team under the banner of HR Connect.

To recognize and celebrate the achievements of our employees, a Spot & Long Service Awards ceremony was also held at the plant to recognize good work done by the employees on an individual and team level as well as recognize those who have spent 5 or more years in the company.

EPQL continued its efforts on becoming a diverse and inclusive workplace. This year it introduced a flagship program to facilitate women who had taken career breaks to join the workforce again by joining our trainee program for a year. The program called "Break ke Baad" received overwhelming response and 11 females were inducted via the program across Engro.

Additionally, an internship program was introduced for PWDs to be given the opportunity to join the workforce and 4 internees have been inducted via the program called Enable All.

The annual employee engagement survey was conducted by the company to determine the satisfaction of the employee workforce during the year 2021, where the Company successfully maintained a healthy engagement index of 75% - demonstrating the sound and people-friendly policies that are in place at EPQL.

Health, Safety & Environment

We not only value our people but are also cognizant of the environment in which we operate. Our compliance and governance activities ensured that EPQL's processes and HSE standards remain at par with global best practices. We ensured 100% compliance with National Environmental Quality Standards (NEQS) and World Bank Group guidelines.

The Company developed and implemented special protocols to manage the COVID-19 crisis and to ensure the safety of its team. The plant remained available throughout the year and no cases were reported at plant site during the year.

The Company successfully recertified ISO 14001 and ISO 45001 rating, signifying its commitment to HSE. Our efforts to ensure a safe and hazard free environment to our people and surrounding communities helped us obtain the NOC from SEPA for handling and storage of hazardous substances.

Our focus on safety has always been relentless. The quality of our Process Safety Management (PSM) and Process Safety & Risk Management (PSRM) systems is reflected in the fact that the Company has maintained zero Loss Workday Injury; completed 9 million safe man hours & over 4267 days safely without LWI since Commercial Operations Date (COD) of the project. Commitment to environment is also an integral part of our HSE efforts.

Near Term Outlook

On February 11, 2021, the Company and CPPA-G entered into a binding agreement based on the terms of the MoU, which among other terms included that all undisputed outstanding amounts due and payable to EPQL under the PPA as of 30th November 2020, will be paid in 2 installments, comprising of cash and government issued securities. Further, the Return on Equity (RoE) and the Return on Equity During Construction (RoEDC) will be fixed at 17% per annum in PKR (on NEPRA approved equity at Commercial

Operation Date for RoE and RoEDC, calculated at USD/PKR exchange rate of PKR 148/USD, with no future USD indexation. Existing RoE and RoEDC, together with the applicable indexations, shall continue to be applied until the date when the applicable exchange rate under the present Tariff reaches PKR 168/USD and instalments are received by the Company, whereupon the Revised RoE and RoEDC shall become applicable and shall apply for the remainder of the term. Payment against first instalment has been received in January 2022.

The Company continues to engage with stakeholders to agree on a solution as gas from the Qadirpur field is depleting. The Company will continue to actively work towards achieving the same.

Key Shareholding & Shares Traded

As at December 31, 2021 major shareholder of the Company is Engro Energy Limited, formerly Engro Powergen Ltd. A statement of the general pattern of shareholding along with pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework and the statement of purchase and sale of shares by Directors and their spouses and minor children is shown later in this report.

Auditors

The existing auditors, Messrs A.F. Ferguson & Co, Chartered Accountants retire and being eligible, have offered themselves for re-appointment. The Board Audit Committee recommends their appointment as auditors for the year ending December 31, 2022.

Dividend

During the year, the Company announced an interim dividend of PKR 1.5 per share on 5th August 2021, and a final dividend of PKR 6.0 per share on 8th February 2022, thus taking the total dividend payout for 2021 to PKR 7.5 per share.

Retirement Benefit Funds

The Company maintains plans that provide post-employment and retirement benefits for its employees. These include defined contribution (DC) gratuity fund and DC provident fund. The Engro Corporation gratuity funds and Engro Corporation provident fund are managed by the ultimate

parent company, Engro Corporation Limited for its own employees, and those of its subsidiaries, including Engro Powergen Qadirpur Limited.

The above-mentioned funds are recognized by the tax authorities and are in compliance with Section 218 of the Companies Act 2017.

Retirement Fund*	Engro Corporation Ltd. Provident Fund ¹	Engro Corporation Ltd. Gratuity Funds ¹
	31-Dec-21	31-Dec-21
	Rs. in million	
Total Assets	5,069	3,182
Saving Schemes	1,556	1,076
Government Securities	1,461	729
Listed Securities	1,721	832
Balance with Banks and Term Deposit Receipts	179	507
Others	152	38
Total	5,069	3,182

*Unaudited

¹ Amounts include balances of other Engro Subsidiaries and is centrally managed by Engro Corporation Limited

Composition of the Board of Directors and Board Committees as at December 31, 2021

- The total number of directors are seven as per the following:
 - Male: 6
 - Female: 1
- The Composition of the Board of Directors is as follows:

a. Independent Directors	Mr. Kaiser Bengali Ms. Fauzia Viqar
b. Executive Director	Mr. Shahab Qader
c. Non-Executive Directors	Mr. Ahsan Zafar Syed Mr. Farooq Barkat Ali Mr. Shabbir Hashmi Mr. Vaqar Zakaria

- The Composition of the Board Audit Committee is as follows:

Director's Name
Mr. Kaiser Bengali (Chairman) Mr. Shabbir Hashmi Mr. Farooq Barkat Ali

- The Composition of the Board People's Committee is as follows

Director's Name
Ms. Fauzia Viqar (Chairperson) Mr. Shahab Qader Mr. Vaqar Zakaria

Directors' Remuneration

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding their own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. For information on remuneration of Directors and Chief Executive Officer in 2021, please refer notes to the Financial Statements.

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

- 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.

- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departures there from have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern
- There is no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Board Meetings & Attendance

In 2021, the Board of Directors held 7 meetings. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended
Mr. Ahsan Zafar Syed	7
Mr. Shahab Qader Khan	7
Mr. Shabbir Hashmi	7
Mr. Vaqar Zakaria	5
Mr. Kaiser Bengali	7
Ms. Fauzia Viqar	7
Mr. Farooq Barkat Ali	7

In 2021, the Board Audit Committee held 4 meetings. The attendance record of the Directors is as follows:

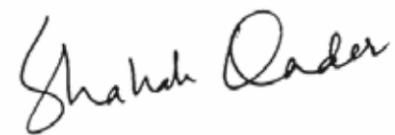
Director's Name	Meetings Attended
Mr. Kaiser Bengali	4
Mr. Shabbir Hashmi	4
Mr. Farooq Barkat Ali	4

In 2021, the Board People's Committee held 1 meeting. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended
Ms. Fauzia Viqar	1
Mr. Shahab Qader	1
Mr. Vaqar Zakaria	1
Mr. Ahsan Zafar Syed	1



Ahsan Zafar Syed
Chairman
February 8, 2022



Shahab Qader
Chief Executive Officer



quarterly analysis

Quarter 1

Operating Performance

The EPQL Plant demonstrated a billable availability factor of 100% in Q1 2021 as compared to 100% in the same period last year. It dispatched a total Net Electrical Output (NEO) of 190GWh to the national grid with a load factor of 41% compared to 37% in Q1 2020. The increase in load factor this period was primarily on account of higher offtake from the Power Purchaser.

Financial Performance

Sales revenue for the period was PKR 2,332 Mn compared to PKR 2,802 Mn in the same period last year. The decrease in sales revenue is mainly attributable to debt servicing component no longer being applicable as long term debt of the company was retired in 2020.

Consequently, gross profit for the period also decreased to PKR 311 Mn as compared to PKR 877 in the same period last year.

The Company earned a net profit of PKR 399 Mn in Q1 2021 as compared to PKR 895 Mn in Q1 2020. Earnings per share stood at PKR 1.23 as compared to PKR 2.77 for the same period last year.

Quarter 2

Operating Performance

The EPQL Plant demonstrated a billable availability factor of 100% in Q2 2021 as compared to 99.6% in the same period last year. It dispatched a total Net Electrical Output (NEO) of 204GWh to the national grid with a load factor of 44% compared to 20% in Q2 2020. The increase in load factor this period was primarily on account of higher ranking in the merit order.

Financial Performance

Sales revenue for Q2 2021 was PKR 2,526 Mn compared to PKR 1,552 Mn in the same period last year. The increase in sales revenue is mainly attributable to higher dispatch compared to Q2 2020. Consequently, gross profit for Q2 2021 stood higher at PKR 430 Mn as compared to PKR 335 Mn in the same period last year. The Company earned a net profit of PKR 506 Mn in Q2 2021 as compared to PKR 414 Mn in Q2 2020. Earnings per share stood at PKR 1.56 as compared to PKR 1.28 for the same period last year.

Quarter 3

Operating Performance

The EPQL Plant demonstrated a billable availability factor of 100% in Q3 2021. It dispatched a total Net Electrical Output (NEO) of 221 GWh to the national grid with a load factor of 48% compared to 39% in Q3 2020. The increase in load factor is attributable to higher offtake from EPQL due to higher power demand in the country and merit order position of the plant. The Company continued to maintain its high level of commitment towards Health, Safety & Environment (HSE) standards.

Financial Performance

Sales revenue for Q3 2021 was PKR 2,917 Mn compared to PKR 2,609 Mn in Q3 2020. The increase in sales revenue during the quarter is attributable to higher dispatch from EPQL Plant due to higher demand. Gross profit for Q3 2021 stood at PKR 562 Mn as compared to PKR 629 Mn in the same period last year. The Company earned a net profit of PKR 558 Mn in Q3 2021 as compared to PKR 722 Mn in Q3 2020. Earnings per share stood at PKR 1.72 as compared to PKR 2.23 for Q3 2020.

Quarter 4

Operating Performance

The EPQL Plant demonstrated a billable availability factor of 100% in Q4 2021. It dispatched a total Net Electrical Output (NEO) of 236 GWh to the national grid with a load factor of 50% compared to 22% in Q4 2020. The increase in load factor was due to surge in power demand.

Financial Performance

Sales revenue for the period was PKR 2,429 Mn compared to PKR 1,135 Mn in the same period last year. The increase in sales revenue is due to increase in dispatch. Gross profit for the period stood at PKR 80 Mn as compared to gross loss of PKR 102 Mn in the same period last year. The company earned a net profit of PKR 131 Mn in Q4 2021. Earnings per share stood at PKR 0.41 as compared to PKR 0.14 for Q4 2020.

	Q1	Q2	Q3	Q4	FY2021
	-----Rupees-----				
Net Sales	2,331,574	2,526,320	2,916,638	2,429,243	10,203,775
Cost of sales	(2,020,695)	(2,096,584)	(2,354,577)	(2,348,902)	(8,820,758)
Gross profit	310,879	429,736	562,061	80,341	1,383,017
Administrative expenses	(28,578)	(32,362)	(40,812)	(66,268)	(168,020)
Other expenses	(7,611)	(14,900)	(19,904)	(13,999)	(56,414)
Other income	875	1,455	911	849	4,090
Profit from operations	275,565	383,929	502,256	923	1,162,673
Finance income-net	123,852	122,153	56,762	130,762	433,529
Profit before tax	399,417	506,082	559,018	131,685	1,596,202
Tax	(151)	(329)	(876)	(539)	(1,895)
Profit after tax	399,266	505,753	558,142	131,146	1,594,307
EPS	1.23	1.56	1.72	0.41	4.92

horizontal analysis

Statement of Financial Position

(Amounts in thousand)

	2021 Rs.	21 Vs 20 %	2020 Rs.	20 Vs 19 %	2019 Rs.	19 Vs 18 %	2018 Rs.	18 Vs 17 %	2017 Rs.	17 Vs 16 %	2016 Rs.	16 Vs 15 %
EQUITY AND LIABILITIES												
EQUITY												
Share capital	3,238,000	-	3,238,000	-	3,238,000	-	3,238,000	-	3,238,000	-	3,238,000	-
Share premium	80,777	-	80,777	-	80,777	-	80,777	-	80,777	-	80,777	-
Maintenance reserve	227,182	-	227,182	-	227,182	-	227,182	-	227,182	-	227,182	-
Hedging reserve	11,575	(7)	12,449	(7)	13,325	(6)	14,199	(129)	(49,606)	(29)	(69,416)	18
Unappropriated profit	12,620,274	4	12,078,318	16	10,403,899	30	7,972,617	26	6,316,404	27	4,979,272	24
Remeasurement of retirement benefit obligation - actuarial (loss)	-	-	-	-	-	-	-	-	-	(100)	(1,163)	(344)
Total equity	16,177,808	3	15,636,726	12	13,963,183	21	11,532,775	18	9,812,757	16	8,454,652	13
NON-CURRENT LIABILITIES												
Borrowings	-	-	-	-	-	(100)	758,568	(73)	2,819,315	(39)	4,610,647	(28)
Other Payable	-	(100)	986,605	100	-	-	-	-	-	-	-	-
CURRENT LIABILITIES												
Trade and other payables	6,432,479	24	5,190,675	(38)	8,406,839	60	5,241,411	57	3,346,430	47	2,277,448	24
Unclaimed dividend	20,589	(9)	22,575	(2)	23,002	(4)	23,933	17	20,528	55	13,249	52
Accrued interest / mark up	61,319	11	55,268	(40)	92,640	72	53,892	74	30,942	25	24,708	(30)
Short-term borrowings	4,752,443	31	3,618,445	(3)	3,712,840	(1)	3,758,495	17	3,208,672	10	2,919,000	37
Current portion of borrowings	-	-	-	(100)	857,047	(69)	2,804,531	37	2,051,918	14	1,792,353	9
Unpaid dividend	-	-	-	(100)	485,700	100	-	-	-	-	-	-
Total current liabilities	11,266,830	27	8,886,963	(35)	13,578,068	14	11,882,262	37	8,658,490	23	7,026,758	24
TOTAL EQUITY AND LIABILITIES	27,444,638	8	25,510,294	(7)	27,541,251	14	24,173,605	14	21,290,562	6	20,092,057	3
ASSETS												
NON-CURRENT ASSETS												
Property, plant and equipment	11,814,962	(7)	12,685,728	(5)	13,299,480	(3)	13,664,179	4	13,169,212	(3)	13,524,720	(4)
Intangible assets	225,726	273	60,459	(12)	68,651	(3)	70,945	(8)	77,044	(5)	80,740	(3)
Long-term loans and advances	13,938	(40)	23,233	(33)	34,659	(65)	100,057	155	39,243	(0)	39,412	14
Long-term deposits	2,574	-	2,574	-	2,574	-	2,574	3	2,491	-	2,491	-
Total non-current assets	12,057,200	(6)	12,771,994	(5)	13,405,364	(3)	13,837,755	4	13,287,990	(3)	13,647,363	(4)
CURRENT ASSETS												
Inventories	544,469	(36)	853,335	(1)	863,183	(4)	895,149	2	881,182	5	843,008	2
Trade debts	11,842,552	68	7,040,059	(28)	9,806,697	29	7,601,705	36	5,571,570	43	3,896,828	41
Short-term Investment	49,179	(0)	49,321	(1)	49,963	(0)	50,004	0	50,000	-	50,000	-
Loans, advances, deposits and prepayments	91,304	(12)	104,018	(8)	113,298	(9)	125,059	35	92,400	16	79,524	(11)
Other receivables	2,780,455	(40)	4,644,272	44	3,225,441	103	1,587,041	19	1,335,280	(9)	1,473,386	(5)
Taxes recoverable	35,042	2	34,254	(47)	64,919	1	64,152	(1)	64,731	4	62,325	13
Balances with banks	44,437	241	13,041	5	12,386	(3)	12,740	72	7,409	(81)	39,623	180
Total current assets	15,387,438	21	12,738,300	(10)	14,135,887	37	10,335,850	29	8,002,572	24	6,444,694	20
TOTAL ASSETS	27,444,638	8	25,510,294	(7)	27,541,251	14	24,173,605	14	21,290,562	6	20,092,057	3

Note: Commercial operations commenced from March 27, 2010

vertical analysis

Statement of Financial Position

(Amounts in thousand)

	2021 Rs.	21 Vs 20 %	2020 Rs.	20 Vs 19 %	2019 Rs.	19 Vs 18 %	2018 Rs.	18 Vs 17 %	2017 Rs.	17 Vs 16 %	2016 Rs.	16 Vs 15 %
EQUITY AND LIABILITIES												
EQUITY												
Share capital	3,238,000	12	3,238,000	13	3,238,000	12	3,238,000	13	3,238,000	15	3,238,000	16
Share premium	80,777	-	80,777	-	80,777	-	80,777	-	80,777	-	80,777	-
Maintenance reserve	227,182	1	227,182	1	227,182	1	227,182	1	227,182	1	227,182	1
Hedging reserve	11,575	-	12,449	-	13,325	-	14,199	-	(49,606)	-	(69,416)	-
Unappropriated profit	12,620,274	46	12,078,318	47	10,403,899	38	7,972,617	33	6,316,404	30	4,979,272	25
Remeasurement of retirement benefit obligation - actuarial (loss) / gain	-	-	-	-	-	-	-	-	-	-	(1,163)	42
Total equity	16,177,808	59	15,636,726	61	13,963,183	51	11,532,775	48	9,812,757	46	8,454,652	
NON-CURRENT LIABILITIES												
Borrowings	-	-	-	-	-	-	758,568	3	2,819,315	13	4,610,647	23
Other Payable	-	-	986,605	4	-	-	-	-	-	-	-	-
CURRENT LIABILITIES												
Trade and other payables	6,432,479	24	5,190,675	20	8,406,839	31	5,241,411	22	3,346,430	16	2,277,448	11
Unclaimed dividend	20,589	-	22,575	-	23,002	-	23,933	-	20,528	-	13,249	-
Accrued interest / mark up	61,319	-	55,268	-	92,640	-	53,892	-	30,942	-	24,708	-
Short-term borrowings	4,752,443	17	3,618,445	14	3,712,840	13	3,758,495	16	3,208,672	15	2,919,000	15
Current portion of borrowings	-	-	-	-	857,047	3	2,804,531	12	2,051,918	10	1,792,353	9
Unpaid dividend	-	-	-	-	485,700	2	-	-	-	-	-	-
Total current liabilities	11,266,830	41	8,886,963	35	13,578,068	49	11,882,262	49	8,658,490	41	7,026,758	35
TOTAL EQUITY AND LIABILITIES	27,444,638	100	25,510,294	100	27,541,251	100	24,173,605	100	21,290,562	100	20,092,057	100
ASSETS												
NON-CURRENT ASSETS												
Property, plant and equipment	11,814,962	43	12,685,728	50	13,299,480	48	13,664,179	57	13,169,212	62	13,524,720	68
Intangible assets	225,726	1	60,459	-	68,651	-	70,945	-	77,044	-	80,740	-
Long-term loans and advances	13,938	-	23,233	-	34,659	-	100,057	-	39,243	-	39,412	-
Long-term deposits	2,574	-	2,574	-	2,574	-	2,574	-	2,491	-	2,491	-
Total non-current assets	12,057,200	44	12,771,994	50	13,405,364	48	13,837,755	57	13,287,990	62	13,647,363	68
CURRENT ASSETS												
Inventories	544,469	2	853,335	3	863,183	3	895,149	4	881,182	6	843,008	6
Trade debts	11,842,552	44	7,040,059	29	9,806,697	36	7,601,705	31	5,571,570	26	3,896,828	19
Short-term Investment	49,179	-	49,321	-	49,963	-	50,004	-	50,000	-	50,000	-
Loans, advances, deposits and prepayments	91,304	-	104,018	-	113,298	1	125,059	1	92,400	-	79,524	-
Other receivables	2,780,455	10	4,644,272	18	3,225,441	12	1,587,041	7	1,335,280	6	1,473,386	7
Taxes recoverable	35,042	-	34,254	-	64,919	-	64,152	-	64,731	-	62,325	-
Balances with banks	44,437	-	13,041	-	12,386	-	12,740	-	7,409	-	39,623	-
Total current assets	15,387,438	56	12,738,300	50	14,135,887	52	10,335,850	43	8,002,572	38	6,444,694	32
TOTAL ASSETS	27,444,638	100	25,510,294	100	27,541,251	100	24,173,605	100	21,290,562	100	20,092,057	100

Note: Commercial operations commenced from March 27, 2010

horizontal and vertical analysis

Statement of Profit or Loss

(Amounts in thousand)

	2021 Rs.	21 Vs 20 %	2020 Rs.	20 Vs 19 %	2019 Rs.	19 Vs 18 %	2018 Rs.	18 Vs 17 %	2017 Rs.	17 Vs 16 %	2016 Rs.	16 Vs 15 %
Horizontal Analysis												
Sales	10,203,775	26	8,097,818	(39)	13,201,094	11	11,874,365	2	11,589,512	1	11,451,782	(14)
Cost of Sales	(8,820,758)	39	(6,358,895)	(34)	(9,584,745)	8	(8,837,993)	-	(8,863,784)	(4)	(9,194,925)	(15)
Gross profit	1,383,017	(20)	1,738,923	(52)	3,616,349	19	3,036,372	11	2,725,728	21	2,256,857	(9)
Administrative Expenses	(168,020)	62	(103,724)	4	(99,509)	(21)	(125,582)	8	(116,754)	(18)	(143,187)	4
Other expenses	(56,414)	(15)	(66,350)	21	(54,807)	(38)	(87,894)	49	(58,835)	(7)	(62,998)	(44)
Other income	4,090	(95)	79,681	4,779	1,633	(9)	1,785	(98)	110,224	12	98,761	1,301
Profit from operations	1,162,673	(29)	1,648,530	(52)	3,463,666	23	2,824,681	6	2,660,363	24	2,149,433	(4)
Finance income / (cost) - net	433,529	(3)	445,715	(873)	(57,663)	(71)	(196,005)	(27)	(269,221)	(25)	(361,088)	(18)
Profit before taxation	1,596,202	(24)	2,094,245	(39)	3,406,003	30	2,628,676	10	2,391,142	34	1,788,345	(1)
Taxation	(1,895)	(87)	(15,075)	354	(3,321)	212	(1,063)	114	(497)	(24)	(657)	(15)
Profit for the year	1,594,307	(23)	2,079,170	(39)	3,402,682	29	2,627,613	10	2,390,645	34	1,787,688	(1)

Vertical Analysis

Sales	10,203,775	100	8,097,818	100	13,201,094	100	11,874,365	100	11,589,512	100	11,451,782	100
Cost of Sales	(8,820,758)	(86)	(6,358,895)	(79)	(9,584,745)	(73)	(8,837,993)	(74)	(8,863,784)	(76)	(9,194,925)	(80)
Gross profit	1,383,017	14	1,738,923	21	3,616,349	27	3,036,372	26	2,725,728	24	2,256,857	20
Administrative expenses	(168,020)	(2)	(103,724)	(1)	(99,509)	(1)	(125,582)	(1)	(116,754)	(1)	(143,187)	(1)
Other expenses	(56,414)	(1)	(66,350)	(1)	(54,807)	-	(87,894)	(1)	(58,835)	(1)	(62,998)	(1)
Other income	4,090	-	79,681	1	1,633	-	1,785	-	110,224	1	98,761	1
Profit from operations	1,162,673	11	1,648,530	20	3,463,666	26	2,824,681	24	2,660,363	23	2,149,433	19
Finance income / (cost) - net	433,529	4	445,715	6	(57,663)	-	(196,005)	(2)	(269,221)	(2)	(361,088)	(3)
Profit before taxation	1,596,202	16	2,094,245	26	3,406,003	26	2,628,676	22	2,391,142	21	1,788,345	16
Taxation	(1,895)	-	(15,075)	-	(3,321)	-	(1,063)	-	(497)	-	(657)	-
Profit for the year	1,594,307	16	2,079,170	26	3,402,682	26	2,627,613	22	2,390,645	21	1,787,688	16

summary

(Amounts in thousand)

	2021	2020	2019	2018	2017	2016
	------(Rupees)-----					
Summary of Balance Sheet						
Share capital	3,238,000	3,238,000	3,238,000	3,238,000	3,238,000	3,238,000
Maintenance Reserve	227,182	227,182	227,182	227,182	227,182	227,182
Shareholders' funds / Equity	16,177,808	15,636,726	13,963,183	11,532,775	9,812,757	8,454,652
Long-term borrowings	-	-	857,047	3,563,099	4,871,233	6,403,000
Other payable	2,775,636	3,295,495	-	-	-	-
Capital employed	16,177,808	15,636,726	14,820,230	15,095,874	14,683,990	14,857,652
Property, plant & equipment	11,814,962	12,685,728	13,299,480	13,664,179	13,169,212	13,524,720
Long-term assets	12,057,200	12,771,994	13,405,364	13,837,755	13,287,990	13,647,363
Net current assets / Working capital	6,896,244	6,160,227	1,414,866	1,258,119	1,396,000	1,210,289
Summary of Profit and Loss						
Sales	10,203,775	8,097,818	13,201,094	11,874,365	11,589,512	11,451,782
Gross profit	1,383,017	1,738,923	3,616,349	3,036,372	2,725,728	2,256,857
Profit from operations	1,162,673	1,648,530	3,463,666	2,824,681	2,660,363	2,149,433
Profit before taxation	1,596,202	2,094,245	3,406,003	2,628,676	2,391,142	1,788,345
Profit for the year	1,594,307	2,079,170	3,402,682	2,627,613	2,390,645	1,787,688
EBITDA	2,720,198	3,365,696	4,799,969	3,859,641	3,562,175	2,932,463
Summary of Cash Flows						
Net cash flow from operating activities	374,796	2,457,308	4,234,290	3,376,823	3,051,685	2,311,283
Net cash flow from investing activities	(108,518)	(53,889)	(114,387)	(162,582)	(83,532)	(179,401)
Net cash flow from financing activities	(1,368,880)	(2,308,369)	(4,124,606)	(3,758,729)	(3,290,039)	(2,888,570)
Changes in cash & cash equivalents	(1,102,602)	95,050	(4,703)	(544,488)	(321,886)	(756,688)
Cash & cash equivalents at year end	(4,708,006)	(3,605,404)	(3,700,454)	(3,695,751)	(3,151,263)	(2,829,377)
Summary of Actual Production						
Maximum Generation Possible	1,862,519	1,865,859	1,867,043	1,863,724	1,869,812	1,881,005
Declared Capacity Billable	1,862,519	1,860,213	1,865,583	1,862,203	1,874,511	1,886,110
Net Electrical Output	851,197	550,415	1,097,427	1,526,309	1,737,346	1,264,667

cash flow statement - direct method

(Amounts in thousand)

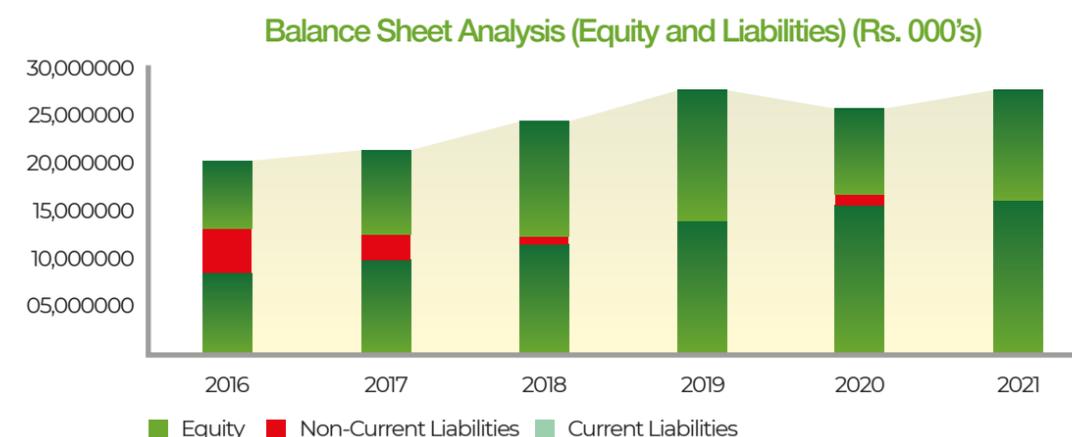
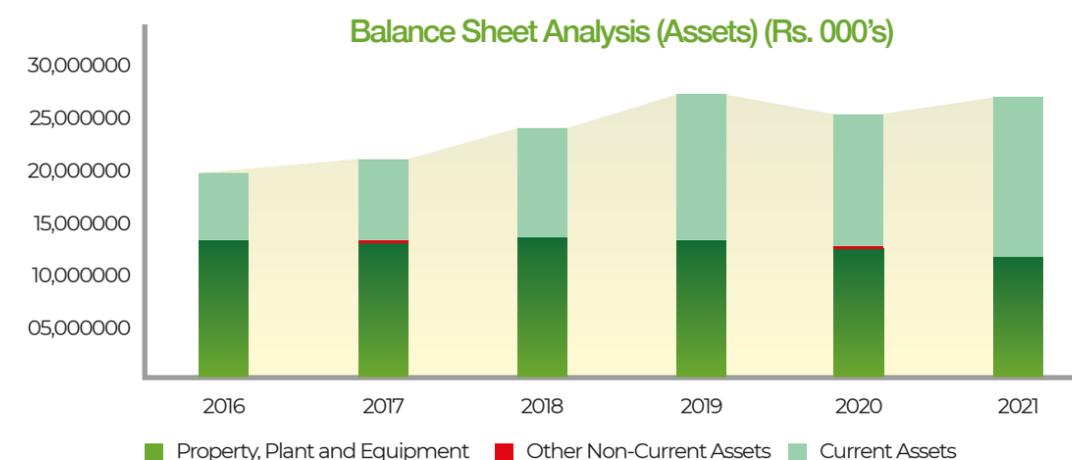
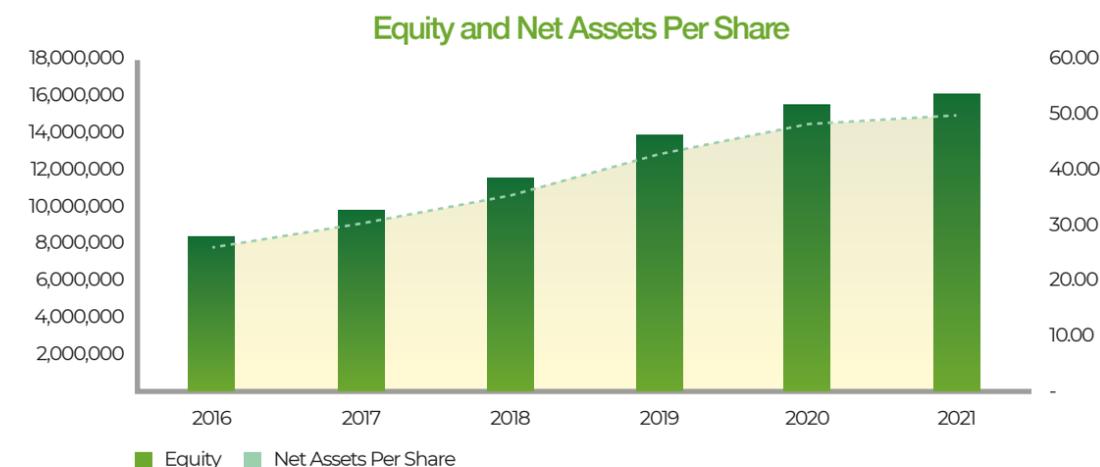
	2021	2020
	-----Rupees-----	
Cash Flows From Operating Activities		
Cash receipts from customers - net	9,216,280	11,873,000
Cash paid to suppliers / service providers and employees - net	(8,754,304)	(9,304,397)
Payment to Workers' Profit Participation fund - net	(84,497)	(126,885)
Taxes (paid) / recovered - net	(2,683)	15,590
Net cash generated from operating activities	374,796	2,457,308
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(41,515)	(71,471)
Purchase of intangible assets	(77,616)	(61,732)
Proceeds from disposal of property, plant and equipment	7,483	-
Investments made during the year	(248,859)	(1,898,259)
Investments encashed/matured during the year	251,989	1,977,573
Net cash utilised in investing activities	(108,518)	(53,889)
Cash Flows From Financing Activities		
Repayments of long-term borrowings	-	(916,361)
Finance cost paid	(314,543)	(501,130)
Dividends paid	(1,054,337)	(890,878)
Net cash utilised in financing activities	(1,368,880)	(2,308,369)
Net decrease in cash and cash equivalents	(1,102,602)	95,050
Cash and cash equivalents at beginning of the year	(3,605,404)	(3,700,454)
Cash and cash equivalents at end of the year	(4,708,006)	(3,605,404)

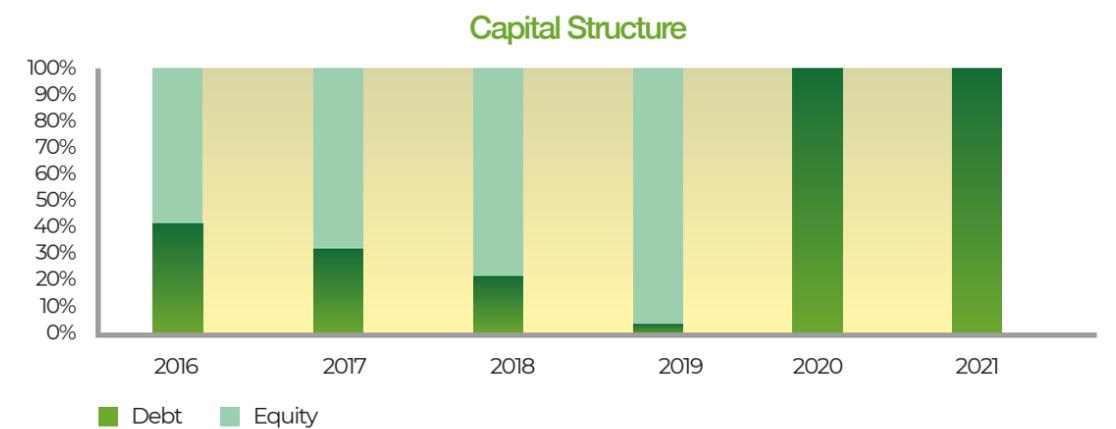
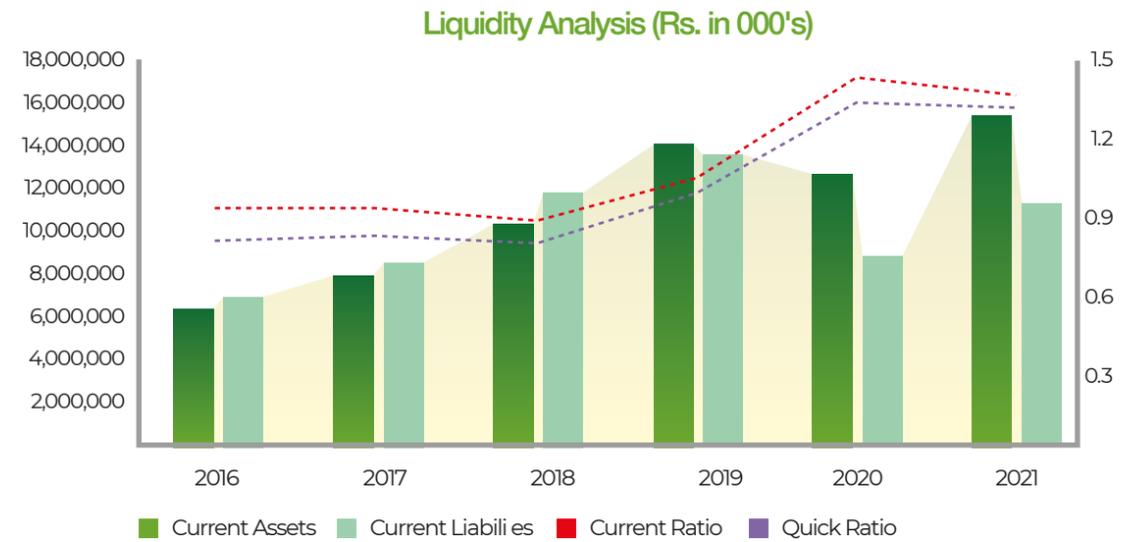
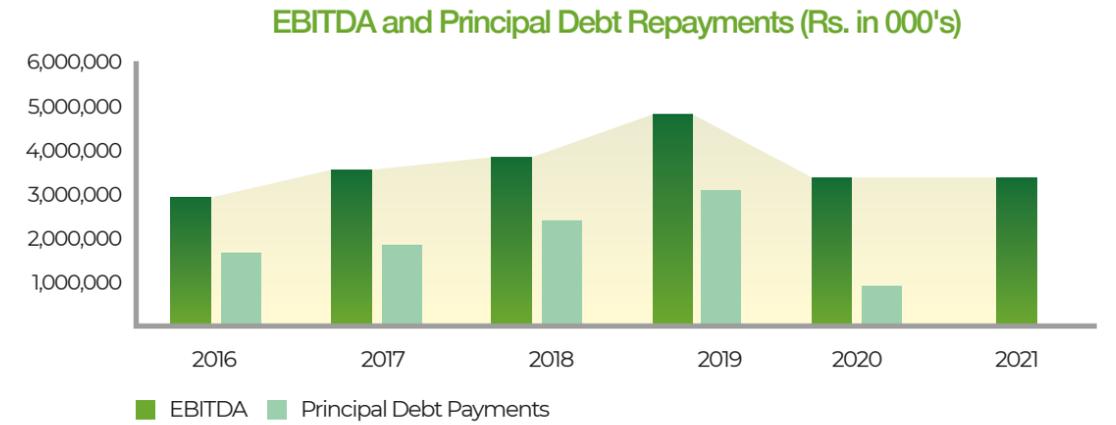
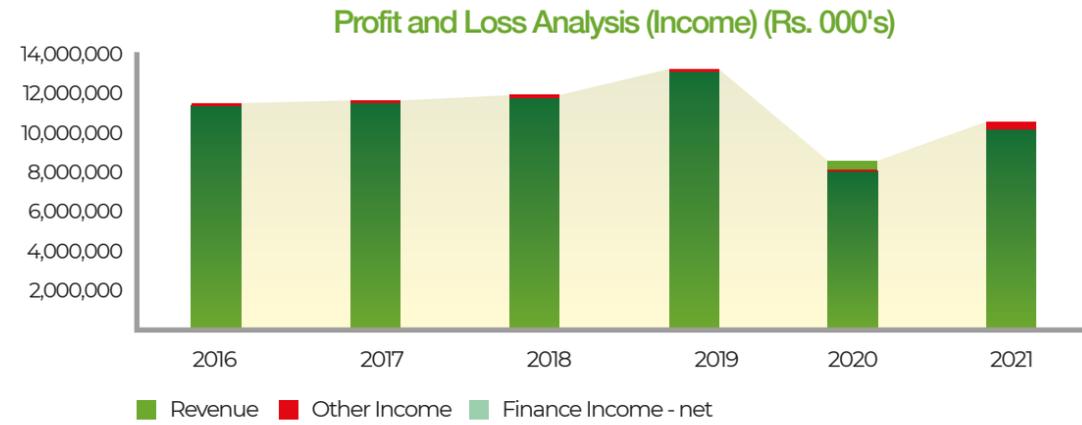
ratios of last six years

(Ratios)

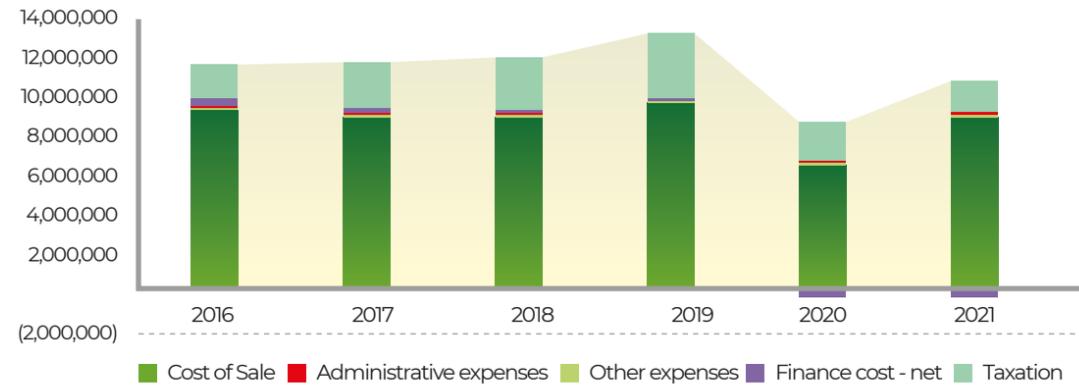
		2021	2020	2019	2018	2017	2016
		------(%)-----					
Profitability Ratios:							
Gross profit to sales	%	14%	21%	27%	26%	24%	20%
Net profit to sales	%	16%	26%	26%	22%	21%	16%
EBITDA Margin to Sales	%	27%	42%	36%	33%	31%	26%
Return on Equity	%	10%	13%	24%	23%	24%	21%
Return on Capital Employed	%	10%	14%	23%	18%	16%	12%
Operating leverage ratio	Times	(1.0)	0.9	2.6	4.0	23.1	0.2
Liquidity Ratios:							
Current ratio	Times	1.37	1.43	1.04	0.87	0.92	0.92
Quick / acid test ratio	Times	1.32	1.34	0.98	0.79	0.82	0.80
Cash and cash equivalents to Current Liabilities	%	(42%)	(41%)	(27%)	(31%)	(36%)	(40%)
Cash flow from Operations to Sales	%	4%	30%	32%	28%	26%	20%
Activity / Turnover Ratios:							
No. of days in receivables	Days	338	380	241	202	149	106
Debtors turnover ratio	Times	1.08	0.96	1.52	1.80	2.45	3.44
No. of days in payables	Days	188	317	194	111	41	11
Credit turnover ratio	Times	1.94	1.15	1.88	3.28	8.82	32.17
Total assets turnover ratio	Times	0.37	0.32	0.48	0.49	0.54	0.57
Fixed Assets turnover ratio	Times	0.85	0.63	0.98	0.86	0.87	0.84
Operating cycle	Days	150	62	47	91	108	95
Investment / Market Ratios:							
Earnings per share	PKR	4.92	6.42	10.51	8.11	7.38	5.52
Price earnings ratio	Times	3.93	3.10	2.49	3.51	4.47	6.33
Price to book ratio	Times	0.45	0.41	0.61	0.80	1.09	1.34
Dividend payout ratio	%	152%	47%	29%	18%	44%	54%
Dividend cover ratio	%	66%	214%	350%	541%	227%	184%
Dividend yield ratio	%	39%	15%	11%	5%	10%	9%
Market value per share at the end of the year and high during the year	PKR	19.33	19.90	26.19	28.50	33.02	34.95
low during the year	PKR	23.19	27.63	30.45	35.50	38.25	35.47
Breakup value per share	PKR	16.76	17.17	18.93	28.00	30.55	28.55
Cash dividend per share	PKR	49.96	48.29	43.12	35.62	30.30	26.11
	PKR	7.50	3.00	3.00	1.50	3.25	3.00
Capital Structure Ratios:							
Financial leverage ratio	Times	0.00	0.00	0.06	0.31	0.50	0.76
Weighted average cost of debt	%	0%	5%	8%	6%	5%	4%
Debt to Equity ratio (as per book)	Times	0.00	0.00	0.06	0.31	0.50	0.76
Debt to Equity ratio (as per market value)	Times	0.00	0.00	0.10	0.39	0.46	0.57
Interest cover ratio	Times	0.00	79.39	19.61	10.61	9.83	7.24

snapshots

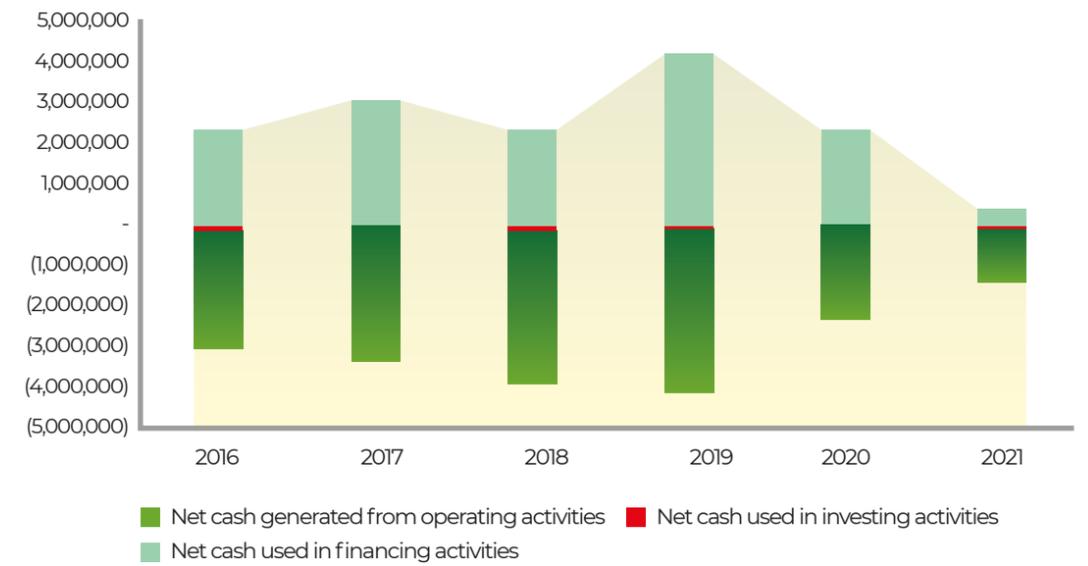




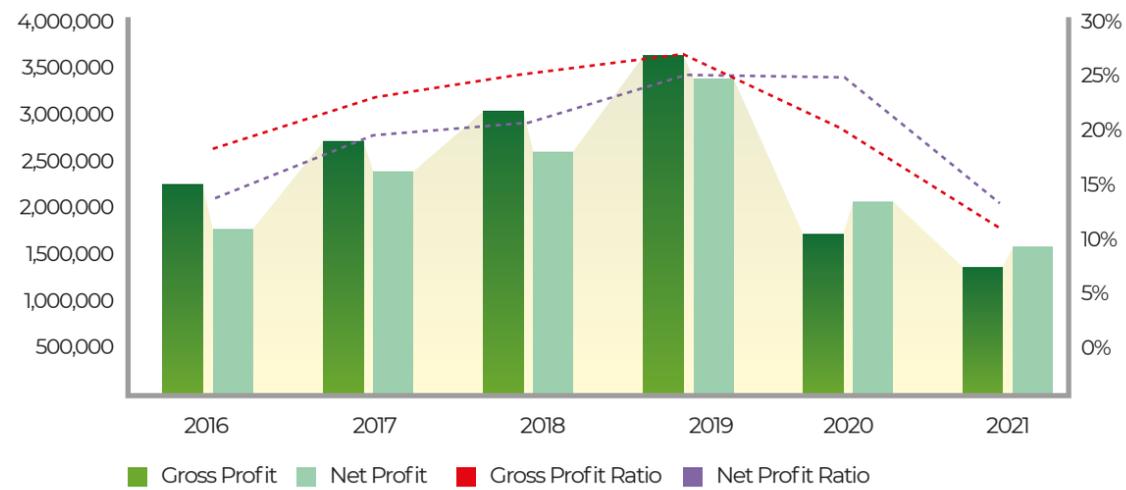
Expense Analysis (Rs. 000's)



Cash Flow Analysis (Rs. in 000's)



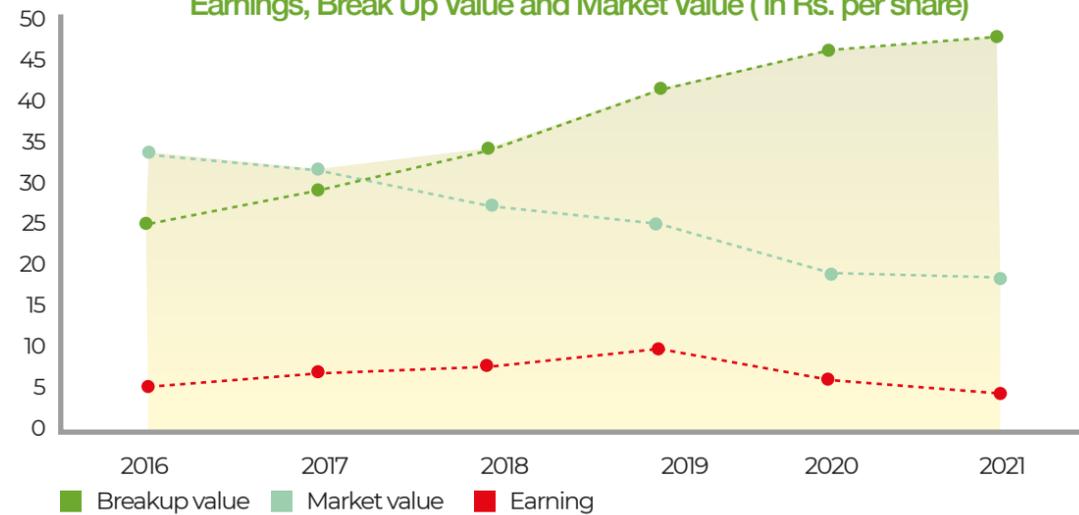
Gross Profit and Net Profit (Rs. in million)

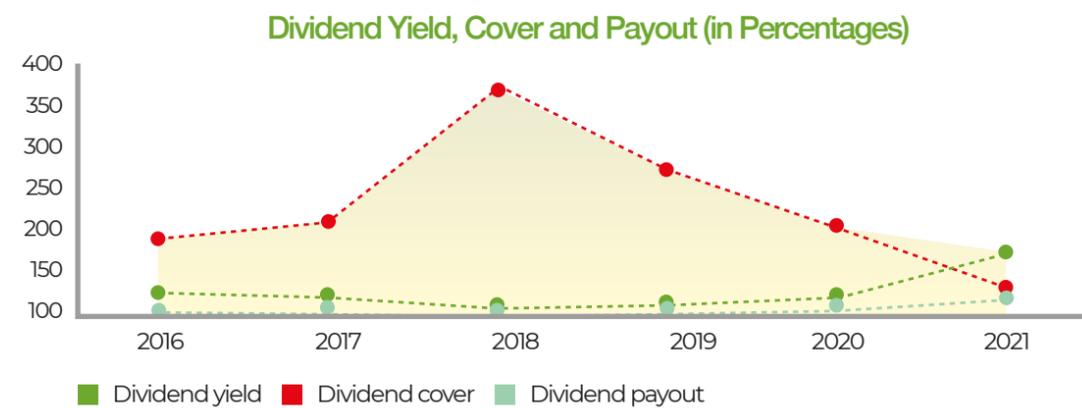
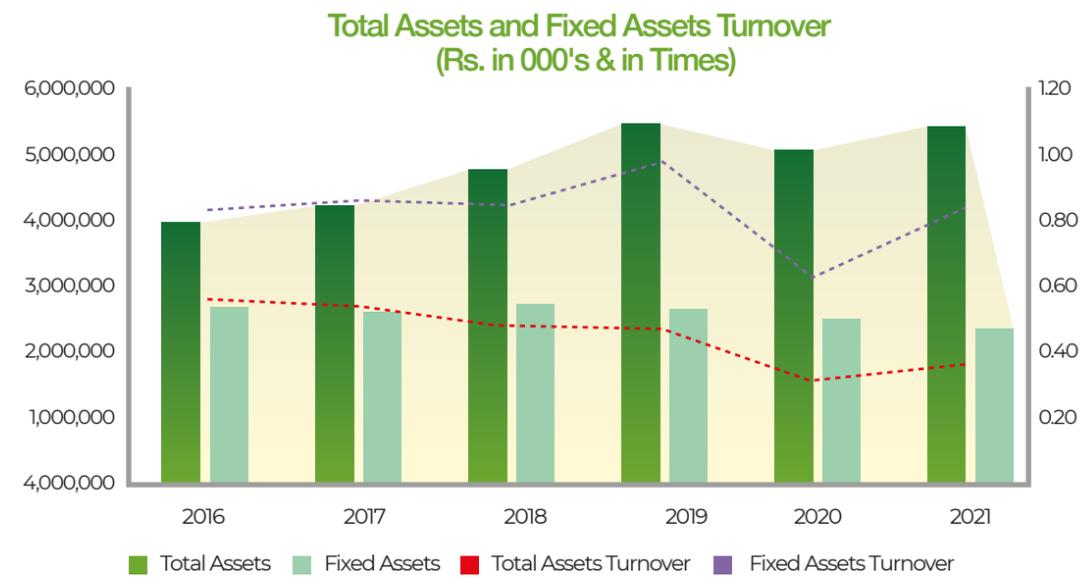
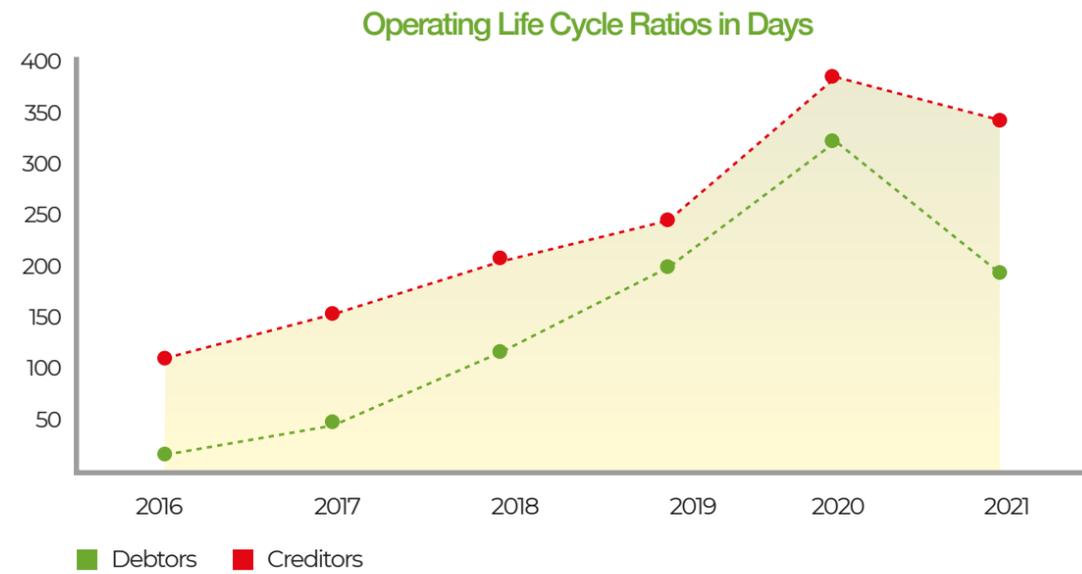


Return on Equity & Capital Employed (Rs. in 000's & in Percentage)

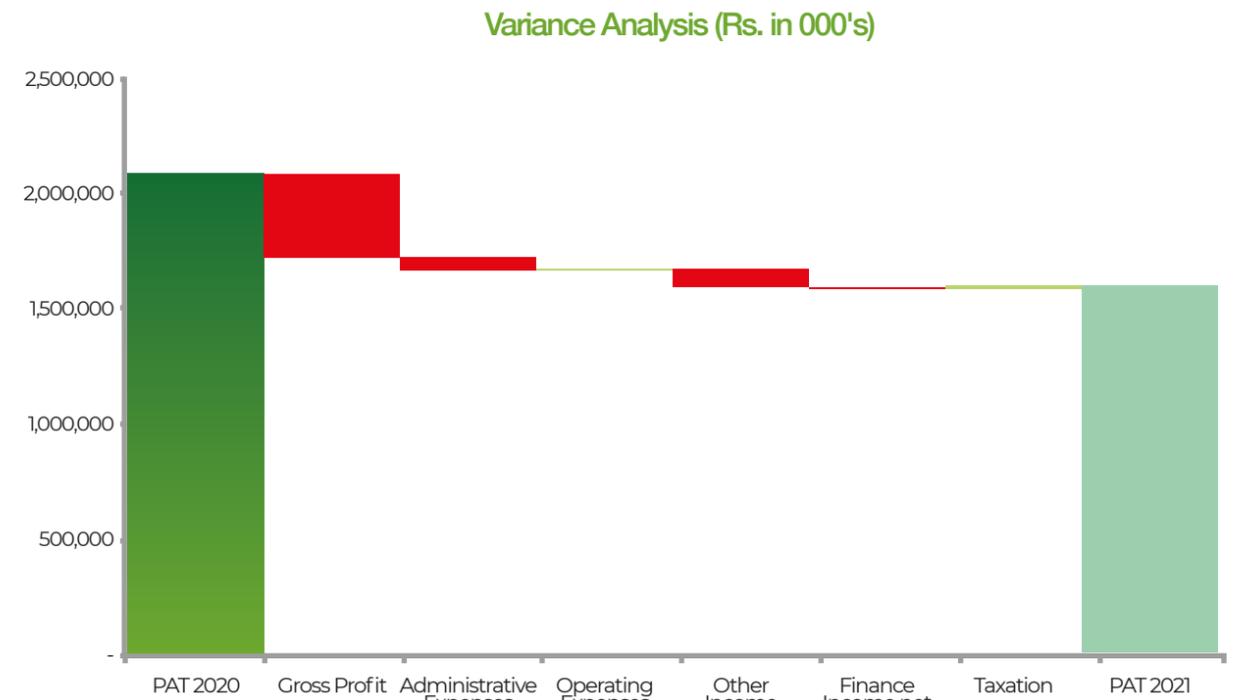


Earnings, Break Up Value and Market Value (in Rs. per share)



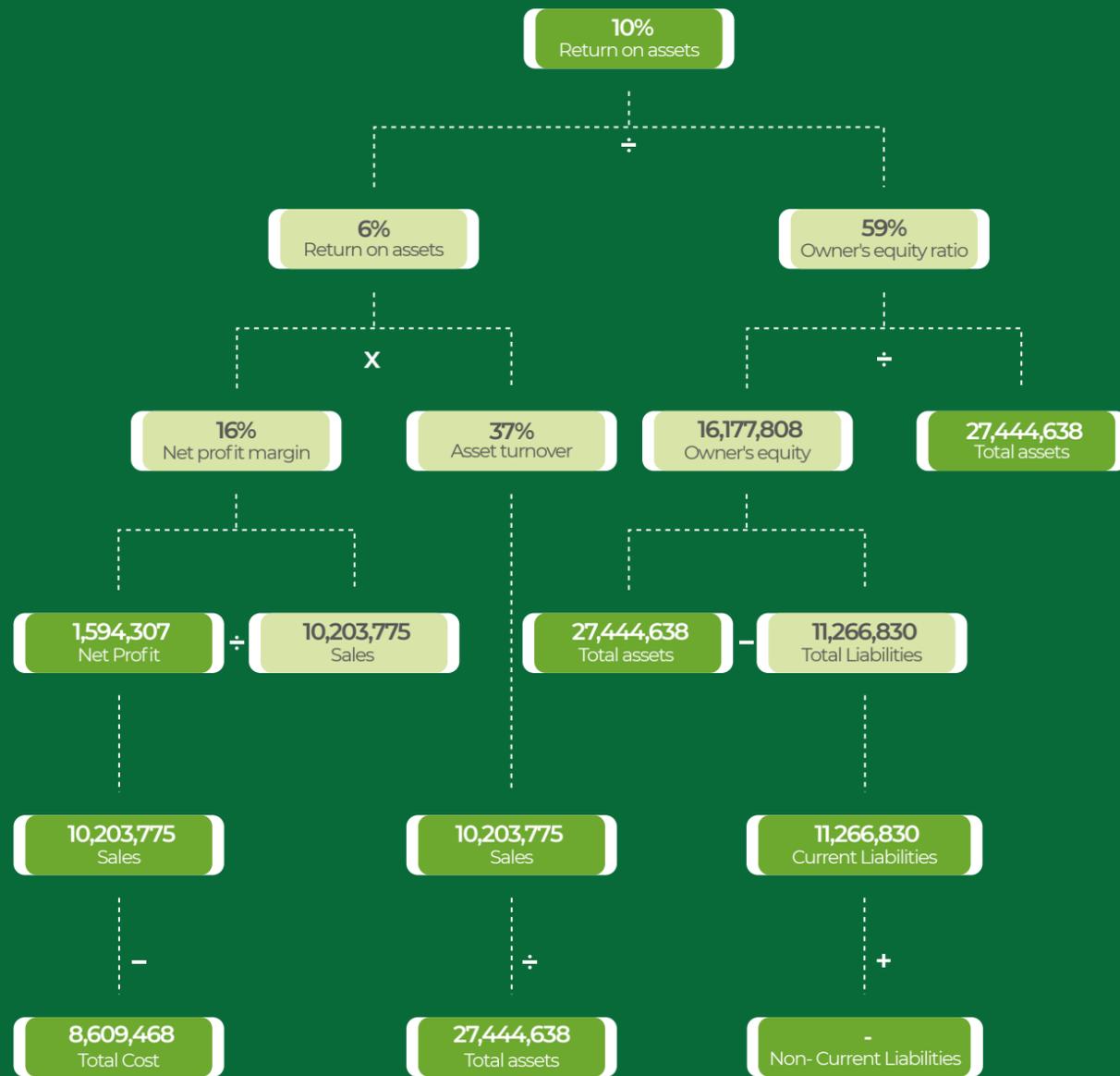


variance analysis



dupont analysis

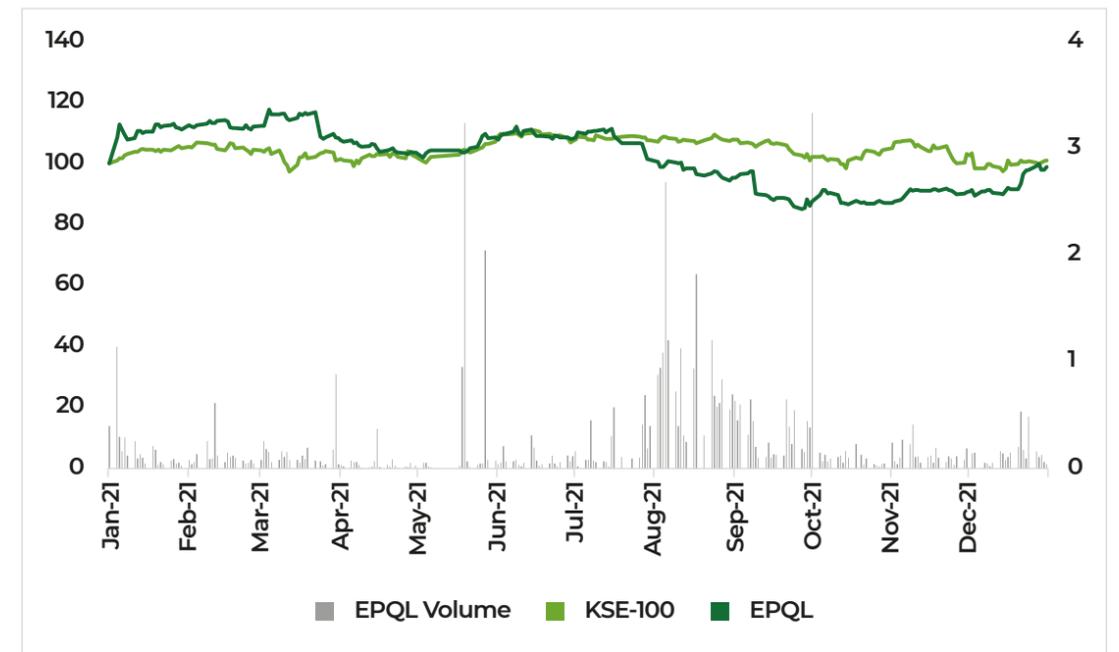
Amount in Rs. 000's



share price sensitivity analysis using key variables

(i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning.

During the year, 59 Mn shares were traded at Pakistan stock exchange at an average per share of RS 20.07. During the year, the stock price peaked at RS 23.3 and bottomed at RS 16.3.



Interest rate

Interest rate is a key variable in the company's revenue and cost structure. EPQL's revenue from the working capital component of the CPP tariff and delayed payment income from WAPDA are highly sensitive to interest rates. On the other hand, the company utilizes RF lines to ensure adequate liquidity, therefore interest rates also play a key role in the company's short-term borrowing costs.

Exchange rate sensitivity

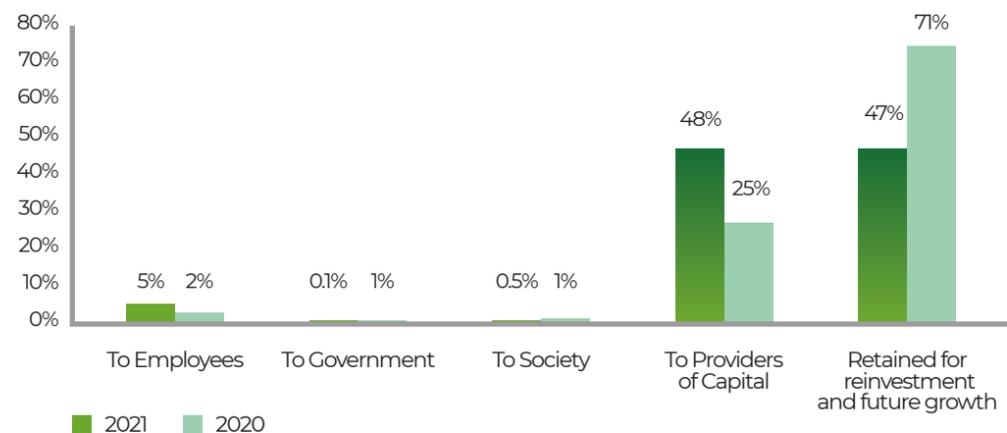
In 2021, the company's revenue was highly sensitive to movements in the exchange rate, as the ROE and ROEDC components were indexed to PKR/US\$.; however the revised ROE and ROEDC are know PKR based as agreed under the Master Agreement. Foreign fixed O&M and foreign variable O&M components are still indexed to the exchange rate.

statement of value addition and distribution

(Amounts in thousand)

	2021	2020
	-----Rupees-----	
Wealth Generated		
Total revenue inclusive of sales tax and other income	12,344,224	9,909,190
Bought-in-raw material and services	(9,472,718)	(6,425,638)
	2,871,506	3,483,552
Wealth Distributed		
To Employees		
Salaries, benefits and other costs	136,197	78,870
To Government		
Taxes and duties	3,579	25,381
To Society		
Donation towards education, health, environment and natural disaster	13,427	28,680
To Providers of Capital		
Dividend to shareholders	1,052,351	404,751
Mark-up/interest expense on borrowed money	320,594	463,758
	1,372,945	868,509
Retained for reinvestment and future growth		
Depreciation, amortization and retained profit (net of dividend paid)	1,345,358	2,482,112
	2,871,506	3,483,552

Statement of Value Addition 2021 vs. 2020



engaging stakeholders

EPQL understands the importance of stakeholder engagement and recognizes that there is no better way to ensure that our Company remains a responsible corporate citizen having a positive impact on all our stakeholders. We engage with our stakeholders both formally and informally, periodically and regularly.

EPQL's stakeholders include:

Investors, lenders, and shareholders

Investors and shareholders are engaged through our Annual General Meeting as well as our Corporate Reports (quarterly, half yearly & annual reports), which include comprehensive information on both financial and non-financial matters related to the Company. Further, analyst briefings are conducted, while disclosures to the stock exchange on strategic events are made as and when required.

Customers

Our primary customer is Central Power Purchasing Agency – Guaranteed (CPPA). We are in continuous contact and dialogue with our customer through regular meetings and correspondences on business issues.

Suppliers

Our suppliers are engaged through periodic formal and informal meetings / conferences. We regularly provide them with technical assistance related to their business, to benefit both the industry and the economy in which we operate.

Host communities (local to our facilities and throughout Pakistan)

We consider ourselves responsible for our host communities and hold regular interaction to understand how we can improve our relationship. The Company is extremely active in health, education, livelihood, and environmental projects for the betterment of these communities.

Employees

We concentrate on employee engagement as it is key to performance. A survey is carried out at regular intervals to assess the levels of engagement and motivation at the workplace and based on feedback, areas of weaknesses are improved, and strengths held stable.

Government

Moving beyond regulatory compliances, we continue to engage with the government and regulators in public policy lobbying and policy reforms at local, provincial, and federal level. EPQL's management frequently engages with government officials on various matters including energy sector issues, alternative power, local community development and infrastructure related issues.

Regulators

The Company complies with regulatory requirements and in this regard maintains close coordination with relevant regulators including the National Electric Power Regulatory Authority (NEPRA), stock exchange, tax authorities, and Securities and Exchange Commission of Pakistan (SECP).

Media

We engage with the print and visual media through regular press releases on key achievements and disclosures. The Company schedules regular media interactions via briefings on periodic results, through Plant visits and through informal conversations throughout the year on the Company's news and updates.

Competitive landscape and market positioning

Power purchase in the sector is mainly determined through a merit order, which is based on variable pricing of electricity of power producers. Some power plants, particularly renewables, operate out of merit order. EPQL was able to increase its load factor to 46% in 2021, on the back of elevated power demand and improved merit order ranking due to escalation in international fuel prices. However, with increasing power generation capacity base over the past several years, the Power Sector of the Country has moved towards an over-supply scenario and with the addition of new power producers that either operate out of merit order or rank higher in the merit order, threat to dispatch is imminent during winter months, especially if demand growth does not keep up.

Moreover, the sector is gripped by growing circular debt, resulting from inefficiencies in the system, which effects the performances of the power producers by translating into liquidity constraints. Cash available in the system is scarce while payments required to be made continue to increase.

The Company rigorously focuses on increasing shareholder value through remaining committed to promote the long-term development of Power Sector. EPQL has strong key business drivers which enable it to differentiate its offering and create value for the customers. The Company uses low-BTU high sulfur content permeate gas from Qadirpur gas field, which was previously being flared, for electricity generation. This utilization results in lower carbon emissions compared to other thermal plants and is hence considered a 'green solution'. The unique fuel usage makes the Company one of the lowest opportunity cost thermal power plants in the Country.

EPQL demonstrated operation excellence and maintained system reliability through ensuring plant availability and remaining compliant with international standards in safety and environment in providing reliable and affordable energy.

How the organization is currently equipped in responding to the critical challenges and uncertainties that are likely to arise

Gas depletion remains a critical challenge and as envisaged, the Company is currently facing curtailment from Qadirpur Gas field and has made its plant available in mixed mode. EPQL has submitted the final Gas Depletion Mitigation Plan (GDMP) to PPIB. The Company has a highly experienced management team which is in continuous engagement with stakeholders to avert any risk.

The deep-rooted issue of rising Circular debt and its adverse impact on businesses poses financial uncertainty. The Company continues to monitor and forecast circular debt levels including its impact on company cashflows and develops effective strategies to curb liquidity constraints through effective treasury operations and cost optimization strategies.

With additional in generation assets, power producers lower in the merit order face the uncertainty of consistent dispatch in case growth in power demand does not keep up. The Company is extensively developing business strategies to enhance plant load factor and improve merit order position thus unlocking shareholder value.



**minding more
than business**

**environmental
stewardship**

our environmental performance

As a leading energy player, we are aware of our commitment to include a broader stakeholder community so we can establish a truly sustainable framework of doing business. We, as a company are passionate about ensuring that our policies & procedures remain eco-friendly and over the years, we have demonstrated our focus on the environment by taking ownership of our environmental footprint year on year.

Environmental Stewardship Strategy

To align our focus on driving an eco-friendlier approach towards doing business we continue to focus our efforts on a four-pronged strategy to manage our investments in health, safety and environment. Based on these identified focus areas, we formulate our own health, safety and environmental stewardship strategy catering to our specific business operations. This agenda includes:

- Environmental Footprint Management
- Adherence to Local Laws and Global Standards
- Occupational Health & Safety
- Conservation of Natural Resources

Over the years, we have been able to maintain business growth while reducing our environmental impact through a focused eco-efficient approach. Our operations are ISO 14001 certified and fully compliant with the national environmental regulations. Moving beyond regulations and compliances, we have adopted strict international best practices on environmental management, like British Safety Council Environmental Program and WWF Green Office certification. We have a sound policy in place with regards to this agenda, which is factually enforced, across our business by designated teams having environmental experts. Our environmental management function is subject to internal audit and independent third-party audits as well.

During the year 2021, Environmental Action Plan and the Social & environmental covenants were regularly monitored, and quarterly reports were sent to Sindh Environmental Protection Agency as per legal requirement with no deviations reported during the year. The major results of the operations-phase environmental monitoring plan are as follows:

Activity	Objectives of monitoring	Parameters to be monitored	Measurements	Location	Frequency	Remarks
Plant noise Emission	To ensure that the noise levels at the plant boundary wall comply with the world bank noise standards	Ambient noise level at the boundary and various locations within the plant	A-weighted noise levels – 24 hours, readings taken at 15 s intervals over 15 min. every hour, and then averaged	Along the plant boundary wall at 100 m intervals and near the various noise emission sources in the plant 15.2 m from the source in four direction	Once in 3-months	Done as per plan. No deviation occurred

Activity	Objectives of monitoring	Parameters to be monitored	Measurements	Location	Frequency	Remarks
Liquid Effluent Discharge	To ensure the discharge of liquid effluent in compliance with NEQS	PH, TDS, oil, Temperature	In house & 3rd party SEPA Lab on set frequency	Waste water dilution pit	Once in 3-months detail analysis. Daily monitoring of pH, TSS and sulphates	Done as per plan. No deviation occurred
Plant Air Emissions	To ensure that the air emissions from the plant are in compliance with the NEQS and IFC standards	NOx, SOx, CO, and PM10	Plant stack emissions through sampling	At the plant stack	Once every three months on a typical working day	Done as per plan. No deviation occurred
Exhaust Gas Quality	To estimate the air emissions from actual fuel consumption	Fuel consumed per day	Estimated through actual fuel usage	Import pipeline gas metering station	Daily	Done as per plan. No deviation occurred
Ambient Air Quality	To ensure that the ambient air quality around the plant site is within the required standards	NOx, SOx, CO, and PM10	12-hour ambient air sampling at each of the selected points	Maximum points of pollutant concentration worked out from air dispersion modeling	Once in 3 months	Done as per plan. No deviation occurred
Solid Waste Disposal	To check the availability of waste management system and implementation"	Inspection of waste generation, collection, segregation, storage, recycling and disposal will be undertaken at each site of the project activity	Visual inspections, waste records	Plant and office areas	Daily	Done as per plan. No deviation occurred.

certifications

Green Office Certification

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

DuPont Certification

DuPont's Process Safety system has been acknowledged as one of the top safety management systems worldwide and implemented at site from COD to cater all the process and personal safety risks.

5-S Certification

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

ISO-14001 & ISO-45001

The Company conforms to the standards of ISO-14001 and ISO 45001. Surveillance audits are regularly carried out to ensure that the Company remains in conformity with the above certifications.

ISO 55001: 2014 Certification

In 2020 EPQL was recertified for the ISO 55001:2014 certification by the British Standards Institute (BSI) for effective asset management – making it the first subsidiary in the group to achieve this certification.

occupational health and safety performance

Indicators	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total number of man-hours worked	746,752	709,931	808,501	781,332	982,596	781,332	813,331	834,915	876,296	793,238	551,236	516,354
Hours worked by contractors	517,417	496,103	587,619	543,877	667,423	543,877	497,340	527,540	589,528	535,003	303,576	278,004
Total number of fatalities	0	0	0	0	0	0	0	0	0	0	0	0
Total number of lost time accidents	0	0	0	0	0	0	0	0	0	0	0	0
Lost day rate	0	0	0	0	0	0	0	0	0	0	0	0
Fatality rate	0	0	0	0	0	0	0	0	0	0	0	0

Incident Statistics for the year 2021

Total Injuries	0
Fatalities	0
LWIs	0
RWCs	0
MTCs	0
1st Aids	1
Fire	1
Violation of Safety Procedure	40
Environmental Accident	2
Process Safety Incident	01
Near misses	196
Vehicle Incident	0

summary of waste management

Type of Wastes		Generation (kg/year)	Recovery & Reuse (kg/year)	Treatment / Destruction / Disposal (kg/year)	Recycling Rate (%)
	Item	A	B	C=A-B	D = B / A (%)
Non- Hazardous wastes	Iron pieces, wooden pieces, papers	15,000 Kg	0	0	0
Non- Hazardous wastes	Food waste, toilet waste, daily solid waste, kitchen waste	2,6185 Kg	0	26,185 Kg	100%
Hazardous waste	COVID-19 waste	8 Kg	0	8 Kg	100%
	Lab waste	150 Kg	0	150 Kg	100%
	Mixture of diesel and water	42,000 Ltr	0	42,000 Ltr	100%
	Diesel	16,000 Ltr	0	16,000 Ltr	100%

For residential area, the municipal liquid is treated through sewage Treatment Plant and water is discharged to nearby canal after meeting all National Environmental Quality Standard. The solid waste like leaves/paper/wood, kitchen waste is given to SEPA approved vendors.

ambient air quality compliance

Air Quality Parameters	Unit	World Bank Ambient Air Quality Guidelines	Pakistan Ambient Air Quality Standard	Result of Monitoring	Compliance Status
Particulate Matter (<10µm) - Annual Mean - Max 24-hour Average	µg/Nm ³	50 /150	50/150	95.2	Compliant
SO ₂ - Annual Mean - Max 24-hour Average	µg/Nm ³	80 /150	80 /150	3.3	Compliant
NO _x as NO ₂ - Annual Mean - Max 24-hour Average - Max 1-hour Average	µg/Nm ³	100 /150 N.A.	100/150 N.A.	0.1	Compliant

Liquid Effluents & Water Usage in 2021

1,848 M3/day
Total Effluent Discharge

6,000 M3/day
Average Water Use/Day

holding the bonds stronger

shareholder
information



notice of annual general meeting

Notice is hereby given that the Sixteenth Annual General Meeting of the members of Engro Powergen Qadirpur Limited (the "Company") will be held at Karachi School of Business and Leadership (KSBL), National Stadium Road, Opp. Liaquat National Hospital, Karachi – 74800 on Tuesday, March 22, 2022, at 02:00 P.M. to transact the following business.

Please note that due to the continuing Covid 19 pandemic and to ensure the safety and health of members, physical attendance will be limited, and shareholders are encouraged to attend the meeting through video conference facility managed by the Company (please see the notes section for details).

A) ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended December 31, 2021, together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

As required under section 223(7) of the Companies Act 2017, Financial statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link:

<https://www.engroenergy.com/epql/#financial>



By Order of the Board

SAMEEN ASAD
Company Secretary

Karachi,
Dated: February 08, 2022

2. To declare, as recommended by the Directors, the payment of final cash dividend at the rate of PKR 6 (60%) for the year ended December 31, 2021. This is in addition to interim dividends of PKR 1.5 (15%) per share.
3. To appoint Auditors for the year 2022 and fix their remuneration. The Members are hereby notified that the Board Audit Committee and the Board of Directors have recommended the name of retiring Auditors M/s. A. F. Ferguson & Co, for re-appointment as Auditors of the Company.

NOTES

1. Participation in the AGM proceeding via physical presence or through video conferencing facility:

Due to the continuing Covid 19 pandemic and to ensure the safety and health of members, physical attendance at the AGM will be limited to 50% of the venue capacity, or 50 members present. Hence, members are encouraged to attend the AGM proceedings via video-conferencing facility, which shall be made available by the Company.

All shareholders/members interested in attending the AGM, either physically or through video-conferencing facility are requested to register their Name, Folio Number, Cell Number, CNIC / Passport number at <https://forms.office.com/r/Svc5bvK4XM>. Members wishing to attend in person must also provide a copy of their vaccination certificates at the above link. Confirmation email for physical meeting or video link and login credentials will be shared with only those shareholders whose registration are received at least 48 hours before the time of AGM.

The Company reserves the right to refuse entry to any member who has not pre-registered for physical attendance or is not carrying their vaccination card with them. These measures are necessary to ensure the safety and health of all present.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address agm.epql@engro.com

2. Electronic transmission of Annual Report 2021
In compliance with section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2021 through email to shareholders

whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited. In those cases, where email addresses are not available with the Company's Share Registrar, printed notices of AGM along-with the QR enabled code/weblink to download the said financial statements have been dispatched. However, the Company will provide hard copies of the Annual Report to any member on their demand, at their registered address, free of cost, within one week of receiving such request.

Further, shareholders are requested to kindly provide their valid email address (along with a copy of valid CNIC) to the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited if the member holds shares in physical form or, to the member's respective Participant/Investor Account Services, if shares are held in book entry form.

3. The Share Transfer Book of the Company will be closed from Tuesday, March 15, 2022 to Tuesday, March 22, 2022 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO Associates (Private) Limited, 8-F, near Hotel Faran, Block 6, P.E.C.H.S. Shahra-e-Faisal, Karachi, PABX No. (92-21) 34380101-5 and email info.shares@famco.com.pk by the close of business (5:00 p.m.) on Monday, March 14, 2022 will be treated as being in time for the purposes of payment of final cash dividend to the transferees and to attend and vote at the meeting.
4. A member entitled to attend and vote at this Meeting shall be entitled to appoint another person, as his/her proxy, and a proxy so appointed shall have the right to attend, speak and/or vote at the Meeting as are available to the member. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting. A proxy need not be a member of the Company.

5. Requirements for appointing Proxies
 - (a) In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall submit the proxy form as per the above requirement.
 - (b) The proxy form shall be witnessed by two male persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - (c) Attested copies of the valid CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the proxy form.
 - (d) The proxy shall produce his/her valid original CNIC or original passport at the time of the Annual General Meeting.
 - (e) In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be submitted to the Company along with the proxy form unless the same has been provided earlier.
6. Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of Directors and for any other agenda item, subject to the requirements of Sections 143 and 144 of the Companies Act 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.
7. Electronic dividend mandate

Under the Section 242 of the Act, it is mandatory for all listed companies to pay cash dividend to its shareholders through electronic mode directly into the bank account designated by the entitled shareholders.

To receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in the Shareholder Information Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of valid CNIC to the Share Registrar,

M/s. FAMCO Associates (Private) Limited, in case of physical shares.

In case of shares held in CDC, Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers / participant / CDC account services.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

8. In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 7.5% and 15% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 7.5% for filers, all shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 15% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrar, M/s. FAMCO Associates (Private) Limited, of the Company by the first day of book closure.

According to the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer/ Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, M/s. FAMCO Associates (Private) Limited, in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

9. Submission of valid CNIC (Mandatory)

As per SECP directives, the dividend of shareholders, whose valid CNICs are not available with the Share Registrar, may be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Share Registrar, M/s. FAMCO Associates (Private) Limited without any further delay.
10. Unclaimed Dividend

As per the provision of section 244 of the Act, any shares issued or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued, and dividend declared by the Company which have remained due for more than three years was sent to shareholders.

Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged with the Company in the given time, the Company shall, after giving notice in the newspaper, proceed to deposit the unclaimed / unpaid amount and shares with the Federal Government

pursuant to the provision of Section 244(2) of the Act.

11. Conversion of Physical Shares into CDC Account

The SECP, through its letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021, has advised all listed companies to adhere to the provisions of Section 72 of the Companies Act, 2017 (the "Act"), which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act.

Accordingly, all shareholders of the Company having physical folios/share certificates are requested to convert their shares from physical form into book-entry form at the earliest. Shareholders may contact a PSX Member, CDC Participant, or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. Maintaining shares in book-entry form has many advantages — safe custody of shares with the CDC, avoidance of formalities required for the issuance of duplicate shares etc. The shareholders of the Company may contact the Share Registrar and Transfer Agent of the Company, namely FAMCO Associates (Private) Limited for the conversion of physical shares into book-entry form.

key shareholding & shares traded

Category Details of Shareholding as at 31 December 2021

Directors, Chief Executive Officer, and their spouse and minor children

Name	Holding
Mr. Ahsan Zafar Syed	1
Mr. Farooq Barkat Ali	1
Mr. Shabbir Hashmi	1
Mr. Vaqar Zakaria	1
Mr. Kaiser Bengali	1
Mr. Shahab Qader Khan	1
Ms. Fauzia Viqar	1
Total	7

Associated Companies, Undertakings and related Parties

Name	Holding
Engro Energy Limited	223,049,992

Name	Holding
Banks, Development Financial Institutions, Non Banking Financial Institutions	5,523,500

Name	Holding
Insurance Companies	1,000

Modarabas and Mutual Funds

Name	Holding
AKD Opportunity Fund	155,500
Golden Arrow Stock Fund	85,500
Total	241,000

Shareholders holding 5% or more voting rights in the Company

Name	Holding
Engro Energy Limited	223,049,992

Name	Holding
General Public (Individual)	79,924,362
Others	15,060,139
Executive	1
Total Shareholding	323,800,000

Details of Purchase/ sale of shares by Directors, Executive* and their spouses / minor children during 2021:

* For the purpose of declaration of shares trades, all employees of the Company are considered as "Executive"

Executive Name	Date Of Transaction	Transaction	Number Of Shares	Price Per Share
Nil	Nil	Nil	Nil	Nil

Categories of Shareholding

SNO.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	7	7	0.00
2	Associated Companies, Undertakings and related Parties	1	223,049,992	68.89
3	Banks, Development Financial Institutions, Non Banking Financial Institutions	3	5,523,500	1.71
4	Insurance Companies	1	1,000	0.00
5	Modarabas and Mutual Funds	2	241,000	0.07
6	Share holders holding > 5%	1	223,049,992	68.89
7	General Public : a. local b. foreign	17,774 -	79,924,362 -	24.68 -
8	Others	79	15,060,139	4.651062075
9	Executive	1	1	0.00
	Total (excluding : share holders holding 5%)	17,867	323,800,000	100.00

pattern of shareholding

as at december 31, 2021

No of Shareholders	No. of Shareholdings		Total Shares
	From	To	
357	1	100	14,918
10,263	101	500	5,046,349
3,327	501	1,000	3,298,445
2,420	1,001	5,000	6,418,307
567	5,001	10,000	4,505,591
203	10,001	15,000	2,605,316
143	15,001	20,000	2,667,817
110	20,001	25,000	2,600,479
68	25,001	30,000	1,929,729
45	30,001	35,000	1,501,333
43	35,001	40,000	1,668,612
27	40,001	45,000	1,165,317
48	45,001	50,000	2,372,000
22	50,001	55,000	1,168,020
20	55,001	60,000	1,170,749
14	60,001	65,000	887,500
10	65,001	70,000	688,500
12	70,001	75,000	882,000
8	75,001	80,000	631,500
6	80,001	85,000	500,247
10	85,001	90,000	874,000
1	90,001	95,000	92,000
28	95,001	100,000	2,791,000
6	100,001	105,000	621,000
4	105,001	110,000	436,000
4	110,001	115,000	454,500
7	115,001	120,000	832,000
4	120,001	125,000	499,500
1	125,001	130,000	130,000
4	130,001	135,000	528,500
1	135,001	140,000	140,000
3	140,001	145,000	430,000
4	145,001	150,000	597,500
3	150,001	155,000	460,500
5	155,001	160,000	791,000
2	160,001	165,000	325,000
3	165,001	170,000	508,000
4	170,001	175,000	694,000
2	175,001	180,000	356,000
2	180,001	185,000	365,500
2	185,001	190,000	377,500
3	195,001	200,000	597,500
1	210,001	215,000	215,000

No of Shareholders	No. of Shareholdings		Total Shares
	From	To	
1	215,001	220,000	219,000
1	225,001	230,000	230,000
1	230,001	235,000	233,500
2	250,001	255,000	504,000
2	255,001	260,000	520,000
3	260,001	265,000	791,000
1	290,001	295,000	294,500
4	295,001	300,000	1,200,000
1	300,001	305,000	300,500
1	315,001	320,000	320,000
1	340,001	345,000	342,500
1	350,001	355,000	351,000
1	360,001	365,000	360,500
1	385,001	390,000	386,000
1	415,001	420,000	420,000
1	445,001	450,000	450,000
1	465,001	470,000	469,000
2	495,001	500,000	1,000,000
1	550,001	555,000	553,000
1	555,001	560,000	557,000
1	600,001	605,000	605,000
1	635,001	640,000	635,500
1	705,001	710,000	707,500
1	715,001	720,000	716,000
1	745,001	750,000	750,000
1	760,001	765,000	762,000
1	785,001	790,000	786,000
1	820,001	825,000	825,000
1	840,001	845,000	842,179
1	865,001	870,000	869,100
2	995,001	1,000,000	2,000,000
1	1,195,001	1,200,000	1,200,000
1	1,230,001	1,235,000	1,232,000
1	1,955,001	1,960,000	1,955,500
1	1,995,001	2,000,000	2,000,000
1	2,110,001	2,115,000	2,113,000
1	2,170,001	2,175,000	2,175,000
1	4,965,001	4,970,000	4,966,000
1	5,535,001	5,540,000	5,539,000
1	5,730,001	5,735,000	5,731,000
1	223,045,001	223,050,000	223,049,992
17,867			323,800,000

shareholder information

Annual General Meeting

The annual shareholders meeting will be held at 02:00 p.m. on March 22, 2022, at Karachi via video conferencing.

Shareholders as of March 14, 2022, are encouraged to participate and vote. Any shareholder may appoint a proxy to vote on his or her behalf. Proxies should be filed with the company at least 48 hours before the meeting time.

CDC Shareholders or their Proxies are requested to bring with them copies of their Computerized National Identity Card or passport along with the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

E-dividend Mandate (Mandatory)

Under the Section 242 of the Act, it is mandatory for all listed companies to pay cash dividend to its shareholders through electronic mode directly into the bank account designated by the entitled shareholders.

To receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in the Shareholder Information Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of valid CNIC to the Share Registrar, M/s. FAMCO Associates (Private) Limited, in case of physical shares.

In case of shares held in CDC then Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers / participant / CDC account services.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

Ownership

On December 31, 2021, there were 17,867 shareholders on record of the Company's ordinary shares.

Quarterly Results

The Company issues quarterly financial statements. The planned dates for release of the quarterly results in 2022 are:

- 1st quarter: April 12, 2022
- 2nd quarter: August 04, 2022
- 3rd quarter: October 06, 2022

Change of Address:

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

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

epql calendar 2021

EPQL Board Meeting
February 04, 2021

EPQL BAC Meeting
February 10, 2021

EPQL Board Meeting
February 11, 2021

EPQL AGM
March 31, 2021

EPQL BAC Meeting
April 13, 2021

EPQL Board Meeting
April 14, 2021

EPQL BAC Meeting
August 04, 2021

EPQL Board Meeting
August 05, 2021

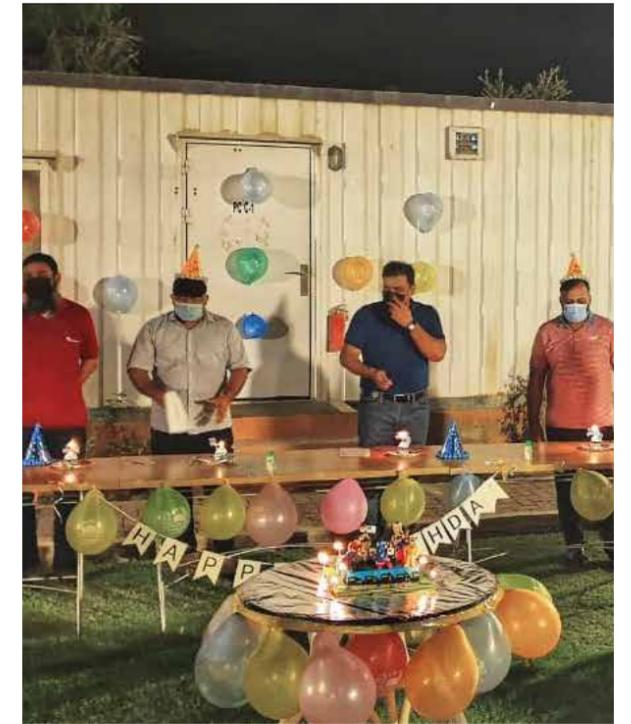
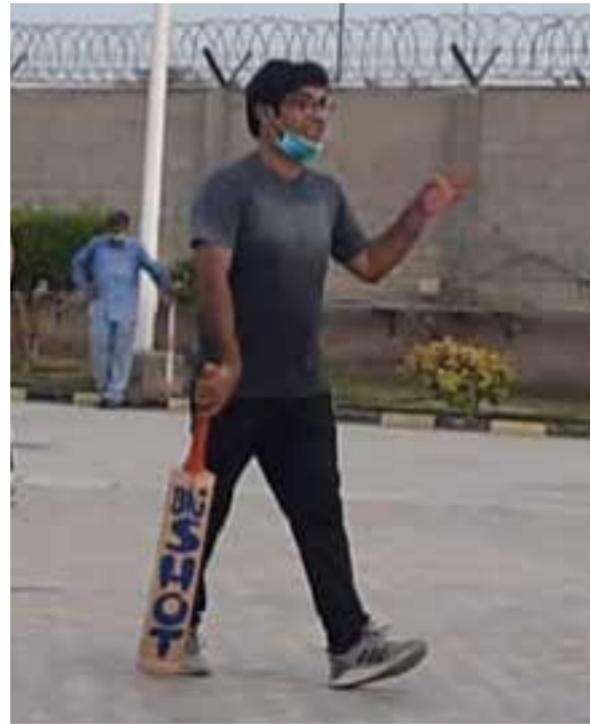
EPQL Board Meeting
August 27, 2021

EPQL BAC Meeting
October 18, 2021

EPQL Board Meeting
October 20, 2021

EPQL Board Meeting
November 26, 2021

major activities in 2021



speaking success in numbers

financial
statements





A.F.FERGUSON&Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Engro Powergen Qadirpur Limited

**Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Engro Powergen Qadirpur Limited (the Company) for the year ended December 31, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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 Regulations require 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. 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.

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 requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2021.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: February 28, 2022

UDIN: CR202110080j8zrAq5mY

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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A.F.FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

To the members of Engro Powergen Qadirpur Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Engro Powergen Qadirpur Limited (the Company), which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2021 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following is the key audit matter:

S.No.	Key audit matter	How the matter was addressed in our audit
i)	<p>Receivables from Central Power Purchasing Agency (Guarantee) Limited (CPPA) (Refer notes 1.4, 9 and 12 to the financial statements)</p> <p>The Company has following balances receivable from CPPA as at December 31, 2021:</p> <ul style="list-style-type: none"> Trade debts amounting to Rs. 11,843 million which include overdue debts of Rs. 9,742 million; Delayed payment charges amounting to Rs. 2,176 million which include overdue receivables of Rs. 1,296 million; and Reimbursable costs amounting to Rs. 377 million which include overdue receivables of Rs. 170 million. <p>On August 12, 2020, the Company executed a Memorandum of Understanding (MoU) with the Committee constituted by the Government of Pakistan (GoP) for negotiations with the Independent Private Power Producers (IPPs). In this respect, on February 11, 2021, the Company and CPPA, executed a Master Agreement (Agreement) which requires payment of the total undisputed outstanding amount as on November 30, 2020 under the Power Purchase Agreement (PPA). Subsequent to reporting date, the Company under the Agreement received the first instalment of Rs. 3,259 million, representing 40% of the undisputed outstanding amount.</p> <p>In view of the above developments, significant delay in settlement of receivables, materiality of the amount involved, and consequential impact of the delay in settlement on liquidity and operations of the Company, we have considered this to be an area of higher assessed risk and a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> assessed whether revenue and related receivables have been recognized in accordance with the applicable accounting policies of the Company; tested whether invoices raised by the Company during the year were in accordance with the requirements of PPA; circularized confirmation of receivables to CPPA; checked receipts from CPPA from bank statements; reviewed terms of the Agreement and discussed the same with the management; made inquiries from the management and reviewed minutes of the meetings of the Board of Directors and Board Audit Committee to ascertain actions taken by them for the recoverability of outstanding amounts; checked Implementation Agreement and assessed whether receivables are secured against guarantee from the Government of Pakistan and whether any impairment is required to be recognized there against; assessed the availability of finance with the Company to fund its business operations through committed credit lines obtained from various financial institutions; and assessed adequacy of the related disclosures in the financial statements in accordance with the applicable accounting and reporting standards.

MSG



Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

MSG

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) 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.

The engagement partner on the audit resulting in this independent auditor's report is Osama Kapadia.



A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: February 28, 2022

UDIN: AR2021100803XGUFtCVI

statement of financial position

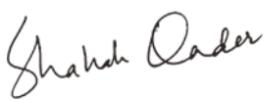
as at december 31, 2021

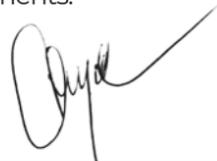
(Amounts in thousand)

	Note	2021 -----Rupees-----	2020 -----Rupees-----
ASSETS			
Non-current assets			
Property, plant and equipment	5	11,814,962	12,685,728
Intangible assets	6	225,726	60,459
Long-term loans and advances	7	13,938	23,233
Long-term deposits		2,574	2,574
		12,057,200	12,771,994
Current assets			
Inventories	8	544,469	853,335
Trade debts	9	11,842,552	7,040,059
Short-term investments	10	49,179	49,321
Loans, advances, deposits and prepayments	11	91,304	104,018
Other receivables	12	2,780,455	4,644,272
Taxes recoverable		35,042	34,254
Balances with banks	13	44,437	13,041
		15,387,438	12,738,300
TOTAL ASSETS		27,444,638	25,510,294
EQUITY AND LIABILITIES			
Equity			
Share capital	14	3,238,000	3,238,000
Share premium		80,777	80,777
Maintenance reserve	15	227,182	227,182
Unappropriated profit		12,620,274	12,078,318
Hedging reserve	16	11,575	12,449
Total equity		16,177,808	15,636,726
LIABILITIES			
Non-current liability			
Other payable	17	-	986,605
Current liabilities			
Trade and other payables	18	6,432,479	5,190,675
Unclaimed dividend		20,589	22,575
Accrued interest / mark-up		61,319	55,268
Short-term borrowings	19	4,752,443	3,618,445
		11,266,830	8,886,963
Total liabilities		11,266,830	9,873,568
Contingencies and Commitments	20	11,266,830	9,873,568
TOTAL EQUITY AND LIABILITIES		27,444,638	25,510,294

The annexed notes from 1 to 43 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive Officer


Director

statement of profit or loss

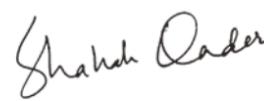
for the year ended december 31, 2021

(Amounts in thousand except for earnings per share)

	Note	2021 -----Rupees-----	2020 -----Rupees-----
Revenue	21	10,203,775	8,097,818
Cost of revenue	22	(8,820,758)	(6,358,895)
Gross profit		1,383,017	1,738,923
Administrative expenses	23	(168,020)	(103,724)
Other expenses	24	(56,414)	(66,350)
Other income	25	4,090	79,681
Profit from operations		1,162,673	1,648,530
Finance income - net	26	433,529	445,715
Workers' profits participation fund	27	-	-
Profit before taxation		1,596,202	2,094,245
Taxation	28	(1,895)	(15,075)
Profit for the year		1,594,307	2,079,170
Earnings per share - basic and diluted	29	4.92	6.42

The annexed notes from 1 to 43 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive Officer


Director

statement of profit or loss and other comprehensive income

for the year ended december 31, 2021

(Amounts in thousand)

	Note	2021 -----Rupees-----	2020
Profit for the year		1,594,307	2,079,170
Other comprehensive loss:			
Item that may be reclassified subsequently to statement of profit or loss			
Hedging reserve - reclassified to statement of profit or loss	25	(874)	(876)
Total comprehensive income for the year		<u>1,593,433</u>	<u>2,078,294</u>

The annexed notes from 1 to 43 form an integral part of these financial statements.

statement of cash flows

for the year ended december 31, 2021

(Amounts in thousand)

	Note	2021 -----Rupees-----	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	358,603	2,408,833
Taxes (paid) / recovered - net		(2,683)	15,590
Interest received		5,245	11,289
Long-term loans and advances - net		13,631	21,596
Net cash generated from operating activities		374,796	2,457,308
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment - net		(41,515)	(71,471)
Purchase of intangible assets		(77,616)	(61,732)
Proceeds from disposal of property, plant and equipment		7,483	-
Investments made during the year		(248,859)	(1,898,259)
Investments encashed / matured during the year		251,989	1,977,573
Net cash utilised in investing activities		(108,518)	(53,889)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term borrowings		-	(916,361)
Finance cost paid		(314,543)	(501,130)
Dividends paid		(1,054,337)	(890,878)
Net cash utilised in financing activities		(1,368,880)	(2,308,369)
Net (decrease) / increase in cash and cash equivalents		(1,102,602)	95,050
Cash and cash equivalents at beginning of the year		(3,605,404)	(3,700,454)
Cash and cash equivalents at end of the year	31	<u>(4,708,006)</u>	<u>(3,605,404)</u>

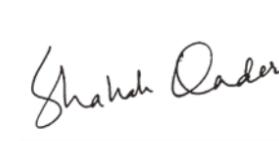
The annexed notes from 1 to 43 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive Officer


Director


Chief Financial Officer


Chief Executive Officer


Director

statement of changes in equity

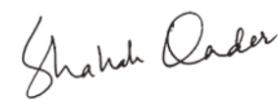
for the year ended december 31, 2021

(Amounts in thousand)

	Reserves					Total
	Share capital	Capital	Revenue			
	Share premium	Maintenance reserve (note 15)	Unappropriated profit	Hedging reserve		
------(Rupees)-----						
Balance as at January 1, 2020	3,238,000	80,777	227,182	10,403,899	13,325	13,963,183
Profit for the year	-	-	-	2,079,170	-	2,079,170
Other comprehensive loss for the year	-	-	-	-	(876)	(876)
Total comprehensive income for the year	-	-	-	2,079,170	(876)	2,078,294
Transactions with owners						
Interim dividend @ Rs. 1.25 per share For the year ended December 31, 2020	-	-	-	(404,751)	-	(404,751)
Balance as at December 31, 2020	3,238,000	80,777	227,182	12,078,318	12,449	15,636,726
Profit for the year	-	-	-	1,594,307	-	1,594,307
Other comprehensive loss for the year	-	-	-	-	(874)	(874)
Total comprehensive income for the year	-	-	-	1,594,307	(874)	1,593,433
Transactions with owners						
Final dividend @ Rs. 1.75 per share For the year ended December 31, 2020	-	-	-	(566,650)	-	(566,650)
Interim dividend @ Rs. 1.50 per share For the year ended December 31, 2021	-	-	-	(485,701)	-	(485,701)
	-	-	-	(1,052,351)	-	(1,052,351)
Balance as at December 31, 2021	3,238,000	80,777	227,182	12,620,274	11,575	16,177,808

The annexed notes from 1 to 43 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive Officer


Director

notes to the financial statements

for the year ended december 31, 2021

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Engro Powergen Qadirpur Limited (the Company), is a public listed company, incorporated in Pakistan, and its shares are quoted on the Pakistan Stock Exchange Limited. The Company is a subsidiary of Engro Energy Limited, which is a wholly owned subsidiary of Engro Corporation Limited. Engro Corporation Limited is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company).

1.2 The Company was established with the primary objective to undertake the business of power generation and sale. The Company owns a 217.3 MW combined cycle power plant and commenced commercial operations on March 27, 2010. The electricity generated is transmitted to the National Transmission and Despatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007. This PPA is for a period of 25 years. The Company signed a novation agreement on February 11, 2021 with NTDC and Central Power Purchasing Agency (Guarantee) Limited (CPPA), whereby NTDC has novated its rights and obligation under the PPA to CPPA.

1.3 The business units of the Company are as follows :

Business Unit	Geographical Location
Head office (registered office)	16th Floor, Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme No.5, Clifton, Karachi.
Power plant	Deh Belo Sanghari, Ghotki, Sindh.

1.4 On August 12, 2020, the Company, along with other Independent Private Power Producers ("IPPs") representing the 2002 Power Policy projects (collectively referred to as the "Parties"), signed a Memorandum of Understanding (MOU) with the Committee for negotiations with IPPs. The Board of Directors of the Company in their meeting dated August 17, 2020 in-principle approved the terms of the MoU. In line with the understanding reached in the MOU, the Company and CPPA (the "Parties") entered into a Master Agreement on February 11, 2021, based on the terms of the MOU, which also includes: that all undisputed outstanding amounts due and payable to the Company under the PPA, as on November 30, 2020, will be paid in two (2) instalments (each instalment comprising of one-third cash and two-thirds government issued Pakistan Investment Bonds (PIBs) and Sukuks). Further, in the larger national interest, the Company agreed to (prospectively) accept a reduction in the tariff component, whereby the Return on Equity ("RoE") and the Return on Equity During Construction ("RoEDC") will be fixed at 17% per annum in PKR on National Electric Power Regulatory Authority (NEPRA) approved equity at Commercial Operation Date for RoE and RoEDC, calculated at USD/PKR exchange rate of PKR 148/USD, with no future USD indexation. However, the existing RoE and RoEDC, together with the applicable indexations, shall continue to be applied until the date when the applicable exchange rate under the present Tariff reaches PKR 168/USD and instalments are received by the Company, whereupon the Revised RoE and RoEDC shall become applicable and shall apply for the remainder of the Term of the PPA. In addition to this, fuel and operations and maintenance have been considered as single consolidated item and any savings, if determined, from July 1, 2021 will be shared in the ratio of 60:40 between CPPA and Company. Subsequent to the reporting date, the Company has received the first installment amounting to Rs 3,258,947 which is equivalent to 40% of the agreed amount (one-third cash and two-thirds government issued PIBs and Sukuks).

(Amounts in thousand)

- 1.5 During the year, the Company finalised the terms of Termination and Settlement Agreement (TSA) with Engro Energy Services Limited (EESL). Under the TSA, the Company and EESL have agreed to terminate the Operations and Maintenance Agreement with effect from December 31, 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except that certain financial assets and financial liabilities, including derivative financial instruments, are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee, which is Company's functional currency.

2.4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with the approved accounting and reporting standards that requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Initial application of standards, amendments or interpretations to existing standards

3.1.1 Amendments to accounting and reporting standards that became effective during the year

There are certain amendments to accounting and reporting standards that are applicable for the financial year beginning on January 1, 2021 but do not have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

(Amounts in thousand)

3.1.2 Standards, amendments and interpretation to published standards that are not yet effective and have not been early adopted by the Company

There is a standard and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on January 1, 2021. The standard and amendments are not expected to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

3.2 Property, plant and equipment

Except for freehold land, capital work-in-progress and capital spares, all assets are stated at cost less accumulated depreciation and impairment, if any. Freehold land, capital spares and capital work-in-progress is stated at cost less impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs. Self constructed assets include the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and exchange losses as explained in note 5.1.4. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Major components of an item of property, plant and equipment having different useful lives are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in the statement of profit or loss.

Disposal of assets is recognised when significant risk and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals or retirement of an asset are recognised in the statement of profit or loss.

Depreciation is charged to the statement of profit or loss using the straight line method whereby the cost of an operating asset less its estimated residual value is written-off over its estimated useful life at rates given in note 5.1. Depreciation on additions is charged from the month following the month in which the asset is available for use and on disposals upto the preceding month the asset was in use.

Assets residual values and useful lives are reviewed, and adjusted, if appropriate, at each reporting date.

3.3 Intangible assets

a) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense in the statement of profit or loss when incurred. Costs directly attributable to identifiable software having probable economic benefits exceeding one year, are recognised as intangible assets. Direct costs include purchase costs (license fee) and related overheads.

Expenditure which enhances or extends the performance of the software programme beyond its original specification and useful life is capitalised.

Software costs and license fees capitalised as intangible assets are amortised to the statement of profit or loss from the date of use on a straight-line basis over a period of 4-8 years.

(Amounts in thousand)

b) Right to use infrastructure facilities

Costs representing the right to use various infrastructure facilities are stated at historical cost. These costs are amortised to the statement of profit or loss over a period of 25 years.

3.4 Impairment of non-financial assets

Non-financial assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.5 Financial assets

3.5.1 Classification, initial recognition and measurement

The Company classifies its financial assets in the following categories:

- a) those to be measured subsequently at fair value (either through Other comprehensive income or through profit or loss); and
- b) those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

A financial asset is measured at amortised cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income (FVOCI) if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss (FVPL) unless it is measured at amortised cost or at fair value through other comprehensive income.

(Amounts in thousand)

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets at amortized cost are initially recognised at fair value and are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income and impairment losses are recognised in profit or loss. Financial assets carried at FVOCI are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income. Financial assets carried at FVPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets held at FVPL are included in the profit or loss in the period in which they arise.

3.5.2 Equity instruments

The Company, subsequently, measures all equity investments at fair value. If the management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains / (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3.5.3 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss.

3.5.4 Financial Liability

The Company recognises a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. Subsequently, financial liabilities are stated at amortized cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement profit or loss.

3.5.5 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(Amounts in thousand)

3.5.6 Impairment

The Securities and Exchange Commission of Pakistan (SECP) through its SRO No. 985(I)/2019 dated September 02, 2019 and clarification dated January 23, 2020 has exempted the applicability of ECL till June 30, 2021 on financial assets directly due from Government of Pakistan (GOP) or that are ultimately due from GoP, in consequence of circular debt, provided that the Company shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement'. On September 13, 2021, the SECP further extended the exemption of application of ECL model under IFRS 9 till June 30, 2022.

Accordingly, amounts due from the Government of Pakistan (GOP) are assessed in accordance with the provisions of IAS 39 at each reporting date to determine whether there is any objective evidence that one or more events have had a negative effect on the estimated future cash flows of these receivables.

For financial assets other than amounts due from GOP, the Company recognises lifetime Expected Credit losses (ECL) when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial assets has not increased significantly since initial recognition, the Company measures the loss allowance for that financial asset at an amount equal to 12-month ECL under IFRS 9.

3.7 Cash flow hedge

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction, and could affect the statement of profit or loss.

The Company entered into hedging relationships to hedge the repayments of long term borrowings which were taken for the purpose of the power plant. The unrealized exchange gain/loss on long term borrowing has been capitalized in the cost of power plant and is being depreciated over the useful life of the Plant. The corresponding hedging reserve is also being amortised over the useful life of Power Plant.

3.8 Inventories

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For stores and spares which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated residual value.

3.9 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds trade debts and other receivables with the objective to collect contractual cash flows and, therefore, measures them subsequently at amortised cost using the effective interest method. Provision for impairment is recognized as per note 3.5.6.

3.10 Contract assets

A contract asset is recognised for the Company's right to consideration in exchange for goods or services that it has transferred to a customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Company presents the amount as a contract asset, excluding any amounts presented as a receivable.

(Amounts in thousand)

3.11 Contract liability

A contract liability is recognised for the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

3.12 Cash and cash equivalents

Cash and cash equivalent in the statement of cash flows comprise cash in hand and in transit, balances with banks on current, deposit and savings accounts, other short-term highly liquid investments with original maturities of three months or less and short-term borrowings other than term finance.

3.13 Share capital

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

3.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is amortised over the period of the borrowings.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.15 Trade and other payables

These are recognised initially at fair value and subsequently measured at amortised cost. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

3.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.17 Leases

The Company recognises leases as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Company, except for the assets under the PPA which are exempted

(Amounts in thousand)

from the applicability of IFRS 16 - 'Leases' (IFRS 16). SECP through its S.R.O. 986 (I)/2019 dated September 2, 2019 exempted all companies that have executed their PPA before January 1, 2019 from the requirements of IFRS 16.

3.18 Taxation

The Company's profits and gains from power generation are exempt from tax under clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company is also exempt from minimum tax on turnover under clause 11 A of part IV of the Second Schedule to the Income Tax Ordinance, 2001. However, the Company's income from other sources is subject to taxation.

3.19 Retirement and other service benefits obligations

3.19.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The intermediary holding company - Engro Corporation Limited, operates a defined contribution provident fund and a defined contribution gratuity fund in which the permanent employees of the Company are members. Monthly contributions are made both by the Company and employees to the fund at the rate of 10% of basic salary in case of provident fund and, only by the Company, at the rate of 8.33% of basic salary in case of gratuity fund.

3.20 Foreign currency transactions and translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period-end exchange rates are recognised in the statement of profit or loss, except as referred to in note 5.1.4.

3.21 Revenue recognition

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

- Capacity revenue is recognised based on the capacity made available to CPPA; and
- Energy revenue is recognised based on the Net Electrical Output (NEO) delivered to CPPA.

Capacity and Energy revenue is recognised overtime based on the rates determined under the mechanism laid down in the PPA. The payment is due 30 days after the acknowledgement of the invoice.

3.22 Interest on bank deposits and delayed payment income

Interest income on bank deposits and delayed payment income on overdue trade receivables is recognised on accrual basis.

(Amounts in thousand)

3.23 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

3.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.25 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Following are the significant areas where management used estimates and judgements, which are significant to the financial statements:

4.1 Property, plant and equipment and intangible assets

The Company reviews the appropriateness of the rates of depreciation / amortisation, useful lives and residual values used in the calculation of depreciation / amortisation on an annual basis. Further, if any indication exists, the Company makes an estimate of recoverable amount of assets for possible impairment.

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets, at net book value (note 5.1)
Capital work-in-progress (note 5.2)
Capital spares

	2021	2020
	-----Rupees-----	
Operating assets, at net book value (note 5.1)	11,506,079	12,223,338
Capital work-in-progress (note 5.2)	9,754	163,261
Capital spares	299,129	299,129
	11,814,962	12,685,728

(Amounts in thousand)

5.1 Operating assets

	Freehold land	Plant & machinery	Buildings & civil works	Furniture, fixtures and equipment	Vehicles	Total
-----Rupees-----						
As at January 1, 2020						
Cost	110,065	16,554,591	2,581,437	156,571	99,331	19,501,995
Accumulated depreciation	-	(5,611,132)	(738,962)	(127,496)	(90,242)	(6,567,832)
Net book value	110,065	10,943,459	1,842,475	29,075	9,089	12,934,163
Year ended December 31, 2020						
Opening net book value	110,065	10,943,459	1,842,475	29,075	9,089	12,934,163
Additions to operating assets:						
- Transfers from capital work-in-progress (note 5.2)	-	19,161	1,059	1,286	13,472	34,978
- Capitalisation adjustment for exchange loss (note 5.1.4)	-	52,546	-	-	-	52,546
Depreciation charge (note 5.1.2)	-	(710,154)	(78,983)	(8,716)	(496)	(798,349)
Closing net book value	110,065	10,305,012	1,764,551	21,645	22,065	12,223,338
As at December 31, 2020						
Cost	110,065	16,626,298	2,582,496	157,857	112,803	19,589,519
Accumulated depreciation	-	(6,321,286)	(817,945)	(136,212)	(90,738)	(7,366,181)
Net book value	110,065	10,305,012	1,764,551	21,645	22,065	12,223,338
Year ended December 31, 2021						
Opening net book value	110,065	10,305,012	1,764,551	21,645	22,065	12,223,338
Additions to operating assets:						
- Transfers from capital work-in-progress (note 5.2)	-	85,883	-	1,097	3,342	90,322
Asset written off (note 24)						
Cost	-	(18,866)	-	(28,708)	-	(47,574)
Accumulated depreciation	-	6,982	-	26,759	-	33,741
Disposal (note 5.1.1)						
Cost	-	-	-	-	(8,087)	(8,087)
Accumulated depreciation	-	-	-	-	692	692
Depreciation charge (note 5.1.2)	-	(698,297)	(79,045)	(7,684)	(1,327)	(786,353)
Closing net book value	110,065	9,680,714	1,685,506	13,109	16,685	11,506,079
As at December 31, 2021						
Cost	110,065	16,693,315	2,582,496	130,246	108,058	19,624,180
Accumulated depreciation	-	(7,012,601)	(896,990)	(117,137)	(91,373)	(8,118,101)
Net book value	110,065	9,680,714	1,685,506	13,109	16,685	11,506,079
Annual rate of depreciation		4% - 16%	2.5% - 8%	15% - 33%	19% - 23%	

(Amounts in thousand)

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

Description and mode of disposal	Sold to	Cost	Accumulated depreciation	Net Book Value	Sales Proceeds	Gain
-----Rupees-----						
By company policy	Rabia Wafah Khan	5,498	545	4,953	4,971	18
By company policy	Javed Kasbati	2,589	147	2,442	2,512	70
Total		8,087	692	7,395	7,483	88

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

	2021	2020
-----Rupees-----		
Cost of revenue (note 22)	784,551	797,143
Administrative expenses (note 23)	1,802	1,206
	786,353	798,349

5.1.3 The details of immovable fixed assets (i.e. land and buildings) are as follows:

Description of location	Address	Total area of land (Acres)
Power plant and associated buildings	Deh Belo Sanghari, Ghotki, Sindh	41.5
Colony land	Colony Road, Daharki, Ghotki, Sindh	16.4

5.1.4 The SECP, through its S.R.O. 986(1)/2019 dated September 2, 2019 partially modified its previously issued S.R.O. 24/(1)/2012 dated January 16, 2012 and granted exemption to all companies that have executed their power purchase agreements before January 1, 2019, from the application of IAS 21 'The Effects of Changes in Foreign Exchange Rates' to the extent of capitalisation of exchange differences. Accordingly, the Company capitalised exchange losses aggregating Rs. 52,546 in prior year arising on foreign currency borrowings to the cost of the related property, plant and equipment.

5.2 Capital work-in-progress

	Plant and machinery	Buildings and civil works	Furniture, fixtures and equipment	Vehicles	Intangible assets	Total
-----Rupees-----						
Year ended December 31, 2020						
Balance as at January 1, 2020	18,300	959	2,809	-	44,120	66,188
Additions / reclassifications during the year	56,893	100	1,006	13,472	61,732	133,203
Transferred to intangible assets (note 6)	-	-	-	-	(1,152)	(1,152)
Transferred to operating assets (note 5.1)	(19,161)	(1,059)	(1,286)	(13,472)	-	(34,978)
Balance as at December 31, 2020	56,032	-	2,529	-	104,700	163,261
Year ended December 31, 2021						
Balance as at January 1, 2021	56,032	-	2,529	-	104,700	163,261
Additions / reclassifications during the year	39,605	-	(1,432)	3,342	77,616	119,131
Transferred to intangible assets (note 6)	-	-	-	-	(182,316)	(182,316)
Transferred to operating assets (note 5.1)	(85,883)	-	(1,097)	(3,342)	-	(90,322)
Balance as at December 31, 2021	9,754	-	-	-	-	9,754

(Amounts in thousand)

6. INTANGIBLE ASSETS

	Computer software	Right to use infrastructure facilities (note 6.2)	Total
	-----Rupees-----		
As at January 1, 2020			
Cost	72,087	96,627	168,714
Accumulated amortisation	(59,400)	(40,663)	(100,063)
Net book value	12,687	55,964	68,651
Year ended December 31, 2020			
Opening net book value	12,687	55,964	68,651
Transfer from Capital			
work-in-progress (note 5.2)	1,152	-	1,152
Amortisation for the year (note 6.1)	(5,478)	(3,866)	(9,344)
Closing net book value	8,361	52,098	60,459
As at January 1, 2021			
Cost	73,239	96,627	169,866
Accumulated amortisation	(64,878)	(44,529)	(109,407)
Net book value	8,361	52,098	60,459
Year ended December 31, 2021			
Opening net book value	8,361	52,098	60,459
Transfer from Capital			
work-in-progress(note 5.2)	182,316	-	182,316
Assets written - off			
Cost	(22,417)	-	(22,417)
Accumulated amortisation	22,417	-	22,417
	-	-	-
Amortisation for the year (note 6.1)	(13,328)	(3,721)	(17,049)
Closing net book value	177,349	48,377	225,726
As at December 31, 2021			
Cost	233,138	96,627	329,765
Accumulated amortisation	(55,789)	(48,250)	(104,039)
Net book value	177,349	48,377	225,726
Amortisation rate (% per annum)	12.5%- 25%	4%	

(Amounts in thousand)

6.1 Amortisation charge for the year has been allocated as follows:

Cost of revenue (note 22)	9,434	8,700
Administrative expenses (note 23)	7,615	644
	17,049	9,344

6.2 Represents right to use Engro Fertilizers Limited's (an associated undertaking) various infrastructure facilities. This entitles the employees of the Company to full use of the Engro Fertilizers Limited's facilities. The amount paid by the Company is being amortised over 25 years.

7. LONG-TERM LOANS AND ADVANCES

	2021	2020
	-----Rupees-----	
Executives (notes 7.1, 7.2 and 7.3)	27,559	41,190
Less: Current portion shown under current assets (note 11)	(13,621)	(17,957)
Balance as at end of the year	13,938	23,233

7.1 Reconciliation of the carrying amount of loans and advances

Balance at beginning of the year	41,190	62,786
Add: Disbursements	11,037	-
Less: Repayments / amortisation	(24,668)	(21,596)
Balance at end of the year	27,559	41,190

7.2 Loans and advances include interest-free investment loan plan to executives amounting to Rs. 3,619 (2020: Rs. 4,584) repayable in equal monthly instalments over a three year period or in one lump sum at the end of such period. It also includes loans and advances amounting to Rs. 23,940 (2020: Rs. 36,606) for car earn out assistance, house rent, long-term incentive, retention loan and relocation assistance loans, as per the Company's policy.

7.3 Loans and advances include Nil (2020: Rs. 1,248) to key management personnel which are unsecured. The maximum amount outstanding at the end of any month in respect of these amounted to Rs. 804 (2020: Rs. 2,501).

8. INVENTORIES

	2021	2020
	-----Rupees-----	
High Speed Diesel (note 8.1)	74,465	374,493
Consumable stores	33,827	35,968
Spares	436,177	442,874
	544,469	853,335

8.1 This comprises High Speed Diesel (HSD) inventory required to be maintained for operating the power plant in case supply of gas is unavailable to the Company. As per clause (b) of section 5.14 of the PPA, the Company is required to maintain HSD inventory at a level sufficient for operating the power plant at full load for seven days. However, due to non-payment of dues in full by CPPA, the Company is maintaining a lower level of HSD inventory.

(Amounts in thousand)

9. TRADE DEBTS - secured

	2021	2020
	-----Rupees-----	
Receivable from CPPA - Considered good	11,842,552	7,040,059

9.1 Trade debts, including delayed payment charges (note 12), are secured by a guarantee from the GOP under the Implementation Agreement and as such are considered good.

9.2 Trade debts include:

- Rs. 2,100,081 (2020: Rs. 868,627) which is neither past due nor impaired; and
- Rs. 9,742,471 (2020: Rs. 6,171,432) which is overdue but not impaired. The overdue receivables carry mark-up at the rate of KIBOR plus 4.5% per annum. The ageing of overdue receivables is as follows:

	2021	2020
	-----Rupees-----	
Upto 3 months	2,629,654	1,252,682
3 to 6 months	2,240,679	1,024,761
More than 6 months	4,872,138	3,893,989
	9,742,471	6,171,432

10. SHORT-TERM INVESTMENTS - Amortised Cost

Treasury Bills (note 10.1)	49,179	49,321
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10.1 Investments have been made in conventional Treasury Bills in respect of maintenance reserve (note 15). These are due to mature on January 27, 2022 and carry mark-up at the rate of 8.46% (2020: 7.08%) per annum.

11. LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

	2021	2020
	-----Rupees-----	
Current portion of long-term loans and advances to executives - considered good (note 7)	13,621	17,957
Advances and deposits	2,050	5,075
Prepayments	75,633	80,986
	91,304	104,018

(Amounts in thousand)

12. OTHER RECEIVABLES - considered good

	2021	2020
	-----Rupees-----	
Delayed payment charges (notes 12.1 and 12.2)	2,175,702	3,838,111
Receivable from associated undertakings / related parties (note 12.3):		
- Engro Fertilizers Limited	-	1,074
- Engro Powergen Thar (Private) Limited	-	271
- Engro Polymer & Chemicals Limited	1,555	-
- Engro Energy Services Limited	102,573	33,665
- Engro Corporation Limited	11,980	-
	116,108	35,010
Reimbursable cost from CPPA in respect of:		
- Workers' profits participation fund (note 12.4)	355,098	406,421
- expenses	21,827	21,827
	376,925	428,248
Asset against take-or-pay (note 12.5)	-	204,286
Sales tax refundable	111,697	130,968
Others	23	7,649
	2,780,455	4,644,272

12.1 This represents mark-up on overdue trade debts, as referred to in note 9.2, of which Rs. 1,296,440 (2020: Rs. 2,736,248) is overdue.

12.2 The ageing of overdue delayed payment charges is as follows:

	2021	2020
	-----Rupees-----	
Upto 3 months	914,554	-
3 to 6 months	-	579,005
More than 6 months	381,886	2,157,243
	1,296,440	2,736,248

12.3 These receivables are unsecured and interest free. The maximum amount outstanding at the end of any month from related parties aggregated to Rs. 250,435 (2020: Rs. 179,819). None of the receivables are past due or impaired.

12.4 This includes outstanding invoiced amount of Rs. 170,219 (2020: Rs.131,434), which is overdue for more than 6 months.

12.5 This represents asset against take-or-pay cost in accordance with section 3.3 of the Gas supply agreement (GSA).

(Amounts in thousand)

13. BALANCES WITH BANKS

	2021	2020
	-----Rupees-----	
Current accounts:		
- Local currency	23,337	1,499
Deposit accounts:		
- Foreign currency (note 13.1)	2,488	4,340
- Local currency (notes 13.2)	18,612	5,242
Cheques in hand	-	1,960
	<u>44,437</u>	<u>13,041</u>

13.1 Foreign currency deposits carry return at the rate of 0.10% (2020: 0.10%) per annum.

13.2 Local currency deposits carry return at the rate of 5.75% (2020: 5.50%) per annum.

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

14. SHARE CAPITAL

14.1 Authorised Capital

2021	2020		2021	2020
----- (Number of Shares) -----			----- Rupees -----	
<u>330,000,000</u>	<u>330,000,000</u>	Ordinary shares of Rs. 10 each	<u>3,300,000</u>	<u>3,300,000</u>

14.1 Issued, subscribed and paid-up capital

2021	2020		2021	2020
----- (Number of Shares) -----			----- Rupees -----	
<u>323,800,000</u>	<u>323,800,000</u>	Ordinary shares of Rs. 10 each fully paid in cash	<u>3,238,000</u>	<u>3,238,000</u>

14.21 As at December 31, 2021, Engro Energy Limited, the Holding Company, held 223,050,000 (2020: 223,050,000) ordinary shares of the Company.

14.22 These ordinary shares carry one vote per share and right to dividend.

15. MAINTENANCE RESERVE

In accordance with the PPA, the Company is required to establish and maintain a separate reserve fund (the Fund) with a depository institution for payment of major maintenance expenses. Any interest income resulting from the depository arrangements of the Fund is to remain in the Fund to the extent of any shortfall from the contractual limit.

(Amounts in thousand)

Under the PPA, 1/24th of the annual operating and maintenance budget of the Power Plant less fuel expenses is required to be deposited into the Fund on each capacity payment date until such reserve equals to nine such deposits. After the second agreement year and thereafter the Fund may be re-established at such other level that the Company and CPPA mutually agree.

In 2012, the Company, due to uncertain cash flows resulting from delayed payments by CPPA has, as per flexibility available under the PPA, reduced the amount deposited in a schedule bank, which has been invested in Treasury Bills having a face value of Rs. 50,000 (2020: Rs 50,000) as at December 31, 2021 (note 10). Till such time the amount is deposited again to the required level, the Company has unutilised short term financing available to meet any unexpected maintenance requirement that may arise in the foreseeable future.

16. HEDGING RESERVE

The Company entered into exchange rate forward agreements in prior years with its bank to manage exchange rate exposure on repayments of its long-term borrowing and made gain on these covers. Under the aforementioned agreements the Company paid respective rates agreed at the initiation of the respective agreements on the settlement date.

17. OTHER PAYABLE

	2021	2020
	-----Rupees-----	
Gas Infrastructure Development Cess (GIDC) payable	2,775,636	3,295,495
Less: Current portion of GIDC payable (note 18)	(2,775,636)	(2,308,890)
	<u>-</u>	<u>986,605</u>

17.1 The Honorable Supreme Court of Pakistan ("SCP") through its judgement dated August 13, 2020 ("Judgement") declared that the levy imposed under the Gas Infrastructure Development Cess ("GIDC") Act, 2015 ("the Act") is valid and in accordance with the provisions of the Constitution of Pakistan 1973 ("the Constitution"). The SCP in its Judgement has issued the following directions:

- It restrained the Federal Government from charging further GIDC until such time that the GIDC already collected and accrued (but not yet collected), is expanded on the projects listed under the Act;

- All industrial and commercial entities which consume gas for their business activities pass on the burden to their customers, therefore, GIDC that has become due upto July 31, 2020, and has not been recovered so far, shall be recovered by the Companies responsible under the Act from their consumers;

- Gas companies responsible to collect GIDC under the Act should recover the unpaid GIDC (which has accrued but yet not collected) in twenty-four equal monthly installments starting from August 1, 2020, without the component of Late Payment Surcharge ("LPS"). The LPS shall only become payable for the delays that may occur in the payment of any of the twenty-four installments; and

- The Federal Government shall take all steps to commence work on the laying of the pipelines. In case, no work is carried out on the pipelines (in the manner and/or time specified in the Judgment), the purpose of levying GIDC shall be deemed to have been frustrated and the Act would become completely in-operational and considered dead for all intents and purposes.

In pursuance of the aforementioned decision, Sui Northern Gas Pipelines Limited has commenced invoicing of GIDC payable to the Company in 24 equal installments from August 2020. Considering the recent events and developments in GIDC case (including the Judgement), the Institute of Chartered

(Amounts in thousand)

Accountants of Pakistan released financial reporting guidance on the "Accounting of GIDC" via Circular No. 1/2021 dated January 19, 2021 which discusses key accounting considerations for gas consumer companies. Keeping in view the financial reporting guidance of ICAP and giving due consideration to the latest available information and the expected timing of the settlement (i.e. monthly instalment rather than lump sum amount), the Company had remeasured its previously undiscounted liability at its present value to incorporate the effect of time value of money arising from the expected settlement based on an instalment plan and had accordingly recognised remeasurement gain on liability for GIDC amounting to Rs.102,593 in prior year (note 26).

18. TRADE AND OTHER PAYABLES

	2021	2020
	-----Rupees-----	
Creditors	1,744,316	1,258,967
Accrued liabilities (note 18.1)	897,684	579,110
Current portion of GIDC payable (note 17)	2,775,636	2,308,890
Security deposits (note 18.2)	139	469
Payable to related parties:		
- Defined contribution funds maintained by Engro Corporation Limited	10,878	9,987
- Engro Corporation Limited	-	5,973
- Engro Vopak Terminal Limited	-	622
- Engro Energy Limited	73,728	40
- Engro Powergen Thar (Private) Limited	274	-
- Sindh Engro Coal Mining Company Limited	287	557
- Engro Fertilizers Limited	1,816	-
Provisions (note 18.3)	381,620	381,620
Contract liability (note 18.4)	386,101	637,126
Withholding tax payable	-	2,627
Workers' profits participation fund (note 18.5)	-	4,687
Deferred income (note 18.6)	160,000	-
	<u>6,432,479</u>	<u>5,190,675</u>

18.1 Includes accrual in respect of gas charges amounting to Rs. 602,625 (2020: Rs. 167,582).

18.2 The amount is kept in a separate bank account and not utilised in business in accordance with the requirements of section 217 of the Companies Act, 2017.

18.3 Movement in provision during the year:

	2021	2020
	-----Rupees-----	
Balance as at beginning of the year	381,620	429,002
Reversals during the year	-	(47,382)
Balance as at end of the year	<u>381,620</u>	<u>381,620</u>

These represent provisions recognised in respect of potential claims against the Company.

(Amounts in thousand)

18.4 This represents unrecognised revenue relating to 'Monthly Energy Shortfall' which CPPA is required to pay in the event net electrical output dispatched is lower than minimum monthly energy in accordance with Section 9.6 of the PPA. CPPA is entitled to dispatch of this undelivered and unexpired aggregate minimum energy shortfall in accordance with Section 9.2 of the PPA. Revenue recognised during the year also includes utilization of contract liability.

18.5. Workers' profits participation fund

	2021	2020
	-----Rupees-----	
Payable at the beginning of the year	4,687	26,860
Allocation for the year (note 27)	79,810	104,712
	<u>84,497</u>	<u>131,572</u>
Payments made during the year	-	-
Payable at the end of the year	(84,497)	(126,885)
	<u>-</u>	<u>4,687</u>

18.6 This represents amount receivable under TSA from EESL (note 1.5), which will be adjusted against actual expenditure in respect of planned maintenance in 2022.

19. SHORT-TERM BORROWINGS, secured

	2021	2020
	-----Rupees-----	
Finances under mark-up arrangements (notes 19.1 and 19.2)	<u>4,752,443</u>	<u>3,618,445</u>

19.1 The Company has Working Capital / Running Finance Facility Agreements with Allied Bank Limited, MCB Bank Limited, The Bank of Punjab, Soneri Bank Limited, Bank Alfalah and Habib Metropolitan Bank Limited under which Rs. 2,102,443 (2020: Rs. 3,119,087) have been utilised as at December 31, 2021. In addition, the Company has also utilised a money market loan facility with Allied Bank Limited & Pak Kuwait Investment Company (Private) Limited amounting to Rs. 2,650,000 (2020: 499,358) for a period of one year which has been extended upto April 2022. The Company also has a short term loan agreement with Allied Bank Limited amounting to Rs. 500,000 (2020: 500,000) under which Nil (2020: Nil) has been utilised as at year end.

19.2 The available facilities under these mark-up arrangements aggregate to Rs. 6,900,000 (2020: Rs. 6,900,000). The facilities carry mark-up at the rate of 1 - 3 month KIBOR plus 0.0% - 0.75% (2020: 1 - 3 month KIBOR plus 0.0% - 0.75%). The facilities are secured by (i) lien over Energy Purchase Price (EPP) account and charge over present and future receivables from the Power Purchaser in respect of EPP; and (ii) first charge over current assets of the Company and subordinated charge over present and future plant, machinery, equipment and other movable assets and immovable properties of the Company. The use of these facilities are restricted for payments of operations and maintenance cost of the power plant and payments to fuel suppliers against purchase of fuel.

(Amounts in thousand)

20. CONTINGENCIES AND COMMITMENTS

	2021	2020
	-----Rupees-----	
Contingent liabilities - guarantees (notes 20.1 and 20.2)	2,496,126	2,496,126
Commitments in respect of:		
- letter of credit (note 20.2)	45,781	20,303
-Others	11,301	488
	57,082	20,791

20.1 These represent bank guarantees given to SNGPL representing an amount equivalent to three months contractual quantities of gas in accordance with the terms of GSA between the Company and SNGPL.

20.2 The facilities for opening letters of credit and bank guarantees as at December 31, 2021 amounts to Rs. 2,596,126 (2020: Rs. 2,596,126) of which the amount remaining un-utilized as at year end was Rs. 54,219 (2020: Rs. 68,036).

20.3 As at December 31, 2021 and December 31, 2020, there are no contingent liabilities involving the Company.

21. REVENUE

	2021	2020
	-----Rupees-----	
Capacity purchase price	2,676,463	3,301,051
Energy purchase price	8,806,955	5,612,217
	11,483,418	8,913,268
Less: Sales tax (note 21.2)	1,279,643	815,450
	10,203,775	8,097,818

21.1 Revenue is from contract with Company's customer i.e. CPPA.

21.2 Sales tax of Rs.1,279,643 (2020: Rs. 815,450) relates to energy purchase price.

22. COST OF REVENUE

	2021	2020
	-----Rupees-----	
Gas and fuel oil consumed	6,748,910	4,404,545
Depreciation (note 5.1.2)	784,551	797,143
Amortisation (note 6.1)	9,434	8,700
Operation and maintenance expense (notes 22.1)	918,848	809,107
Salaries, wages and staff welfare (note 22.2)	56,494	36,456
Insurance	233,068	242,549
Travelling	2,222	1,658
Repairs and maintenance	4,808	7,125
Purchased services (note 22.3)	40,552	29,494
Security	5,011	5,004
Communication and other office expenses	16,860	17,114
	8,820,758	6,358,895

(Amounts in thousand)

22.1 The Company had entered into an operations and maintenance agreement with Engro Energy Services Limited (EESL) with effect from January 3, 2019 under the terms of which the Company had been obtaining services from EESL for operations of its plant in Ghotki. However, based on mutual consent, both companies decided to terminate the agreement from December 31, 2021. The Company will operate on self operations and maintenance mode effective January 1, 2022.

22.2 Salaries, wages and staff welfare include Rs. 6,029 (2020: Rs. 5,600) in respect of staff retirement benefits.

22.3 These represent charges for services rendered by Engro Corporation Limited, Engro Fertilizers Limited, Engro Energy Limited and other associated undertakings, under respective service agreements.

23. ADMINISTRATIVE EXPENSES

	2021	2020
	-----Rupees-----	
Salaries, wages and staff welfare (note 23.1)	79,704	42,414
Purchased services (note 22.3)	60,830	44,242
Communication and other office expenses	15,713	12,730
Depreciation (note 5.1.2)	1,802	1,206
Amortisation (note 6.1)	7,615	644
Travelling	2,356	2,488
	168,020	103,724

23.1 Salaries, wages and staff welfare include Rs. 9,043 (2020: Rs. 8,400) in respect of staff retirement benefits.

24. OTHER EXPENSES

	2021	2020
	-----Rupees-----	
Legal and professional services	26,828	35,413
Contributions for corporate social responsibility (note 24.1)	13,427	28,680
Auditor's remuneration (note 24.2)	2,326	2,257
Write-off of operating assets	13,833	-
	56,414	66,350

24.1 These include Rs. 11,500 (2020: Rs. 11,250) paid to Engro Foundation (an associated undertaking), Rs. 1,872 (2020: Rs. 9,954) paid to Engro Corporation Limited for reimbursement of salaries of Engro Corporation Limited employees rendering services to Engro Foundation, and Nil (2020: Rs. 6,000) for the construction of middle school. Ahsan Zafar Syed, the Company's director, is also a director in Engro Foundation.

(Amounts in thousand)

24.2 Auditor's remuneration

Fee for:
 - annual statutory audit
 - half yearly review
 - other services
 - taxation services
 - review of compliance with the Listed Companies
 (Code of Corporate Governance) Regulations, 2019
 Out of pocket expenses

	2021	2020
	-----Rupees-----	
	770	705
	225	210
	351	477
	725	622
	55	55
	200	188
	<u>2,326</u>	<u>2,257</u>

25. OTHER INCOME

Financial assets:

Exchange gain
 Reclassification of hedge to profit or loss
 Profit on treasury bills

Non-financial assets:

Gain on disposal of property, plant and equipment (note 5.1.1)

	2021	2020
	-----Rupees-----	
	140	133
	874	876
	2,988	78,672
	88	-
	<u>4,090</u>	<u>79,681</u>

26. FINANCE INCOME - NET

Interest income on bank deposits
 Delayed payment charges - overdue trade debts
 Remeasurement gain on GIDC payable (note 17)

Less:

Interest / mark-up on:

- long-term borrowing
 - short-term borrowings

Amortisation of transaction cost

Unwinding of GIDC liability

Financial / bank charges

	2021	2020
	-----Rupees-----	
	5,245	11,289
	1,072,638	1,353,049
	-	102,593
	<u>1,077,883</u>	<u>1,466,931</u>
	-	(20,766)
	(320,594)	(442,992)
	-	(6,768)
	(102,593)	-
	(221,167)	(550,690)
	<u>(644,354)</u>	<u>(1,021,216)</u>
	<u>433,529</u>	<u>445,715</u>

26.1 Interest / mark-up on borrowings is based on conventional banking terms.

(Amounts in thousand except for earnings per share)

27. WORKERS' PROFITS PARTICIPATION FUND

Provision for Workers' profits participation fund (note 18.5)
 Recoverable from CPPA

	2021	2020
	-----Rupees-----	
	79,810	104,712
	(79,810)	(104,712)
	<u>-</u>	<u>-</u>

27.1 The Company is required to pay 5% of its profit to the Workers' Profits Participation Fund. However, such payment will not effect the Company's overall profitability as this is recoverable from CPPA as a pass through item under Schedule I Part IV of the PPA.

28. TAXATION - current

For the year

	2021	2020
	-----Rupees-----	
	1,895	15,075

28.1 Represents tax at the rate of 29% and 12.5% (2020: 29% and 15%) on bank profits and capital gains, respectively as per the requirements of the Income Tax Ordinance, 2001. Accordingly, no tax reconciliation is presented. The Company computes tax provisions based on the generally accepted interpretations of tax laws to ensure that sufficient provision for the purpose of taxation is available.

29. EARNINGS PER SHARE

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

Profit for the year

Weighted average number of ordinary shares (in thousand)

Earnings per share - basic and diluted

	2021	2020
	-----Rupees-----	
	1,594,307	2,079,170
	-----Number of Shares-----	
	323,800	323,800
	-----Rupees-----	
	4.92	6.42

(Amounts in thousand)

30. CASH GENERATED FROM OPERATIONS

	2021	2020
	-----Rupees-----	
Profit before taxation	1,596,202	2,094,245
Adjustment for non-cash charges and other items:		
- Depreciation (note 5.1.2)	786,353	798,349
- Amortisation (note 6.1)	17,049	9,344
- Provisions (note 18.3)	-	(47,382)
- Write-off of operating assets (note 24)	13,833	-
- Reclassification of hedge to profit and loss (note 25)	(874)	(876)
- Profit on treasury bills (note 25)	(2,988)	(78,672)
- Gain on disposal of property, plant and equipment (note 25)	(88)	-
- Amortisation of transaction cost	-	6,768
- Interest income (note 26)	(5,245)	(11,289)
- Remeasurement gain on GIDC payable (note 26)	-	(102,593)
- Unwinding of GIDC liability (note 26)	102,593	-
- Finance cost (note 26)	320,594	463,758
Working capital changes (note 30.1)	(2,468,826)	(722,819)
	<u>358,603</u>	<u>2,408,833</u>

30.1 Working capital changes

	2021	2020
	-----Rupees-----	
Decrease / (increase) in current assets:		
Inventories	308,866	9,848
Trade debts	(4,802,493)	2,766,638
Advances, deposits, prepayments - net	8,378	(890)
Other receivables	1,863,817	(1,418,831)
	<u>(2,621,432)</u>	<u>1,356,765</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	152,606	(2,079,584)
	<u>(2,468,826)</u>	<u>(722,819)</u>

31. CASH AND CASH EQUIVALENTS

	2021	2020
	-----Rupees-----	
Balances with banks (note 13)	44,437	13,041
Short-term borrowings (note 19)	(4,752,443)	(3,618,445)
	<u>(4,708,006)</u>	<u>(3,605,404)</u>

(Amounts in thousand)

32. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	2021		2020			
	Directors	Executives	Directors	Executives		
	Chief Executive Officer	Others	Chief Executive Officer	Others		
	-----Rupees-----					
Managerial remuneration	8,635	-	33,256	7,679	-	36,793
Contribution for staff retirement benefits	1,900	-	3,799	1,185	-	2,098
Bonus	10,289	-	29,709	6,200	-	6,175
Other benefits	1,324	-	5,086	1,698	-	1,715
Fees for attending meetings	-	1,550	-	-	1,800	-
Total	<u>22,148</u>	<u>1,550</u>	<u>71,850</u>	<u>16,762</u>	<u>1,800</u>	<u>46,781</u>
Number of persons, including those who worked part of the year	<u>1</u>	<u>4</u>	<u>13</u>	<u>1</u>	<u>4</u>	<u>13</u>

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

33. FINANCIAL INSTRUMENTS BY CATEGORY

33.1 Financial assets as per statement of financial position

	2021	2020
	-----Rupees-----	
- Financial assets at amortized cost		
Long term deposits	2,574	2,574
Loans, advances and deposits	24,854	39,866
Trade debts	11,842,552	7,040,059
Short-term investments	49,179	49,321
Other receivables	2,668,758	4,309,018
Balances with banks	44,437	13,041
	<u>14,632,354</u>	<u>11,453,879</u>

(Amounts in thousand)

33.2 Financial liabilities as per statement of financial position

- Financial liabilities at amortized cost

	2021	2020
	-----Rupees-----	
Short-term borrowings	4,752,443	3,618,445
Other payable	2,775,636	3,295,495
Trade and other payables	2,718,244	1,845,738
Unclaimed / unpaid dividend	20,589	22,575
Accrued interest / mark-up	61,319	55,268
	<u>10,328,231</u>	<u>8,837,521</u>

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

34.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's Finance and Planning department under policies approved by the Board of Directors of the Company.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risks exists due to the Company's exposure resulting from outstanding import payments and bank deposits maintained in foreign currency accounts.

The Company is not materially exposed to currency risk as at reporting date. Moreover, the Company's exposure to currency risk is limited as the fluctuation in foreign exchange rates are recovered through adjustment in tariff as per the Power Purchase Agreement.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk primarily arises from borrowings and interest bearing financial assets such as investments, over due receivables and payables. These are benchmarked to variable rates which expose the Company to cash flow interest rate risk. As at reporting date, the Company is not materially exposed to interest rate risk based on net exposure.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at reporting date, the Company is not materially exposed to other price risk.

(Amounts in thousand)

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk arises from deposits with banks and financial institutions, trade debts, loans, deposits, bank guarantees and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The maximum exposure to credit risk is equal to the carrying amount of financial assets. The Company maintains an internal policy to place funds with commercial banks having a minimum short-term credit rating of A1. The Company accepts bank guarantees of banks of reasonably high credit ratings as approved by the management. Trade debts, including delayed payment charges are secured by a sovereign guarantee from the Government of Pakistan.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	2021	2020
	-----Rupees-----	
Long-term deposits	2,574	2,574
Loans, advances and deposits	24,854	39,866
Trade debts	2,100,081	868,627
Short-term investments	49,179	49,321
Other receivables	1,202,099	1,441,336
Balances with banks	44,437	13,041
	<u>3,423,224</u>	<u>2,414,765</u>

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

	2021	2020
	-----Rupees-----	
Trade debts	9,742,471	6,171,432
Other receivables	1,466,659	2,867,682
	<u>11,209,130</u>	<u>9,039,114</u>

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

(Amounts in thousand)

Name of bank / financial institutions	Rating agency	Rating	
		Short-term	Long-term
Allied Bank Limited	PACRA	A1+	AAA
Bank of Punjab	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
Soneri Bank Limited	PACRA	A1+	AA-
Al Baraka Bank (Pakistan) Limited	PACRA	A1	A
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA+
National Bank of Pakistan	PACRA	A1+	AAA
Faysal Bank Limited	PACRA	A1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+

c) Liquidity risk

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

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

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. All financial liabilities of the Company are payable within one year.

The Company manages liquidity risk by keeping committed credit lines and borrowing facilities available at all times and by delaying payments to its suppliers. Details of borrowing facilities have been provided in notes 19.1 and 19.2.

35. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As at December 31, 2021 and December 31, 2020, the fair values of all assets and liabilities reflected in the financial statements approximate the carrying amounts.

36. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

(Amounts in thousand)

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To manage its capital structure, the Company may issue shares or use dividend policy to influence the retention rate.

The management at all times seeks to earn returns higher than its weighted average cost of capital, by increasing efficiencies in operations, so as to increase profitability.

The proportion of debt to equity at the year end was:

	2021	2020
	-----Rupees-----	
Short term borrowings (note 19)	4,752,443	3,618,445
Less: Balances with banks (note 13)	(44,437)	(13,041)
Net debt	4,708,006	3,605,404
Total equity	16,177,808	15,636,726
Total capital	20,885,814	19,242,130
Gearing ratio	0.23	0.19

37. NUMBER OF EMPLOYEES

	Total number of employees		Average number of employees	
	2021	2020	2021	2020
Management employees	15	14	15	14

38. CAPACITY AND PRODUCTION

	2021	2020
	-----Rupees-----	
Maximum generation possible	1,862,519	1,865,859
Declared capacity billed	1,862,519	1,860,213
Net electrical output	851,197	550,415

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

39. TRANSACTIONS WITH RELATED PARTIES

39.1 The following are the names of related parties and associated undertakings with whom the Company had entered into transactions or had agreements and/or arrangements in place during the year:

(Amounts in thousand)

Name of Related parties	Direct Shareholding	Relationship
Engro Energy Limited	68.89%	Parent Company
Engro Corporation Limited	N/A	Common directorship / intermediary holding company
Engro Fertilizers Limited	N/A	Common directorship
Engro Energy Services Limited	N/A	Common directorship
Engro Powergen Thar (Private) Limited	N/A	Common directorship
Engro Vopak Terminal Limited	N/A	Common directorship
Engro Polymer and Chemicals Limited	N/A	Common directorship
Engro Foundation	N/A	Common directorship
Retirement benefit funds:		
Engro Corporation Limited - Provident Fund	N/A	Post employment benefits
Engro Corporation Limited - MPT Employees Gratuity Fund	N/A	Post employment benefits
Shahab Qader	N/A	Chief Executive Officer
Shabbir Hashmi	N/A	Director
Ahsan Zafar Syed	N/A	Director
Farooq Barkat Ali	N/A	Director
Vaqar Zakaria	N/A	Director
Fauzia Viqar	N/A	Director
Kaiser Bengali	N/A	Director
Rabia Wafah Khan	N/A	Ex - Key management personnel
Ali Athar	N/A	Ex - Key management personnel

39.2 Details of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Nature of relationship	Nature of transactions	2021	2020
		-----Rupees-----	
Holding companies	Reimbursement of expenses:		
	- incurred for the Company	215,993	166,195
	- incurred by the Company	58,818	41,353
	Contribution for Corporate Social Responsibility (CSR) activities	1,872	9,954
	Loan received	3,000,000	-
	Loan repaid	3,000,000	-
	Finance cost	29,094	-
	Dividend	724,913	278,813

(Amounts in thousand)

Nature of relationship	Nature of transactions	2021	2020
		-----Rupees-----	
Associated companies	Reimbursement of expenses:		
	- incurred for the Company	26,649	2,271
	- incurred by the Company	69,464	72,408
	Operation and maintenance fee	1,045,909	914,515
	Settlement fee under TSA	160,000	-
Key management personnel	Contribution for Corporate Social Responsibility (CSR) activities	11,500	11,250
	Managerial remuneration, including bonuses and other benefits	32,798	11,189
	Contribution / Charge for retirement benefit schemes	2,442	1,746
	Directors fee	1,550	1,800
Staff retirement benefits	Managed and operated by Engro Corporation Limited		
	- Gratuity fund	3,951	3,601
	- Provident fund	11,121	10,399

40. NON ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors in its meeting held on February 08, 2022 has proposed a final cash dividend of Rs. 6 per share for the year ended December 31, 2021 amounting to Rs. 1,942,800 for approval of the members at the Annual General Meeting to be held on March 22, 2022.

41. CORRESPONDING FIGURES

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

Description	Reclassified		Amount (Rupees)
	From	To	
Capital spares	Operating assets	Capital spares	29,366

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 08, 2022 by the Board of Directors of the Company.

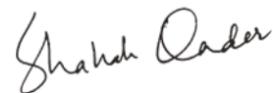
43. GENERAL

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

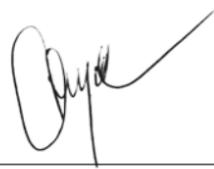
annexure



Chief Financial Officer



Chief Executive Officer



Director

glossary

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

proxy form

I/We _____
of _____ being a member of ENGRO POWERGEN
QADIRPUR LIMITED and holder of _____
(Number of Shares)

Ordinary shares as per share Register Folio No. _____ and/or CDC
Participant I.D. No. _____ and Sub Account No. _____ hereby appoint
_____ of _____ or failing him/her
_____ of _____

as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the
Company to be held on the 22nd day of March, 2022 and at any adjournment thereof.

Signed this _____ day of _____ 2022.

WITNESSES:

1) Signature : _____
Name : _____
Address : _____
CNIC or : _____
Passport No : _____

2) Signature : _____
Name : _____
Address : _____
CNIC or : _____
Passport No : _____

Signature
Signature should agree with the
specimen registered with the
Company

Note: Proxies in order to be effective, must be received by the Company not less than 48 hours before
the meeting. A Proxy need not be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their
Computerized National Identity Card or Passport with this proxy form before submission to the
Company.

standard request form

Circulation of Annual Audited Accounts

The Share Registrar
Engro Powergen Qadirpur Ltd.
FAMCO Associates (Pvt.) Ltd.
8-F, Near Hotel Faran
Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal
KARACHI.
E-mail: info.shares@famco.com.pk
Telephone No. (9221) 3438 0101-5, 3438 4621-3

Date: _____

Dear Sirs,
Subject: Request for Hard Copy of Annual Report of Engro Powergen Qadirpur Limited.

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

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

Yours truly,

Shareholder's Signature

Copy to:
Company Secretary
Engro Powergen Qadirpur Ltd.
16th Floor, The Harbour Front, Dolmen City
HC-3, Block 4, Clifton, Karachi-75600.
E-mail: agm.epql@engro.com

compliance with ICAP's BCR

2021 Evaluation Criteria

ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT What does the organization do and circumstances under which it operates		
1.01	Principal business activities and markets local and international including key brands, products and services.	8
1.02	Geographical location and address of all business units including sales units and plants.	7
1.03	Mission, vision, code of conduct, culture, ethics and values.	10 & 11
1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Also name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	13 to 15
1.05	Organization chart indicating functional and administrative reporting, presented with legends.	20
1.06	Identification of the key elements of the business model of the company through simple diagram supported by a clear explanation of the relevance of those elements to the organization. (The key elements of business model are Inputs, Business activities, Outputs and Outcomes).	72 & 73
1.07	Key quantitative information (Number of persons employed as on the date of financial statements and average number of employees during the year, separately disclosing factory employees).	171
1.08	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain. (This disclosure shall be provided by the companies in service and non-service sector organizations through graphical presentation).	69
1.09	Significant factors effecting the external environment and the associated organization's response (external environment includes commercial, political, economic, social, technological, environmental and legal environment). Also describe the effect of seasonality on business in terms of production and sales.	59 & 60
1.10	Significant changes from prior years (regarding the information disclosed in this section).	75
1.11	Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	75
1.12	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	106

STRATEGY AND RESOURCE ALLOCATION Where does the organization want to go and how does it intend to get there		
2.01	Short, medium and long term strategic objectives.	74
2.02	Strategies in place or intended to be implemented to achieve those strategic objectives.	74 & 75
2.03	Resource allocation plans to implement the strategy and financial capital structure.	74 & 75
2.04	The effect of technological change, societal issues such as (population and demographic changes, human rights, health, poverty, collective values and educational systems), environmental challenges, such as climate change, the loss of ecosystems, and resource shortages, on the company strategy and resource allocation.	59 & 60
2.05	Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues.	61 to 66
2.06	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	60
2.07	Strategy to overcome liquidity problem and the company's plan to manage its repayment of debts and meet operational losses.	74 & 75
2.08	Significant plans and decisions such as corporate restructuring, business expansion and discontinuance of operations etc.	74 & 75
2.09	Significant changes in objectives and strategies from prior years.	74
RISKS AND OPPORTUNITIES Specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how it is dealing with them		
3.01	Key risks and opportunities effecting availability, quality and affordability of CAPITALS in the short, medium and long term.	61 to 66
3.02	Description of the Risk Management Framework including risk management methodology.	61
3.03	Sources of risks and opportunities (internal and external).	61, 62, 64 & 65
3.04	The initiatives taken by the company in promoting and enabling innovation.	61 to 66
3.05	Assessment of the 'likelihood' that the risk or opportunity will come to fruition and the 'magnitude' of its effect if it does.	64 & 65
3.06	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	64 to 66
3.07	Board's efforts for determining the establishing risk management policies. company's level of risk tolerance by establishing risk management policies.	61 to 63
3.08	A statement from the board of directors that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	50 & 61
3.09	Inadequacy in the capital structure and plans to address such inadequacy.	N/A

GOVERNANCE		
How does the organization's governance structure support its ability to create value in the short, medium and long term		
4.01	4.01 Board composition: a) Leadership structure of those charged with governance. b) Name of independent directors indicating justification for their independence. c) Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc.	26 to 30
4.02	Review Report by the Chairman of the company on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	54 & 55
4.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	38 & 39
4.04	Shariah Advisor Report and Profile of the Shariah Advisor / Members' of the Shariah Board.	N/A
4.05	Annual evaluation of performance, along with description of criteria used for the members of the board and its committees, CEO and the Chairman.	37
4.06	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	37 & 38
4.07	Details of formal orientation courses for directors.	36
4.08	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year.	47
4.09	Description of external oversight of various functions like systems audit / internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	N/A
4.10	a) Policy for remuneration to non-executive directors including independent directors. b) Policy of retention of board fee by the executive director earned by him against his services as non-executive director in other companies.	36
4.11	Policy for security clearance of foreign directors.	38
4.12	How the organization's implemented governance practices exceeding legal requirements.	43
4.13	Board's policy on diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.	37
4.14	No. of companies in which the executive director of the reporting organization is serving as non-executive director.	26 to 30
4.15	a) Names of related parties in Pakistan and outside Pakistan, with whom the company arrangements in place during the financial year, along with the basis of relationship describing common directorship and percentage of shareholding. b) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement. c) Approved policy for related party transactions including policy for disclosure of interest by directors in this regard.	39, 172 & 173

GOVERNANCE		
How does the organization's governance structure support its ability to create value in the short, medium and long term		
4.16	Details of board meetings held outside Pakistan during the year.	38
4.17	Disclosure of policy for actual and perceived conflicts of interest relating to members of the board of directors and a disclosure that how such a conflict is managed and monitored.	39
4.18	Investors' grievance policy.	39
4.19	Policy for safety records of the company.	40
4.20	Disclosure of IT Governance Policy.	40
4.21	Disclosure of Whistle blowing policy established to receive, handle complains in a fair and transparent manner and providing protection to the complainant against victimization, and disclosure of the number of such incidences reported to the Audit Committee during the year.	40
4.22	Human resource management policies including preparation of a succession plan.	41
4.23	Social and environmental responsibility policy.	41 & 42
4.24	Review by the board of the organization's business continuity plan or disaster recovery plan.	42
4.25	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	42
4.26	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	42
4.27	A brief description about role of the Chairman and the CEO.	36
4.28	Shares held by Sponsors / Directors / Executives.	122
4.29	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	34
4.30	Timely Communication Date of authorization of financial statements by the board of directors: within 40 days ---6 marks within 60 days ---3 marks	8 Feb 2022
4.31	Audit Committee Report should describe the work of the committee in discharging its responsibilities. The report should include: a) Composition of the committee with at least one member qualified as "financially literate and all members are non-executive / Independent directors including the Chairman of the Audit Committee. b) Role of the committee in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed with details where particular attention was paid in this regard. c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure. d) Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance.	49 to 51

GOVERNANCE How does the organization's governance structure support its ability to create value in the short, medium and long term		
	<p>e) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures.</p> <p>f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length of tenure of the current statutory auditor; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded.</p> <p>g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported.</p> <p>h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information for shareholders to assess the company's position and performance, business model and strategy.</p> <p>i) Results of the self-evaluation of the Audit Committee carried out of its own performance.</p>	49 to 51
4.32	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities and matters within the scope of the Audit Committee's responsibilities.	Chairman was present at the AGM
4.32	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, it should be disclosed if it has any other connection with the company.	No external search consultancy was used
4.34	Chairman's significant commitments and any changes thereto.	26
4.35	Disclosure about the Government of Pakistan policies related to company's business/sector in Directors' Report and their impact on the company business and performance.	76 & 77
4.36	Pandemic Recovery Plan by the management and policy statement.	42
PERFORMANCE AND POSITION To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals		
5.01	<p>Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between:</p> <p>(a) Past and current performance; and</p> <p>(b) Performance against targets /budget</p> <p>(c) Objectives to assess stewardship of management.</p> <p>The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits.</p> <p>Note: Analysis of non-financial performance shall be presented for material non-financial KPIs relevant for the business and stakeholders around other forms of capitals as mentioned under International Integrated Reporting Framework <IR>, i.e. human capital, manufactured capital, intellectual capital, social and relationship capital and natural capital. Inspiration can also be taken from the Specific Standard Disclosures of G4 Guidelines of the Global Reporting Initiative (GRI) for measurement and reporting on non-financial KPIs.</p>	84 to 101

PERFORMANCE AND POSITION To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals		
5.02	<p>Analysis of financial statements:</p> <p>a) Financial Ratios (Refer Annexure 'I')</p> <p>b) DuPont Analysis</p> <p>c) Free Cash Flow</p> <p>d) Economic Value Added (EVA)</p>	94 102
5.03	Combined analysis both vertical and horizontal of the Balance Sheet and Profit and Loss Account for last 6 years.	86 to 91
5.04	Summary of Cash Flow Statement for last 6 years.	92
5.05	Graphical presentation of the Balance Sheet, Profit & Loss Account and analysis in 5.02, 5.03 and 5.04 above.	95 to 101
5.06	Explanation of negative change in the performance against prior year including analysis of variation in results reported in interim reports with the final accounts, including comments on the results disclosed as per 5.02, 5.03 and 5.04 above.	84 & 85
5.07	Information about defaults in payment of any debts and reasons thereof period.	N/A
5.08	Methods and assumptions used in compiling the indicators.	PBS, PSX, SBP and external sources
5.09	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	93
5.10	Segmental review of business performance.	N/A
5.11	Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning.	103
5.12	History of major events during the year.	16, 76 & 77
5.13	Business rationale of major capital expenditure /projects during the year and for those planned for next year.	161
5.14	<p>Brief description and reasons;</p> <p>a) For not declaring dividend despite earning profits and future prospects of dividend.</p> <p>b) Where any payment on account of taxes, duties, levies etc. is overdue or outstanding.</p>	79 N/A
5.15	CEO presentation video on the organization's website explaining the business overview, performance, strategy and outlook. (Please provide reference / web link on company's annual report).	7
OUTLOOK Challenges and uncertainties that the organization is likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance		
6.01	<p>Forward looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the entity's resources, revenues and operations in the short, medium and long term.</p> <p>Also explaining the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and how it will affect the organization in terms of its business performance, strategic objectives and availability, quality and affordability of capitals.</p>	66, 76 & 77

OUTLOOK Challenges and uncertainties that the organization is likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance		
6.02	Explanation as to how the performance of the entity meets the forward looking disclosures made in the previous year.	76 & 77
6.03	Status of the projects in progress and were disclosed in the forward looking statement in the previous year.	N/A
6.04	Sources of information and assumptions used for projections / forecasts in the forward looking statement and assistance taken by any external consultant.	N/A
6.05	How the organization is currently equipped in responding to the critical challenges and uncertainties that are likely to arise.	106
STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT State of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests		
7.01	How the company has identified its stakeholders.	105
7.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the entity, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees and g) Analysts.	105
7.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	43
7.04	Investors' Relations section on the corporate website.	43
7.05	Issues raised in the last AGM, decisions taken and their implementation status.	43
7.06	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration b) Government as taxes (separately direct and indirect) c) Shareholders as dividends d) Providers of financial capital as financial charges e) Society as donation; and f) Retained within the business	104
7.07	Stakeholders engagement policy and steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	43
7.08	Highlights about redressal of investors' complaints.	39

SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS		
1	Fair value of Property, Plant and Equipment.	N/A
2	Segment analysis of segment revenue, segment results and profit before tax.	N/A
3	Reconciliation of weighted average number of shares for calculating EPS and diluted EPS.	165
4	Particulars of significant/ material assets and immovable property including location and area of land.	153
5	Disclosure of product wise data mentioning, product revenue, profit etc.	N/A
6	Disclosure of discounts on revenue.	N/A
7	Sector wise analysis of deposits and advances.	N/A
8	Complete set of financial statements (Balance sheet, Income statement & Cash flow) for Islamic banking operations.	N/A
9	Status for adoption of Islamic Financial Accounting Standards (IFAS) issued by the ICAP.	N/A
10	Summary of significant transactions and events that have affected the company's financial position and performance during the year.	143 & 144
11	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	N/A
12	Distribution of shareholders (Number of shares as well as category wise, e.g. Promoter, Directors/Executives or close family member of Directors/Executives etc.).	122 to 125
13	Particulars of major foreign shareholders, other than natural person, holding more than 5% of paid up capital in the company in Pattern of Shareholding.	122 & 123
14	Particulars where company has given loans or advances or has made investments in foreign companies or undertakings.	N/A
15	Accounts Receivable in respect of Export Sales - Name of company or undertaking in case of related party and in case of default brief description of any legal action taken against the defaulting parties.	156
16	Treasury shares in respect of issued share capital of a company.	N/A
17	In describing legal proceedings, under any court, agency or government authority, whether local or foreign, include name of the court, agency or authority in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis of the proceeding and the relief sought.	162
18	Management assessment of sufficiency of tax provision made in the company's financial statements shall be stated along with comparisons of tax provision as per accounts vis a vis tax assessment for last three years.	N/A
19	Income tax reconciliation as required by IFRS and applicable tax regime for the year.	165
20	In respect of loans and advances, other than those to the suppliers of goods or services, the name of the borrower and terms of repayment if the loan or advance exceeds rupees one million, together with the collateral security, if any.	N/A
21	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	163
22	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s) implementation of plans as disclosed in the prospectus/offering document with regards to utilization of proceeds raised till full implementation of such plans.	N/A

SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS		
23	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	N/A
24	Standards, amendments and interpretations adopted during the current year along with their impact on the company's financial statements.	144
25	Standards, amendments and interpretations, not yet effective and not adopted along with their impact on the company's financial statements.	145
SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY		
9.01	Highlights of the entity's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and corporate social responsibility (including environment related obligation applicable on the company and initiatives taken to fulfil during the year and company's responsibility towards the staff, their health & safety).	108 to 115
9.02	Certifications acquired and international standards adopted for best sustainability and CSR practices.	112
BUSINESS MODEL		
Business model is a system of transforming inputs, through business activities, into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the short, medium and long term		
10.01	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework <IR>.	72 & 73
STRIVING FOR EXCELLENCE IN CORPORATE REPORTING		
11.01	Statement by management of unreserved compliance of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).	43
11.02	Adoption of International Integrated Reporting Framework <IR> by fully applying the 'Fundamental Concepts' and 'Guiding Principles' of <IR> into their corporate reporting in addition to the 'Content Elements' (disclosures) of <IR>, as covered in this criteria.	EPQL is committed to adopt International Integrated Reporting Framework
11.03	Disclosures beyond BCR criteria	N/A
ASSESSMENT BASED ON QUALITATIVE FACTORS		
12.01	Qualitative Assessment of Annual Report	N/A
OTHERS		
13.01	BCR criteria cross referred with page numbers of the annual report.	N/A
13.02	Brief about contents, scope, and boundaries of the annual report.	1 to 3
13.03	SWOT analysis	70
DISCLOSURES BEYOND BCR CRITERIA		
	Approach of Governance / Functional Committees / Internal Control Framework	32 & 33 / 35 / 45

پراکسی فارم

میں / ہم _____ اینٹروپاورجن قادر پور لمیٹڈ کے ممبر کی حیثیت سے _____ شیئر رجسٹر اوفیو نمبر _____ اور ایسی ڈی سی پارٹی سپنٹ آئی ڈی نمبر _____ اور سب اکاؤنٹ نمبر _____ میں / ہم یہاں عمومی شیئرز کی تحویل رکھتا ہوں _____ کو 22 مارچ 2022 کو ہونے والے سالانہ اجلاس یا ملتوی ہونے کی صورت میں دیگر تاریخ پر اپنی / ہماری غیر موجودگی میں شرکت اور ووٹ دینے کے لیے اپنا / ہمارا پراکسی مقرر کرتا / کرتے ہیں۔

اس پر دستخط کئے _____، بتاریخ، _____ 2022

دستخط

دستخط کمپنی میں رجسٹرڈ دستخط کے نمونے جیسے ہونے چاہئیں۔

گواہان

دستخط _____

دستخط: _____

نام: _____

نام: _____

ایڈریس _____

ایڈریس _____

سی این آئی سی / پاسپورٹ نمبر _____

سی این آئی سی / پاسپورٹ نمبر _____

نوٹ:

پراکسی کے موثر ہونے کے لیے پراکسی فارم کا اجلاس عام سے کم از کم 48 گھنٹے قبل کمپنی میں موصول ہونا لازمی ہے۔ پراکسی کے لیے کمپنی کا ممبر ہونا ضروری ہے۔

سی ڈی سی شیئر ہولڈرز اور ان کے پراکسی سے درخواست کی جاتی ہے کہ وہ کمپنی میں پراکسی فارم جمع کرانے سے قبل اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل منسلک کریں۔



- 4- مالیاتی گوشواروں کی تیاری پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کے تحت کی جاتی ہے اور کسی قسم کے انحراف کو واضح کیا جاتا ہے۔
- 5- انٹرنل کنٹرول کا سسٹم بہترین ہے اور اس پر موثر انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔
- 6- کمپنی کے استحکام اور آگے بڑھنے کی صلاحیت پر کسی بھی شک و شبہ کی کوئی گنجائش نہیں۔
- 7- کارپوریٹ گورننس کی کارروائیوں سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔ جیسا کہ سڈر گولڈ ریکولیشنز میں تفصیل ہے۔

بورڈ کے اجلاس اور حاضری

2021 میں، بورڈ آف ڈائریکٹرز 7 اجلاس منعقد کئے۔ جس میں ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں شرکت
جناب احسن ظفر سید	7
جناب شہاب قادر	7
جناب شبیر ہاشمی	7
جناب وقار زکریا	5
جناب قیصر بنگالی	7
جناب فوزیہ وقار	7
جناب فاروق برکت علی	7

2021 میں، بورڈ آڈٹ کمیٹی کے 4 اجلاس منعقد کئے۔ جس میں ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں شرکت
جناب قیصر بنگالی	4
جناب شبیر ہاشمی	4
جناب فاروق برکت علی	4

2021 میں، بورڈ پیپلز کمیٹی کا ایک اجلاس منعقد کیا گیا۔ جس میں ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں شرکت
جناب فوزیہ وقار	1
جناب شہاب قادر	1
جناب وقار زکریا	1
جناب احسن ظفر سید	1

Shahab Qader

شہاب قادر
چیف ایگزیکٹو آفیسر

Chaudhry

احسن ظفر سید
چیرمین

8 فروری 2022

ریٹائرمنٹ فنڈ*	اینگروکار پوریشن لمیٹڈ پروویڈنٹ فنڈ 1	اینگروکار پوریشن لمیٹڈ گریجویٹ فنڈ 1
	31 دسمبر 2021	31 دسمبر 2021
	روپے بلین میں	
نوٹل اثاثہ جات	3,182	5,069
سیونگ اسٹیکز	1,076	1,556
گورنمنٹ سیکورٹیز	729	1,461
لسٹڈ سیکورٹیز	832	1,721
بینک بیلنس اور ٹرم ڈپازٹ رسٹپس	507	179
دیگر	38	152
نوٹل	3,182	5,069

* غیر آڈٹ شدہ

1: رقم میں دیگر اینگریوڈیبل اداروں کے بقایا جات شامل ہیں اور انہیں اینگریوکار پوریشن کی جانب سے مرکزی طور پر منظم کیا جاتا ہے۔

31 دسمبر 2021 کے مطابق بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کی تشکیل

1- درج ذیل کے مطابق ڈائریکٹرز کی کل تعداد 7 ہے:

الف: مرد 6

ب: خواتین 1

2- بورڈ آف ڈائریکٹرز کی تشکیل درج ذیل ہے:

الف، آزاد ڈائریکٹرز	جناب قیصر بنگالی محترمہ فوزیہ وقار
ب، ایگزیکٹیو ڈائریکٹرز	جناب شہاب قادر
نان ایگزیکٹیو ڈائریکٹرز	جناب احسن ظفر سید جناب فاروق برکت علی جناب شبیر ہاشمی جناب وقار زکریا

3- بورڈ آڈٹ کمیٹی کی تشکیل درج ذیل ہے:

ڈائریکٹر کا نام
جناب قیصر بنگالی (چیئر مین)
جناب شبیر ہاشمی
جناب فاروق برکت علی

4- بورڈ مینیجنگ کمیٹی کی تشکیل درج ذیل ہے:

ڈائریکٹر کا نام
محترمہ فوزیہ وقار (چیئر پرسن)
جناب شہاب قادر
جناب وقار زکریا

ڈائریکٹرز کا مشاہرہ

بورڈ ممبران کا مشاہرہ بورڈ کی طرف سے ہی منظور کیا جاتا ہے۔ تاہم کوڈ آف کارپوریٹ گورننس کی تعمیل میں، یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے مشاہرے کا فیصلہ کرنے میں شامل نہیں ہوتا۔ کمپنی نان ایگزیکٹیو ڈائریکٹرز کو اجلاس میں شرکت کی فیس کے علاوہ کسی طرح کا مشاہرہ نہیں دیتی۔ بہترین ٹیلنٹ کو برقرار رکھنے کے پیش نظر، کمپنی کی مشاہرے کی پالیسیوں کو موجودہ انڈسٹری ٹریڈ زاور بزنس پریکٹس کے مطابق مرتب کیا جاتا ہے۔ 2021 میں ڈائریکٹرز اور چیف ایگزیکٹیو آفیسر کے مشاہرے کی معلومات کے لیے مالیاتی گوشواروں کے نوٹس ملاحظہ کریں۔

ڈائریکٹرز کی ذمہ داریوں سے متعلق اسٹیٹمنٹ

ڈائریکٹرز نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کوڈ آف کارپوریٹ گورننس اور فنانشل رپورٹنگ فریم ورک پر عمل درآمد کی تصدیق کی ہے:

1- کمپنی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، کمپنی کے معاملات، آپریشن کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کی شفاف صورت حال پیش کر رہے ہیں۔

2- کمپنی کی جانب سے باقاعدہ طور پر اکاؤنٹس کی بکس برقرار رکھی گئی ہیں۔

3- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں پر عمل درآمد کیا جاتا ہے اور اکاؤنٹنگ تخمینے مناسب اور محتاط انداز کی بنیاد پر لگائے گئے ہیں۔

اس بات کو یقینی بنانا کہ ملازمین اپنی ذاتی اور پیشہ ورانہ زندگی میں ہم آہنگی برقرار رکھتے ہوئے بھی کامیابی سے آفس کا کام جاری رکھ سکیں ، اینگرو پاور جن قادر پور لمیٹڈ نے ایلوی بیٹ پروگرام کو جاری رکھا۔ اس پروگرام کے تحت ملازمین کو یہ موقع میسر تھا کہ وہ کمپنی کے اپنے تھراپسٹ سے کاؤنسلنگ حاصل کریں اور منظم ورکشاپس میں شرکت کریں۔ سیشن آن لائن سے بالمشافہ منتقل کئے گئے اور ملازمین کو دباؤ کی سطح کم کرنے کے لیے ٹینشن

ریلز ایکس سائز کے سیشن میں شریک کرایا گیا۔

Covid-19 کے سبب جب سے آسنے سائے ٹریڈنگ میں خلل واقع ہوا ہے، تو ملازمین کو ای لرننگ پلیٹ فارم LEAP کے ذریعے آن لائن ٹریڈنگ کے لیے سبسکرائب کرنے کا موقع دیا گیا، جس سے ملازمین کو اپنی پیشہ ورانہ ترقی آن لائن جاری رکھنے کا موقع ملا۔

اینگرو پاور جن قادر پور لمیٹڈ کی لیڈرشپ نے کمپنی سے متعلق اپ ڈیٹس پر تبادلہ خیال کے لیے دوران سال کئی ٹاؤن ہال سیشن منعقد کئے اور ملازمین سے ہائپر ڈانڈا میں کام چلانے سے متعلق فیڈ بیک سیشن بھی کئے۔

اس کے علاوہ ایچ آر ٹیم کی جانب سے ایچ آر کنیکٹ کے نام سے مستقل چیک ان سیشن بھی منعقد کئے گئے۔

اپنے ملازمین کی کامیابیوں کو سراہنے اور منانے کے لیے پلانٹ پراسپاٹ اینڈ لانگ سروں ایوارڈز کی تقریب منعقد کی گئی جس میں ملازمین کے انفرادی اور اجتماعی کاموں پر حوصلہ افزائی کی گئی جبکہ 5 سال یا اس سے زائد مدت گزارنے والے ملازمین کو بھی ایوارڈز سے نوازا گیا۔

اینگرو پاور جن قادر پور لمیٹڈ نے ایک متنوع اور اجتماعییت کی حامل کام کی جگہ بننے کے لیے کوششوں جاری رکھیں۔ امسال کمپنی نے اپنا اہم پروگرام متعارف کراتے ہوئے ان خواتین کو دو بارہ کام پر آنے کے لیے ٹریڈنگ پروگرام میں شرکت کا موقع دیا جن کی ملازمت میں تعطل واقع ہوا تھا۔ ’بریک کے بعد‘ پروگرام میں ہزاروں درخواستیں موصول ہوئیں جبکہ اینگرو کے پروگرام کے ذریعے 11 سے زائد خواتین کو شامل کیا گیا۔ علاوہ ازیں PWDs کے لیے انٹرشپ پروگرام شروع کیا گیا تاکہ انہیں ورک فورس میں شمولیت کا موقع مل سکے اور Enable All کے نام سے پروگرام کے ذریعے 4 انٹرنیز کو شامل کیا گیا۔

کمپنی کی جانب سے ایپلائی انگیجمنٹ نامی سروے کیا گیا تاکہ 2021 کے دوران ملازمین ورک فورس سے متعلق اطمینان حاصل ہو، جس میں کمپنی نے کامیابی کے ساتھ 75 فیصد کا بہتر انگیجمنٹ انڈیکس برقرار رکھا، یہ نتائج اینگرو پاور جن قادر پور لمیٹڈ کی جانب سے ملازم دوست پالیسیوں کا ثبوت پیش کرتے ہیں۔

ہیلتھ، سیفٹی اینڈ انوائزنمنٹ

ہم نہ صرف اپنے ملازمین کی قدر کرتے ہیں بلکہ اپنے کام کے ماحول سے بھی باخبر رہتے ہیں۔ ہماری عمل درآمد اور گورننس کی سرگرمیوں سے یقینی بنایا جاتا ہے کہ اینگرو پاور جن قادر پور لمیٹڈ کی کارروائیاں اور HSE معیارات، بہترین عالمی تجربات کے مطابق ہوتے ہیں۔ اس کے علاوہ ہم پیشمل انوائزنسٹل انوائزنسٹل (NEQS) اور ورلڈ بینک گروپ کی ہدایات کے مطابق 100 فیصد عمل درآمد کو یقینی بناتے ہیں۔

کمپنی نے Covid-19 سے تحفظ کے لیے خصوصی پروٹوکولز تیار کئے اور عمل درآمد کی اور اپنی ٹیم کی حفاظت کو یقینی بنایا۔ پلانٹ سال بھر آپریشنل رہا اور دوران سال پلانٹ سائٹ پر کسی طرح کے بھی کیسز رونما نہیں ہوئے۔

کمپنی نے ISO 14001 اور ISO 45001 اینٹگ کی کامیابی کے ساتھ دوبارہ سرٹیفکیشن حاصل کی جس سے HSE سے متعلق کمپنی کے عزم کا ثبوت ملتا ہے۔ اپنے ملازمین اور قریبی آبادیوں کے لیے محفوظ اور پاک صاف ماحول کی فراہمی کو یقینی بنانے کی کوششوں نے پرخطر ایشیاہ کی ہینڈ لنگ اور اسٹوریج کے لیے SEPA سے این او سی حاصل کرنے میں معاونت کی۔

تحفظ سے متعلق ہماری ترجیح ہمیشہ سخت رہی ہے۔ ہماری پروسس سیفٹی منیجمنٹ (PSM) کا معیار اور پروسس سیفٹی اینڈ رسک منیجمنٹ (PSRM) سسٹم اس حقیقت سے واضح ہوتا ہے کہ کمپنی نے کام کے دوران صفر نقصان کی شرح کو برقرار رکھا ہے اور پروجیکٹ کے کمرشل آپریشنز شروع ہونے سے اب تک 4267 روز بغیر کسی حادثے یا نقصان کے گزرے ہیں اور 9 ملین محفوظ مین آورز کا سٹگ میل عبور کر لیا گیا ہے۔ ماحول کی حفاظت کا عزم بھی ہماری HSE کوششوں کا لازمی حصہ رہا ہے۔

مستقبل قریب کا جائزہ

11 فروری 2021 کو کمپنی اور CPPA-G کے درمیان مفاہمت کی یادداشت کے شرائط پر مبنی معاہدہ طے پایا جس کی شرائط میں اینگرو پاور جن قادر پور لمیٹڈ کے تمام غیر متنازع بقایات اور ادائیگیاں، 30 نومبر 2020 کے مطابق PPA کے تحت دو اقساط میں ادا کی جائیں گی جس میں نقد رقم اور حکومت کی جاری کردہ سیکورٹیز شامل ہوں گی۔ مزید براس، ریٹرن آن ایکویٹی (RoE) اور ریٹرن آن ایکویٹی ڈیورنٹنگ کنسٹرکٹ (RoEDC) کو 17 فیصد سالانہ کے حساب سے پاکستانی روپے میں فحس کیا جائے گا (RoE) اور (RoEDC) کے لیے کمرشل آپریشن ڈیٹ پر نیچر اسے منظور شدہ ایکویٹی کا حساب (PKR148/USD) کے ایکٹیوٹیز سے کیا جائے، جس میں آئندہ USD انڈیکسیشن نہیں ہوگی۔ موجودہ RoEDC اور RoEDC بشمول لاگو انڈیکسیشن اس وقت تک نافذ ہوگی جب تک موجودہ شرح کے تحت لاگو ایکٹیوٹیز سے (PKR168/USD) کی حد تک پہنچ جائیں اور کمپنی کی جانب سے اقساط وصول کی جائیں، جبکہ تبدیل شدہ RoEDC اور RoEDC کا نفاذ باقی ماندہ مدت کے لیے لاگو ہوگا۔ پہلی قسط کی ادائیگی جنوری 2022 میں ہو چکی ہے۔

کمپنی اسٹیک ہولڈرز کو کسی حل کے لیے راضی کرنے میں مصروف ہے کیونکہ قادر پور فیلڈ سے حاصل ہونے والی گیس ختم ہو رہی ہے۔ کمپنی اس مقصد کے حصول کے لیے اپنی بھرپور کوششیں جاری رکھے گی۔

اہم شیئرز ہولڈنگ اور شیئرز کی تجارت

31 دسمبر 2021 کے مطابق، کمپنی کی سب سے زیادہ شیئرز ہولڈر اینگرو وائز جی لمیٹڈ، سابقہ اینگرو پاور جن لمیٹڈ ہے۔ رپورٹنگ فریم ورک کے تحت مطلوب شیئرز ہولڈنگ کے عمومی طریقہ کار کا اسٹینڈٹ بشمول شیئرز ہولڈرز کی کچھ مخصوص کلاسز کی شیئرز ہولڈنگ اور ڈائریکٹرز ان کے ازواج اور چھوٹے بچوں کی جانب سے شیئرز کی خرید و فروخت کا اسٹینڈٹ آگے اس رپورٹ میں دیکھا جاسکتا ہے۔

آڈیٹرز

کمپنی کے موجودہ آڈیٹرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں، اور اہلیت کی بنیاد پر انہوں نے خود کو دوبارہ انتخاب کے لیے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے انہیں منتخب کرنے کی تجویز دی ہے۔

ڈیویڈنڈ (منافع منقسمہ)

دوران سال، کمپنی نے 5 اگست 2021 کو 1.5 روپے فی شیئرز کا عبوری ڈیویڈنڈ دینے کا اعلان کیا، اور 8 فروری 2022 کو 6.0 روپے فی شیئرز کا حتمی ڈیویڈنڈ دینے کا اعلان کیا، اسی طرح سال 2021 کے لیے ٹوٹل اداشدہ ڈیویڈنڈ 7.5 روپے فی شیئرز بنتا ہے۔

ریٹائرمنٹ پیفٹ فنڈ

کمپنی ایسے پلانز ترتیب دیتے ہے جن سے ملازمت یار ریٹائرمنٹ کے بعد کمپنی کے ملازمین کو فائدہ حاصل ہوتے ہیں۔ ان میں ڈیفائنڈ کنٹری ہوشن (ڈی سی) گریجویٹ پی فنڈ اور ڈی سی پروویڈنٹ فنڈ شامل ہیں۔ اینگرو کار پوریشن گریجویٹ پی فنڈ زاورا اینگرو کار پوریشن پروویڈنٹ فنڈ حتمی پیرنٹ کمپنی، اینگرو کار پوریشن کی جانب سے ان کے ملازمین، متعلقہ ذیلی اداروں بشمول اینگرو پاور جن قادر پور لمیٹڈ کے لیے چلائے جاتے ہیں۔

مذکورہ بالا فنڈز ٹیکس اتھارٹیز سے مصدقہ ہیں او کمپنیز ایکٹ 2017 کے سیکشن 218 کے تحت ان پر عمل درآمد ہوتی ہے۔

اینگروپاورجن قادر پور لمیٹڈ

ڈائریکٹرز رپورٹ

سال ختم شدہ 31 دسمبر 2021

ڈائریکٹرز 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں اور کارکردگی کا جائزہ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

بنیادی مقصد

اینگرو پاور جن قادر پور لمیٹڈ (EPQL) کے قیام کا بنیادی مقصد بجلی کی پیداوار اور اس کی فروخت ہے۔ اس مقصد کے لیے کمپنی نے ضلع گھوگی میں قادر پور کے قریب 217.3 میگا واٹ کا کبا سنڈ سائیکل پاور پلانٹ لگایا اور 27 مارچ 2010 کو اپنے کمرشل آپریشنز کا آغاز کیا۔

اینگرو پاور جن قادر پو (EPQL) پاکستان کی ان ماحول دوست کمپنیوں میں سے ایک ہے جو پری سیٹ گیس (کم BTU اور زیادہ سلفر کے حامل گیس) کو بجلی پیدا کرنے کے لیے استعمال کرتی ہیں۔ EPQL سے قبل 1995 سے پری سیٹ گیس ضائع ہوجاتی تھی۔ 26 اکتوبر 2007 کو دستخط شدہ پاور پراجیز اگیگریمنٹ (PPA) کے تحت بجلی کی پیشکش ٹرانسمیشن اینڈ ڈسٹری بیوٹن کمپنی (NTDC) کو منتقل کی جاتی ہے۔ یہ معاہدہ تجارتی سرگرمیوں کے آغاز کی تاریخ سے 25 سال کی مدت کے لیے فعال ہے۔ کمپنی اینگرو انرجی لمیٹڈ کا تحت ادارہ ہے جو پہلے اینگرو پاور جن لمیٹڈ (EPL) کہا جاتا تھا، کمپنی میں 68.89 فیصد کے ساتھ اکثریتی شیئر ہولڈنگ رکھتی ہے۔ کمپنی کو پاکستان اسٹاک ایکسچینج میں 2014 میں شامل کیا گیا۔

مارکیٹ کا جائزہ

معیشت کے COVID-19 کے اثرات سے نکلنے ہی 2021 کے دوران G-PPA سسٹم میں بجلی کی پیداوار 111 فیصد بڑھ گئی۔ بجلی کی طلب میں مسلسل اضافہ گزشتہ سالوں کے دوران نئی صلاحیتوں اور زیر تعمیر سہولتوں کے اخراجات پورے کرنے کے لیے ضروری ہے۔ مزید برآں، یہ ضروری ہے کہ مجموعی سسٹم موثر ہو اور نقصانات کم از کم کئے جائیں۔

گزشتہ سال کے دوران، فیول کی عالمی قیمتوں میں تیزی رہی جبکہ مقامی فیول پر چلنے کے نتیجے میں EPQL نے سال بھر میرٹ آرڈر میں اعلیٰ رینٹنگ برقرار رکھی۔

گردشی خر خر توانائی کے مقامی شعبے کے ایک مستقل منسلک رہا ہے۔ سرکھڑیٹ کے بڑھنے میں T&D کے زیادہ نقصانات، کم ریکوری، بجلی کی چوری اور مہنگا فیول کس اہم اسباب ہیں۔ نئے پاور پراجیکٹس کے شروع ہونے سے صلاحیتوں کی ادائیگی بڑھتی جارہی ہے اور نتیجے میں سرکھڑیٹ میں اضافہ ہو رہا ہے۔

حکومت اور آئی پی بیز کے درمیان طے پانے والے ماسٹر اگیگریمنٹ کے مطابق، آئی پی بیز کے بقایا جات قسطوں میں ادا کئے جارہے ہیں۔ 2002 پالیسی کی بنیاد پر آئی پی بیز کو پہلی قسط جنوری 2022 میں وصول ہوجکی ہے جبکہ جاری سال کے دوران ہی دوسری قسط ملنے کی توقع ہے۔

انتظامی کارکردگی

2021 میں کمپنی 100% قابل فروخت بجلی کی موجودگی کے قابل رہی اور پلانٹ سے پیشکش کردہ کو%45.7 لوڈ فیکٹر کے ساتھ 851 GWh کا ٹوٹل نیٹ الیکٹرککل آؤٹ پٹ فراہم کیا جبکہ 2020 کے دوران لوڈ فیکٹر 29.5% تھا۔ اس بار لوڈ فیکٹر میں اضافے کی وجہ بجلی کی طلب میں اضافہ اور اعلیٰ میرٹ آرڈر رینٹنگ بنے۔

مالیاتی کارکردگی

سال کے لیے سیلز کی آمدنی گزشتہ سال کے 8,098 ملین روپے کے مقابلے میں 10,204 ملین روپے رہی۔ سیلز کی آمدنی میں اضافہ زیر جائزہ سال کے دوران زائد فراہمی ہے جس پر ڈیٹ سرونگ کمپونٹ کے غیر فعال رہنے کی بدولت کم آمدائیگیوں سے جزوی طور پر اثرات مرتب ہوئے۔ نتیجتاً زیر جائزہ سال کے لیے مجموعی منافع 1,376 ملین روپے کے ساتھ گزشتہ سال کے 1,739 ملین روپے کے مقابلے میں کم رہا۔

کمپنی نے 2021 میں 1,594 ملین روپے کا خالص منافع کمایا جبکہ 2020 میں 2,079 ملین روپے تھا۔ اس طرح 2021 کے لیے ہر ایک شیئر پر منافع 4.92 روپے بنتا ہے جبکہ گزشتہ سال میں 6.42 روپے تھا۔

31 دسمبر 2021 کے مطابق بجلی خریدار سے زائد المیعا د 11.2 ملین روپے بنتے ہیں جو 31 دسمبر 2020 کے مطابق 9.04 ملین تھے۔ 31 دسمبر 2021 کو تمام SNGPL کو قابل اواز آمد المیعا د رقم 2.5 بلین روپے تھی جو 2020 میں 1.8 بلین روپے تھے۔ کمپنی اپنے مالیاتی معاملات کو منظم کرنے اور تمام اسٹیک ہولڈرز کو بروقت ادائیگی کے لیے کوشاں ہے۔

گیس کی صورت حال

قادر پور گیس فیلڈ سے پری سیٹ گیس کی فراہمی کے لئے کمپنی کا سوئی ناردرن گیس پائپ لائنز لمیٹڈ (SNGPL) کے ساتھ گیس سپلائی اگیگریمنٹ (GSA) ہے۔ قادر پور گیس فیلڈ سے گیس کی سپلائی ختم ہو رہی ہے اور گیس سپلائرز کی جانب سے مشترکہ پروفائل کی بنیاد پر، کمپنی نے اس صورت حال کو گیس ختم ہونے کا مرحلہ قرار دیا ہے اور اس کے پلانٹ کو کمس موڈ میں دستیاب کر دیا ہے۔ اس سے پلانٹ گیس اور ہائی اسپینڈ ڈیزل دونوں پر دستیاب ہے۔ ائیکٹو مینیشن اگیگریمنٹ (AI) کی شرائط کے مطابق، کمپنی نے تمام اسٹیک ہولڈرز کے ساتھ مل کر گیس کی کمی کو ختم کرنے کے لیے ایک مسودہ تیار کر کے پی آئی ٹی کو پیش کیا ہے۔

سماجی سرمایہ کاری

اینگرو پاور جن قادر پور لمیٹڈ میں ہم اپنے پروجیکٹس کے قریب آبادیوں میں سماجی بھلائی کے ذریعے ارتقا، خوشحالی اور ترقی کے لیے پھر پور کوشش کرتے ہیں۔ ہم نے مشترکہ برنس ماڈل اسٹریٹیجی اپنائی ہے جس کے تحت ایسے پائیدار اقدامات میں سرمایہ کاری کرتے ہیں جن سے نہ صرف آبادیوں کی ظاہر خدو خال میں تبدیلی واقع ہوتی ہے بلکہ وہاں کی اقتصادی اور سماجی زندگی کے مختلف شعبوں پر مثبت اثرات مرتب ہوتے ہیں۔

ہماری کاروباری سماجی ذمہ داری سے متعلق منصوبہ بندی تمام اسٹیک ہولڈرز کی خدمت اور ان کی توقعات پوری کرنے کے گرگھوٹتی ہے۔ ہماری تبدیلی کی حوصلہ افزائی کرنے کا نظریہ معاشرتی اور اقتصادی ترقی کا سبب بننا اور ضرورت مندوں کی مدد ہوتی ہے جس کے نتیجے میں 2010 میں قائم کردہ اینگرو فاؤنڈیشن ترقی کا باعث بنی۔ 2010 میں قائم کردہ اینگرو فاؤنڈیشن تمام اینگرو فائونڈیشنز کا اینگرو فائونڈیشنز کی طرف سے کاروباری سماجی ذمہ داری کے امور نبھانے کے لیے مخصوص ہے تاکہ مختلف اقدامات پر عمل درآمد سے ہمارے پروجیکٹس کی قریبی آبادیوں کے افرادی زندگیوں میں بہتری کی کوشش کی جائے۔

اینگرو پاور جن قادر پور لمیٹڈ میں ہم تعلیم، ٹیکنیکل ٹریننگ، علاج معالجہ اور بنیادی ڈھانچے کی بہتری کی سہولیات فراہم کرنے کے اقدامات میں سرمایہ کاری کے ذریعے آبادیوں کی مدد کی بامقصد کوشش جاری رکھتے ہیں۔ نتیجتاً ان بنیادی سہولیات تک رسائی سے لاکھوں افراد کی زندگیوں پر مثبت اثرات مرتب ہوتے ہیں۔

وہابی موجودگی میں، ملک کو مختلف قسم کے اقتصادی، سماجی، کاروباری اور ماحولیاتی مسائل کا سامنا ہے۔ تاہم، اینگرو پاور جن قادر پور لمیٹڈ اردگرد کی آبادیوں میں رہنے والے غریب افراد کی مدد کے مشن پروجیکٹس کو ز رکھے ہوئے ہے۔

2021 میں، ہم نے صحت اور تعلیم کے پروجرامز پروجیکٹس کو ز رکھی۔ ہم نے رشید احمد آرائیں گوٹھ میں گرلز سڈل اسکول کے آپریشنز شروع کئے۔ یہ اسکول اینگرو پاور جن قادر پور لمیٹڈ کی مالی معاونت سے تعمیر کیا گیا ہے اور کمیونٹی کی طرف سے زمین فراہم کی گئی ہے۔ ہم نے ہینڈز کے ساتھ شراکت داری میں جون 2021 میں اپنے قریبی دیہات کے لیے پرائمری ہیلتھ کیئر سینٹر قائم کیا ہے اور اب تک اس سہولت سے 1,700 سے زائد مریضوں کو علاج کی بروقت سہولت میسر کی جاچکی ہے۔

اینگرو پاور جن قادر پور لمیٹڈ نے اینگرو فاؤنڈیشن کے ساتھ اسٹراک سے ضلع گھوگی میں سب سے بڑے ایڈ آپٹ شدہ اسکول نیٹ ورکس میں ایک کی اسپانسر شپ حاصل کر رکھی ہے۔ کمپنی نے خاص طور پر 3 سرکاری اسکولوں کے انتظامی اخراجات اٹھارکھے ہیں، گھوگی کے علاقے میں رشید احمد آرائیں، گل محمد عاربانی اور جمعہ عاربانی نامی ان اسکولوں میں 700 سے زیادہ شاگردز پر تعلیم ہیں۔ اس کے علاوہ، دوران سال ہم نے سہیق کے نام سے ہینڈ ڈرننگ ماڈل کوچھی جاری رکھا جو ڈیجیٹائزڈ نصاب پڑھنی شاگردوں کی کلاس لرننگ اور اساتذہ کی تربیت کا امتزاج ہے۔

اینگرو پاور جن قادر پور لمیٹڈ میں ہمارے ملازمین اور قریبی آبادیوں کی صحت، تحفظ اور خوشحالی ہمارے ہر کام کا مرکز ہے۔ ہم یقینی بناتے ہیں کہ ہم اپنے عزم کے ساتھ سچے ہوں، اس لئے ہمارے علاج معالجہ کے پروگراموں میں بنیادی طبی سہولیات سے بڑھ کر آگہی، تحفظ اور علاج کی منصوبہ بندیاں بھی شامل رہتی ہیں۔ Covid-19 کے پیش نظر، تمام ایڈ آپٹ شدہ اسکولوں میں صحت اور تحفظ کا سامان (ماسک، سینٹائزرز، تھرمامیٹرز، ہینجر چیکر گن وغیرہ) فراہم کیا تاکہ کرونا سے تحفظ حاصل ہو، اور اساتذہ کو سماجی فاصلے اور ایجوکیشن ڈی پارٹمنٹ کی ہدایات کے مطابق طبی اقدامات سے متعلق تربیت بھی فراہم کی گئی۔

ہمارے ملازمین

اینگرو پاور جن قادر پور لمیٹڈ میں ہم روزانہ کی بنیاد پر اس بات کا احساس رکھتے ہیں کہ ہمارے ملازمین ہمارا اہم ترین اثاثہ ہیں اور ایک کامیاب ادارے کے لیے ملازمین کی شمولیت اور بااختیار ہونا مرکزی حیثیت رکھتا ہے۔ ہم کام کا ایسا ماحول یقینی بناتے ہیں جس میں ہمارے ملازمین محفوظ، بااختیار اور روزانہ کی بنیاد پر جدت سے آراستہ اور وقت کے اہم مسائل کے حل کے لیے اپنی خدمات بروئے کار لانے کے لیے تیار ہوں۔

ہم ادارے میں ایسی اقدار کو پروان چڑھانے کے لیے کوشاں رہتے ہیں جن سے ملازمین کی جسمانی اور ذہنی صحت کو ترجیح ملتی ہو۔ اس ترجیح کے پیش نظر، ہم نے جنوری میں سال کا آغاز پورے مہینے پر مشتمل ایک اکیٹیوٹی Engage2k21 سے کی۔ اپنے ملازمین کے لیے خیر و عافیت، حکمت اور تعجب پروجیکٹس کو ز کرنا اور خارجی ماہرین کے ساتھ زوم کے ذریعے سیشنز کا تسلسل اور متعلقہ سرگرمیاں پروگرام کے اہم نکات تھے اس میں ہیڈ آفس سمیت پلانٹ کے تمام ملازمین نے ایک بہتر نوٹ کے ساتھ سال کا آغاز کیا۔

چیسر مین کا جائزہ اینگرو پاور جن قادر پور لمیٹڈ

محترم شیئر ہولڈرز،

سال 2021 میں، ہم نے یہ ثابت کر دیا ہے کہ اپنے شیئر ہولڈرز کو مستقل اور مستحکم منافع فراہم کرنے کے لیے ہمارے پاس درست ٹیم، بہتر منصوبہ بندی اور زبردست ماحول موجود ہے۔ ہم ایک دہائی سے زائد عرصہ پر محیط ایک ساکھ اور وقار کے حامل ہیں اور پاکستان کے توانائی کے شعبے میں اہم کردار ادا کر رہے ہیں۔

پاکستانی عوام کو بجلی کی فراہمی جاری رکھنا اور ان کی مجموعی میکر و اکنامک ترقی میں معاونت ہمارا مقصد ہے۔ پاکستان میں توانائی کے شعبے کو کئی مسائل درپیش ہیں جن میں بجلی کی فراہمی میں کمی، سرکٹ ڈیٹ، موجودہ اور سپلائی اور و باء کے نتیجے میں مجموعی طور پر میکر و اکنامک غیر یقینی صورتحال شامل ہیں۔ پوری دنیا میں صنعتوں کو اپنا جائزہ لے کر ان تبدیلیوں کو اپنانا پڑا ہے۔ اینگرو پاور جن قادر پور لمیٹڈ میں ہم نے مسائل سے نبرد آزما ہونے کے لیے ایک ہی طرف توجہ مرکوز رکھا ہوا ہے کیونکہ یہ مسائل بجلی کی طلب میں کمی اور 2021 کے دوران بجلی کی پیداوار میں 11 فیصد اضافے سے متعلق ہیں۔ بجلی کی طلب میں اضافہ ضروری ہے تاکہ گزشتہ کچھ سالوں کے دوران بجلی پیداوار کی اضافی سہولیات اور شروع ہونے والے نئے پلانٹس کے اخراجات پورے ہو سکیں۔ علاوہ ازیں، یہ امر بھی ضروری ہے کہ مجموعی نظام کو مزید موثر بنانے کے ساتھ نقصانات میں کمی لائی جائے۔ ایک بار ان مسائل پر قابو پایا گیا تو بڑھتے ہوئے سرکٹ ڈیٹ میں کمی ہوگی جو کہ توانائی کے شعبے کا ایک دیرینہ مسئلہ ہے۔

فروری 2021 میں حکومت اور آئی پی پی کے درمیان طے پانے والے ماسٹرا ایگریمنٹ کے مطابق، آئی پی پی کے بقایا جات قسطوں میں ادا کئے جا رہے ہیں۔ 2002 پالیسی کی بنیاد پر آئی پی پی کو پہلی قسط جنوری 2022 میں وصول ہوئی جبکہ دوسری قسط بھی اسی سال میں ملنے کی توقع کی جا رہی ہے۔

مقامی وسائل سے چلائے جانے والے پاور پلانٹ کے طور پر، EPQL میرٹ آرڈر میں اوپر باور فیول کی بڑھتی ہوئی قیمتوں کے مقابلے میں رکاوٹ بنا رہا۔ ان پٹ سائیز پر، اس وقت EPQL کا سوئی ناردرن گیس پائپ لائن لمیٹڈ کے ساتھ قادر پور گیس فیلڈ سے پری بیٹ گیس کی سپلائی کے لیے گیس سپلائی ایگریمنٹ (GSA) ہے۔ قادر پور گیس فیلڈ سے گیس کی فراہمی ختم ہو رہی ہے اور گیس سپلائی کی جانب سے بھیجے گئے پروفائل کی بنیاد پر، ہم نے گیس ختم ہونے کے مرحلے کا اعلان کر دیا ہے اور اپنے پلانٹ کو کس موڈ پر چلانے کے لیے دستیاب بنایا ہوا ہے جس میں ہم ضرورت کے وقت پری بیٹ گیس اور ہائی اسپیڈ ڈیزل استعمال کرتے ہیں۔ اسی کے پیش نظر، ہم نے پی پی آئی بی (PPIB) کو گیس ختم ہونے سے متعلق مینجیشن پلان جمع کرایا ہے اور متعلقہ تمام اسٹیک ہولڈرز کے ساتھ متبادل فیول کی فراہمی کے لیے طریقہ کار اپنانے سے متعلق مشاورت کر رہے ہیں۔

اینگرو پاور جن قادر پور لمیٹڈ میں ہم پاکستان کے 700,000 سے زائد گھرانوں کی زندگیوں میں روشنی لانے کا سبب ہیں اور ہمارے پروجیکٹ کے ذریعے تین ملین سے زائد افراد براہ راست فائدہ اٹھا رہے ہیں۔ اپنی کارپوریٹ سماجی ذمہ داری کے تحت، اینگرو پاور جن قادر پور لمیٹڈ نے اپنے متعلقہ شراکت داروں کے ساتھ موثر کردار ادا کرتے ہوئے گھونگی میں تعلیمی معیار کی بہتری خصوصاً گراؤ کی تعلیم کے لیے بھرپور کام جاری رکھا ہوا ہے۔ ہم نے علاقے کے کئی اسکول ایڈ آپٹ کئے ہیں تاکہ مکمل طور پر ان کے انتظامات کو دیکھا جائے۔

ہم نے قریبی علاقوں کے لیے اس سال پینڈز کے تعاون سے پرائمری ہیلتھ کیئر سینٹر (PHC) کا آغاز کیا ہے تاکہ ضرورت مندوں کو بنیادی طبی سہولیات فراہم ہو سکیں۔ اپنے مشترکہ بزنس ماڈل کے حصے کے طور پر، ہمیشہ سے اپنے ڈائریکٹ اور ان ڈائریکٹ اسٹیک ہولڈرز کی زندگیوں میں بہتری لانا ہمارا بنیادی مقصد رہا ہے۔

میں اینگرو پاور جن قادر پور لمیٹڈ کی انتظامیہ، ملازمین، صارفین، پارٹنرز اور اپنے تمام اسٹیک ہولڈرز کا تہہ دل سے مشکور ہوں کہ ان کے اعتماد اور لگن کی بدولت اینگرو پاور جن قادر پور لمیٹڈ نے دوران سال کئی سنگ میل عبور کئے۔ امید اور برداشت کا سفر جاری رکھتے ہوئے، میں پرامید ہوں کہ سال 2022 ہمارے اور پاکستان کے لیے خوشحالی کا سال ثابت ہوگا۔

شکریہ

جناب احسن ظفر سید

چیسر مین