

ANNUAL REPORT 2016



LALPIR POWER LIMITED



CONTENTS

Corporate Profile	03
Vision Statement	04
Mission Statement.....	05
Notice of Annual General Meeting.....	06
Organization Chart.....	16
Director's Profile.....	17
Directors' Report	19
Financial Data	34
Vertical Analysis	35
Performance Review.....	36
Pattern of Shareholders	30
Statement of Compliance with the Code of Corporate Governance	41
Review Report to the Members on Statement of Compliance With Best Practices of Code of Corporate Governance	44
Auditors' Report To The Members	47
Balance Sheet	48
Profit and Loss Account	50
Cash Flow Statement	51
Statement of Changes in Equity.....	52
Notes to and Forming Part of the Financial Statements.....	53
Form of Proxy	

THE COMPANY

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

COMPANY PROFILE

BOARD OF DIRECTORS

Mian Hassan Mansha	Chairman
Mr. Aurangzeb Feroz	Chief Executive Officer
Mr. Kamran Rasool	
Mr. Khalid Qadeer Qureshi	
Mr. Mahmood Akhtar	
Mr. Jawaid Iqbal	
Mr. Saeed Ahmed Alvi	

AUDIT COMMITTEE

Mr. Jawaid Iqbal	Chairman
Mr. Kamran Rasool	
Mr. Mahmood Akhtar	

CHIEF FINANCIAL OFFICER

Mr. Khalid Qadeer Qureshi

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

REGISTERED OFFICE

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

HEAD OFFICE

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

BANKERS OF THE COMPANY

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

AUDITOR OF THE COMPANY

Riaz Ahmad & Co.
Chartered Accountants

LEGAL ADVISOR OF THE COMPANY

Mr. M. Aurangzeb Khan
Advocate High Court

SHARE REGISTRAR

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

PLANT

Mehmood Kot, Muzaffargarh,
Punjab – Pakistan.

VISION STATEMENT

ENLIGHTEN THE FUTURE THROUGH
EXCELLENCE, COMMITMENT, INTEGRITY
AND HONESTY



A silhouette of a person wearing a hard hat and holding a walkie-talkie to their mouth, set against a vibrant sunset background with a gradient from orange to yellow. The person is positioned on the left side of the frame, facing right. The overall mood is professional and industrious.

MISSION STATEMENT

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

NOTICE OF ANNUAL GENERAL MEETING



Notice is hereby given that Annual General Meeting of the members of Lalpir Power Limited (“the Company”) will be held on April 26, 2017 (Wednesday) at 11:00 A.M. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2016 together with the Directors’ and Auditors’ reports thereon.
2. To approve Final Cash Dividend @ 10 % [i.e. Re. 1.00 (Rupee One Only) Per Ordinary Share] as recommended by the Board of Directors, in addition to the 10% interim dividend already paid.
3. To elect Seven (7) Directors of the Company, as fixed by the Board of Directors, for the next term of three years, in accordance with the provisions of Section 178 of the Companies Ordinance, 1984, in place of following retiring Directors.
 1. Mian Hassan Mansha
 2. Mr. Aurangzeb Firoz
 3. Mr. Jawaid Iqbal
 4. Mr. Khalid Qadeer Qureshi
 5. Mr. Kamran Rasool
 6. Mr. Mohammad Azam
 7. Mr. Mahmood Akhtar
4. To appoint statutory Auditors for the year ending December 31, 2017 and fix their remuneration.

5. Special Business:

- A) To consider and if deemed fit, to pass the following resolution as special resolution under Section 208 of the Companies Ordinance, 1984, with or without modification, addition(s) or deletion(s), as recommended by the Board of Directors.

RESOLVED that approval of the members of Lalpir Power Limited (the "Company") be and is hereby accorded in terms of Section 208 of the Companies Ordinance, 1984 for the renewal of investment up to PKR 1,000,000,000/- (Rupees One Billion Only) in Pakgen Power Limited ("Pakgen"), an associated company, in the form of working capital loan/advance for a period of one year starting from the date of approval by the members, provided that the return on any outstanding amount of loan shall be 1 Month KIBOR plus 0.50% (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions of the agreement in writing as disclosed to the members.

FURTHER RESOLVED that said resolution shall be valid for one year starting from the date of approval by the members and the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things and take any or all necessary steps and actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.

- B. To consider and if deemed fit, to pass the following resolution as special resolution for alteration in the Articles of Association of the Company, with or without modification, addition(s) or deletion(s), as recommended by the Board of Directors.

"RESOLVED that pursuant to Section 28 and other applicable provisions, if any, of the Companies Ordinance, 1984 and any other law(s), Articles of Association of the Company be and are hereby amended by inserting new Articles 75A and 75B immediately after the existing Article 75 to read as under;

- 75-A. A member may opt for E-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016, as amended from time to time. In the case of E-voting, both members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through email. The Company will arrange E-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power.

- 75-B. An instrument of proxy in relation to E-voting shall be in the following form:

I/We, _____ of _____ being a member of the _____, holder of _____ share(s) as per register Folio No. / CDC Account No. _____ hereby opt for E-voting through Intermediary and hereby consent the appointment of Execution Officer _____ as proxy and will exercise E-voting as per The Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is _____, please send login details, password and electronic signature through email.

Signature of Member
CNIC No. _____

Signed in the presence of;

Signature of Witness
CNIC No. _____

Signature of Witness
CNIC No. _____

Further Resolved that the Chief Executive Officer and/or Company Secretary be and is hereby authorized singly to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution.

- C. To consider and if deemed fit, to pass the following resolution as special resolution, with or without modification, addition(s) or deletion(s), as recommended by the Board of Directors:

RESOLVED Unanimously that approval of the members of Lalpir Power Limited (the "Company") be and is hereby accorded for transmission of Annual Audited Accounts of the Company to its members through CD/DVD/USB at their registered addresses instead of transmitting the said accounts in hard copies as allowed by Securities and Exchange Commission of Pakistan vide its S.R.O.470(I)/2016 dated May 31, 2016.

FURTHER RESOLVED that the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to complete all legal requirements and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of above special resolutions.

FURTHER RESOLVED that the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to complete all legal requirements and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of above special resolutions.

By order of the Board



(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

LAHORE
March 20, 2017

NOTES:

1. BOOK CLOSURE NOTICE:-

The Share Transfer Books of Ordinary Shares of the Company will remain closed from 14-04-2017 to 26-04-2017 (both days inclusive) for entitlement of 10 % **Final Cash Dividend i.e. Re. 1/- (Rupee One Only) Per Ordinary Share** and attending and voting at Annual General Meeting. Physical transfers / CDS Transactions IDs received in order up to 1:00 p.m. on 13-04-2017 at Share Registrar Office, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, will be considered in time for entitlement of 10 % Final Cash Dividend and attending of meeting.

2. A member eligible to attend and vote at this meeting may appoint another member his / her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board's Resolution/power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholder through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

3. Shareholders are requested to immediately notify the change in address, if any.

4. Submission of copy of CNIC (Mandatory):

The Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 779 (i) 2011 dated August 18, 2011 has directed the company to print your Computerized National Identity Card (CNIC) number on your dividend warrants and if your CNIC number is not available in our records, your dividend warrant will not be issued / dispatched to you. In order to comply with this regulatory requirement, you are requested to kindly send photocopy of your CNIC to your Participant / Investor Account Services or to us (in case of physical shareholding) immediately to Company's Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi,

5. Dividend Mandate (Optional):

Under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desires, direct the Company to pay dividend through his/ her/its bank account. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular Number 18 of 2012 dated June 05, 2012, kindly authorize the company for direct credit of your cash dividend in your bank account (please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore this notice, dividend will be paid to you through dividend warrant at your registered address). If you want to avail the facility of direct credit of dividend amount in your bank account, please provide following information to Company's Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi,

Bank Account Details of Shareholder

Title of Bank Account

Bank Account Number

Bank's name

Branch name and address

Cell number of shareholder

Landline number of shareholder, if any

It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate to the company and the concerned share registrar.

Name, signature, folio # and CNIC number of shareholder

Notes:

- (1) Those shareholders, who hold shares in book entry form in their CDS accounts, will provide the above dividend mandate information directly to their respective Participant / CDC Investor Account Services Department.
- (2) If dividend mandate information has already been provided by you, ignore this request.

6. Transmission of Annual Financial Statements Through Email:

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.lalpir.com and send the said form duly signed by the shareholder along with copy of his CNIC to the Company's Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice, Financial Statements will be sent to you at your registered address.

7. Submission of Zakat Declaration (Form-CZ-50):

All Shareholders, physical and CDC account holders /Sub account holders, requiring exemption of Zakat deduction under Zakat & Usher Ordinance, 1980 are requested to submit immediately certified copies of their Zakat Declarations (Form CZ-50) to Company's Office at 53-A, Lawrence Road, Lahore or Company's Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, irrespective of the claim in account opening form.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984.

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April 26, 2017.

A) Investment in Pakgen Power Limited:-

Pakgen Power Limited ("Pakgen") is a Public Limited Company incorporated on 22 June 1995 under the Companies Ordinance, 1984. The registered office of Pakgen is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain

an oil fired power station having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. It is currently listed on the Pakistan Stock Exchange Limited.

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

The Company feels that it can benefit itself from this opportunity by lending funds at a rate higher than the interest payable by the Company on its borrowing. The average borrowing rate of the Company was 6.59% per annum for the year ended December 31, 2016. The Company will invest surplus funds available in order to enhance its profitability and good financial management.

The Company obtained approval from its Board of Directors on April 05, 2016 and from its shareholders on 30 April 2016 to make an investment up to Rs. 1 billion in Pakgen in the form of working capital loan/advance at the interest rate of 1 month KIBOR + 0.50% as and when required by Pakgen.

Since the approval of shareholders for investment in Pakgen in the form of working capital loan/advance has lapsed and considering the present average borrowing cost of the Company and the return offered to the Company by Banks on term deposits, the Directors of the Company has again recommended to seek the approval of shareholders for the renewal of the working capital loan of Rs 1 billion to Pakgen for a further period of one year on the same interest rate as approved by the shareholders in their meeting held on 30 April 2016. Repayment of the principle amount of loan/advance shall be made within one year from the date of approval by the members while payment of interest due shall be made on monthly basis. The management expects the transaction to be beneficial for the Company and its shareholders as this will enhance the return on surplus funds available with the Company.

The directors have carried out necessary due diligence for the proposed investment. The duly signed recommendation of the due diligence report and the latest annual audited financial statements shall be available for inspection in the annual general meeting.

Information for extending running finance facility to Pakgen Power Limited as required under Clause (a) of sub-regulation (1) of regulation 3 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

Ref. No.	Requirement	Information
i	Name of associated company	Pakgen Power Limited
	Criteria of associated relationship	Common Directorship
ii	Amount of loans and advances	Rs. 1,000,000,000/- (Rupees One Billion Only)
iii	Purpose	Both the companies are located in one place and they have some common facilities. The expenses of the facilities are shared between the companies according to share facility agreement. To cover DR and CR side of such transaction companies required the approval of the members.
	Benefits	For smooth running of company's operations
iv	Details of existing loans	Nil

v	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	<p>Audited Financial Statements for the year ended December 31, 2016 showed:</p> <p style="text-align: right;">Rs. in million</p> <p>Balance Sheet:</p> <p>Assets</p> <p>Property, plant & equipment 9,369.82</p> <p>Inventories 1,156.53</p> <p>Trade debts 11,634.50</p> <p>Other assets 2,957.91</p> <hr/> <p style="text-align: right;">25,118.76</p> <p>Liabilities</p> <p>Borrowings 7,249.29</p> <p>Trade and Other payables 1,521.86</p> <p>Other liabilities 1,313.23</p> <p>Equity 15,034.38</p> <hr/> <p style="text-align: right;">25,118.76</p> <p>Current Ratio 1:1.69</p> <p>Profit & Loss Rs. in Million</p> <p>Sales 16,044.14</p> <p>Gross Profit 1,316.04</p> <p>Gross Profit Ratio 8.20%</p> <p>Net Profit after Tax 516.89</p> <p>Net Profit after Tax Ratio 3.22%</p> <p>EPS 1.39</p>
vi	Average borrowing cost of the investing company	6.59%
vii	Rate of interest, mark up, profit, fees or commission etc. to be charged	1Month Kibor +0.50%
viii	Sources of funds from where loans or advances will be given	Surplus funds of the company.
ix	Where loans or advances are being granted using borrowed funds; justification for granting loan or advance out of borrowed funds; detail of guarantees/assets pledged for obtaining such funds, if any; and repayment schedules of borrowing of the investing company.	No
x	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any.	Corporate Guarantee
xi	If the loans or advances carry conversion feature:	Not applicable
xii	Repayment schedule and terms of loans or advances to be given to the investee company.	Repayment of principal will be made within one year with payment of interest due on monthly basis.

xiii	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	<p>Agreement will be signed after approval by the members. Other significant terms and conditions are as under:</p> <ol style="list-style-type: none"> 1. Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20th of every month starting from the next month of the disbursement of loan. 2. In case of delay in re-payment principal and interest, an additional sum equivalent to 2% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by associated company to the Company in addition to the agreed interest amount. 3. All payments under the loan agreement shall be made through crossed cheques. 4. The associated company shall provide a corporate guarantee to secure the extension of loan. 																										
xiv	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or the transaction under consideration:	<p>Five directors of Lalpir Power Limited, Mian Hassan Mansha currently holds 3.93% shares, Mr. Aurangzeb Firoz currently holds 0.03% shares, Mr. Khalid Qadeer Qureshi currently holds 0.00% shares, Mr. Kamran Rasool currently holds 0.00% shares, Mr. Mahmood Akhtar currently holds 0.00% shares, in Pakgen Power Limited. The directors of Pakgen Power Limited are interested in the investing company to the extent of their shareholding as under:-</p> <table border="0" data-bbox="863 1255 1358 1339"> <thead> <tr> <th>Name</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>Mian Hassan Mansha</td> <td>6.84</td> </tr> <tr> <td>Mr. Aurangzeb Firoz</td> <td>0.00</td> </tr> </tbody> </table> <p>The associated companies holding shares of Lalpir Power Limited are interested in Pakgen Power Limited to the extent of their shareholding as follows:-</p> <table border="0" data-bbox="863 1486 1390 1625"> <thead> <tr> <th></th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Nishat Mills Limited</td> <td>27.55</td> </tr> <tr> <td>Engen (Pvt) Limited</td> <td>17.33</td> </tr> <tr> <td>Security General Insurance Co. Ltd.</td> <td>1.72</td> </tr> <tr> <td>Adamjee Insurance Co. Ltd.</td> <td>6.89</td> </tr> </tbody> </table> <p>The associated companies holding shares of Pakgen Power Limited are interested in Lalpir Power Limited to the extent of their shareholding as follows:-</p> <table border="0" data-bbox="863 1772 1390 1904"> <thead> <tr> <th></th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Nishat Mills Limited</td> <td>28.80</td> </tr> <tr> <td>Engen (Pvt) Limited</td> <td>18.17</td> </tr> <tr> <td>Security General Insurance Co. Ltd.</td> <td>1.80</td> </tr> <tr> <td>Adamjee Insurance Co. Ltd.</td> <td>7.20</td> </tr> </tbody> </table>	Name	% of Shareholding	Mian Hassan Mansha	6.84	Mr. Aurangzeb Firoz	0.00		%	Nishat Mills Limited	27.55	Engen (Pvt) Limited	17.33	Security General Insurance Co. Ltd.	1.72	Adamjee Insurance Co. Ltd.	6.89		%	Nishat Mills Limited	28.80	Engen (Pvt) Limited	18.17	Security General Insurance Co. Ltd.	1.80	Adamjee Insurance Co. Ltd.	7.20
Name	% of Shareholding																											
Mian Hassan Mansha	6.84																											
Mr. Aurangzeb Firoz	0.00																											
	%																											
Nishat Mills Limited	27.55																											
Engen (Pvt) Limited	17.33																											
Security General Insurance Co. Ltd.	1.72																											
Adamjee Insurance Co. Ltd.	6.89																											
	%																											
Nishat Mills Limited	28.80																											
Engen (Pvt) Limited	18.17																											
Security General Insurance Co. Ltd.	1.80																											
Adamjee Insurance Co. Ltd.	7.20																											

xv	Any other important details necessary for the members to understand the transaction:	None
xvi	In case of investment in a project of an associated company or associated undertaking that has not commenced operations:	Not applicable
	Starting date of work	Not Applicable
	Completion of work	Not Applicable
	Commercial operations date	Not Applicable
	Expected time by which the project shall start paying return on investment	Not Applicable

B. To amend Articles of Association of the Company to facilitate E-voting in general meetings of the Company in compliance with the requirements of The Companies (E-voting) Regulations, 2016.

The Board of Directors of Lalpir Power Limited (“the Company”) in their meeting held on March 20, 2017 recommended to amend Articles of Association of the Company in compliance with the requirements of The Companies (E-voting) Regulations 2016 in order to allow members of the Company to opt for E-voting in a general meeting of the Company in compliance with the requirements of the Companies (E-Voting) Regulations, 2016, as amended from time to time. In the case of E-voting, both members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company’s registered office address or through email. The Company will arrange E-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power.

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.

C. To consider and if deemed fit, to pass the following resolutions as special resolutions, with or without modification, addition(s) or deletion(s), as recommended by the Directors:

The Securities and Exchange Commission of Pakistan vide its S.R.O.470(I)/2016 dated May 31, 2016 has allowed companies to circulate annual audited accounts to its members through CD/DVD/USB at their registered addresses, therefore the Board of Directors of Lalpir Power Limited (“the Company”) in their meeting held on March 20, 2017 has recommended for transmission of Annual Audited Accounts of the Company to its members through CD/DVD/USB at their registered addresses instead of transmitting the said accounts in hard copies, however, hard copies of the annual audited accounts will be supplied to the shareholders, on demand, at their registered addresses, free of cost, within one week of such demand.

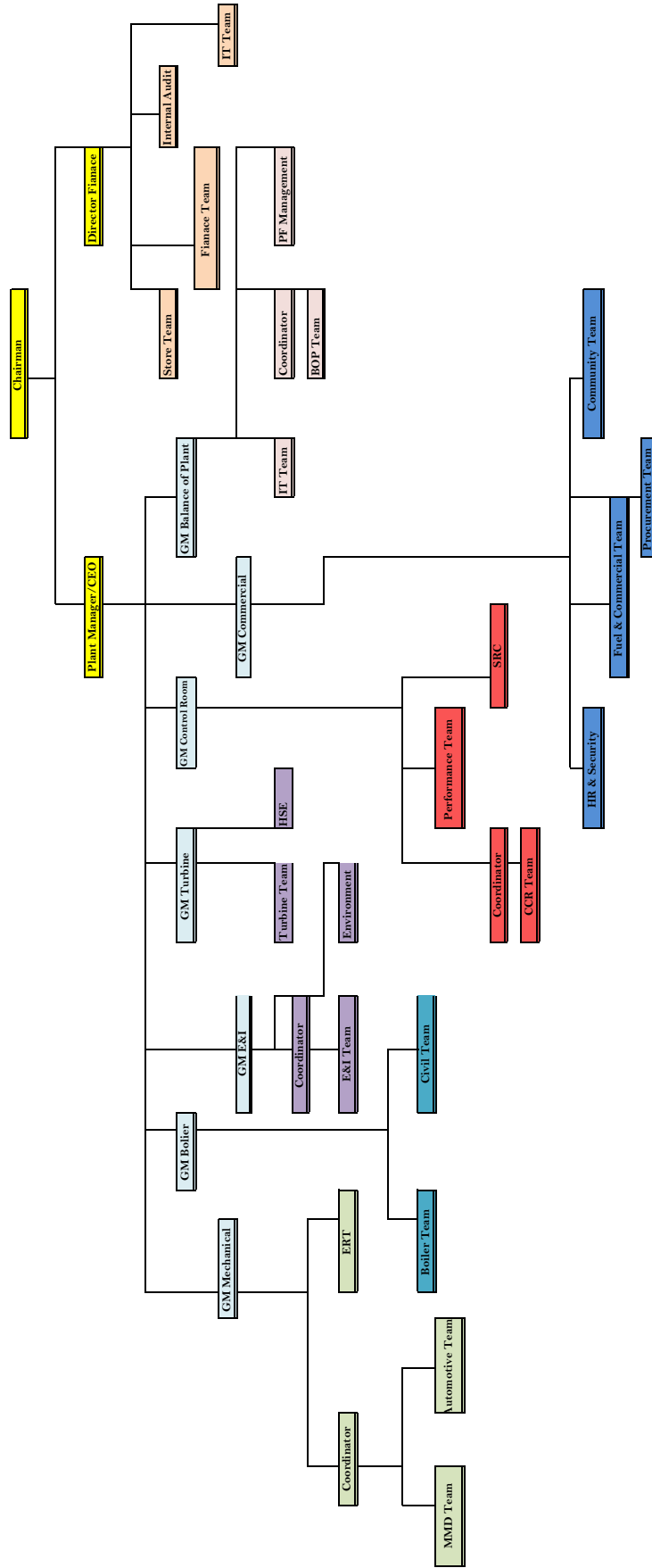
If a member prefers to receive hard copies for all the future annual audited accounts, then such preference of the members shall be given to the Company in writing on the Standard Request Form available on the website of the Company and the Company will provide hard copies of all the future annual audited accounts to such member.

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

Name of Investee Company	: Nishat Energy Limited	Lalpir Solar (Pvt) Limited
Total Investment Approved	: Equity investment of Rs 4,875,000,000 (Rupees Four Billion Eight Hundred Seventy Five Million Only) was approved by members in EOGM held on December 15, 2014 for the period of (3) years.	Equity investment of Rs 270,270,000 (Rupees Two Hundred Seventy Million Two Hundred Seventy Thousand Only) was approved by members in AGM held on April 30, 2016 for the period of (3) years.
Amount of Investment Made to date	: PKR 2,500,000/-	NIL
Reason for not having made complete Investment so far where resolution Required to be implemented in Specified time.	: Investment in Nishat Energy is based on certain milestones which have not been accomplished yet. The first such milestone was conducting the Feasibility Study. Feasibility of the project was duly completed and has been approved by Punjab Power Development Board (PPDB). The second milestone was to procure Grid Interconnection Permit from NTDC whose study has been admitted and under final stage of review with National Transmission & Despatch Company (NTDC). Generation License application has been admitted for consideration By NEPRA. Upfront Tariff for imported coal has expired and no new tariff has been announced in place. The company could not adopt the tariff due to inordinate pendency of Grid Interconnect Permit from NTDC. The company has already escalated the issue of delay with concerned quarters in Govt.	Investment in Lalpir Solar Power Pvt Limited. is based on certain milestones which have not yet been accomplished. The first such milestone was to conduct Grid Interconnection Study (GIS), which has been approved by Multan Electric Power Company (MEPCO) however, approval/vetting of GIS is yet to be required from planning power wing of National Transmission & Dispatch Company Limited.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company	: Nishat Energy Limited has issued paid-up share capital of 1,000,000 shares of Rs 10 each amounting to Rs 10,000,000 (Rupees ten million only). As per latest available financial statements for the year ended June 30, 2016, the loss per share is Rs. 1.48 and Break-up value per share is Rs. 3.58.	Lalpir Solar Power (Pvt.) Limited has issued paid-up share capital of 50,000 shares of Rs 10 each amounting to Rs.500,000 (Rupees five hundred thousand only). As per latest available Financial Statements for the year ended June 30, 2016 basic loss per share is Rs. 11.50 and break-up value per share is negative Rs. 1.50.

ORGANIZATION CHART



DIRECTOR'S PROFILE

MIAN HASSAN MANSHA



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

MR. AURANGZEB FIROZ



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

Mr. Aurangzeb Firoz holds directorships of Pakgen Power Limited, Engen (Pvt) Limited, Educational System (Pvt) Limited, City APIIT (Pakistan) (Pvt) Limited and City Hospitality Management Services (Pvt) Limited, his primary interest remains in the development of the new projects, especially in power and Energy and Educational Sector of Pakistan.

MR. JAWAID IQBAL



Mr. Jawaid Iqbal is a Bachelor of Science from University of Pennsylvania, USA. He has over 19 years of vast experience of working as Chief Executive/Director of various Listed and non-listed companies. He also serves as Chief Executive Officer of Gul Ahmed CBMC Glass Company Limited and Metro Property Network (Pvt) Limited and Director on the Boards of Gul Ahmed Bio Films Limited and Metro Estate (Pvt) Limited.



MR. KHALID QADEER QURESHI

Mr. Khalid Qadeer Qureshi is a fellow member of the Institute of Chartered Accountants of Pakistan. He has over 42 years of rich professional experience. He also serves on the Board of D.G. Khan Cement Company Limited, Nishat Power Limited, Lalpir Power Limited, Pakgen Power Limited Nishat Paper Products Company Limited, Pakistan Aviators and Aviation (Private) Limited and Nishat Spinning (Private) Limited.



MR. KAMRAN RASOOL

Mr. Kamran Rasool holds a Post Graduate Diploma in Development Administration from Manchester University and Masters in English from Punjab University. He was associated with Government of Pakistan as Secretary Defense, Cabinet Secretary, Secretary Industries and Production. Mr. Kamran Rasool is acting as the Advisor to President of MCB Bank Limited.

Mr. Kamran Rasool holds directorship on the Board of Pakgen Power Limited, Adamjee Insurance Company Limited, Nishat (Chunian) Limited and Nishat Chunian Power Limited.



MR. MUHAMMAD AZAM

Mr. Muhammad Azam is a fellow member of the Institute of Chartered Accountants of Pakistan he has over 37 years' of experience He is working as Sr. General Manager (F& A) with Nishat Mills Limited since 1991 and also held office of director in Security General Insurance Company Limited.



MR. MAHMOOD AKHTAR

Mr. Mahmood Akhtar holds an MBA degree from Punjab University and has over 36 years of managerial experience spread across various industries. He also serves on the Board of Pakgen Power Limited, Nishat Power Limited, Security General Insurance Company Limited, Nishat Hospitality (Pvt) Limited, Nishat Spinning (Pvt) Limited.

DIRECTORS' REPORT

THE DIRECTORS ARE PLEASED TO PRESENT THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON.





GENERAL

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

FINANCE

We report that during the year 2016 the total sales revenue of the Company was Rupees 15.366 billion (2015: Rupees 22.079 billion) and operating costs were Rupees 13.510 billion (2015: Rupees 20.039 billion), resulting in gross profit of Rupees 1.856 billion (2015: Rupees 2.039 billion). The Company earned a net profit of Rupees 994.697 Million resulting in earnings per share of Rupees 2.62 per share as compared to a net profit of Rupees 850 Million and earnings per share of Rupees 2.24 last year.

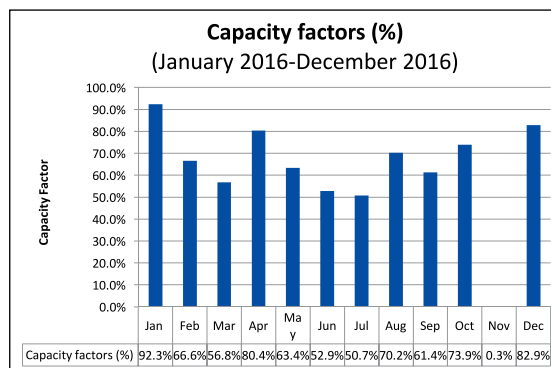
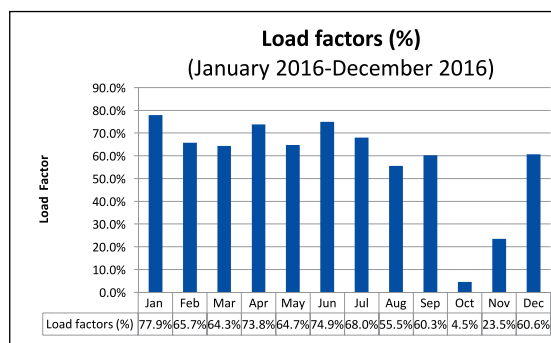
Main reason for increase in net profit for year ended 31 December 2016 in Comparison with year ended 31 December 2015 is decrease in delta loss by Rupees 111.205 Million due to decrease of 3.95 Grams per kWh fuel consumption as compared to last year.

Our sole customer CPPA Central Power Purchasing Agency remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. As on 31 December 2016 an amount of Rupees 8.597 billion was outstanding against CPPA of these Rupees 4.236 billion was classified overdue. Despite frequent follow-up with the concerned Ministry of Government of Pakistan it is regretted there has been no

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

OPERATIONS AND SIGNIFICANT EVENTS:

In response to load demanded by CPPA, the Lalpir plant operated at capacity factor of 52.2% with an average load factor of 65.6% and an average complex availability of 93.8% and dispatched 1,606.1 GWh of electricity. The Company continues to allocate funds on various improvement projects towards the ongoing modernization of the plant in order to ensure its long term integrity and maximum availability for our customer CPPA.



CORPORATE OBJECTIVE

Being a responsible and reliable energy company, we aim to facilitate the nation in reducing its cost of energy. To accomplish this objective MOU (Memorandum of Understanding) has been signed between Government of Pakistan and the company to convert its oil fired plant into coal or petcoke on 28 June 2013. Conversion is expected to take place within three years.

The company filed petition with NEPRA for tariff determination in September 2014. NEPRA awarded tariff in March 2015. Due to shortcomings in the tariff, a review petition was filed and the final award was received in November 2015. The tariff did not fully meet the requirements of the project. The company decided to appoint an engineering consultant to advice on the technical details of project. Lahmeyer, Germany, was appointed as the consultant who is in the process of defining project parameters.

The progress has been slowed down due to government policy to restrict use of imported coal on certain projects only e.g. CPEC. There is recent SBP restriction on local financing for import of large project machinery. The company has approached PPIB and other organizations to seek favorable solutions of the challenges.

LALPIR SOLAR POWER (PVT) LIMITED:

During the year Board of Directors of the Company has approved investment in the Lalpir Solar Power (Pvt) Limited (LSPL). The principal activity of LSPL will be to build, own, operate and maintain or invest in a solar power project

having gross capacity upto 20 MWp with net estimated generation capacity of approx 19 MWp at project site located at Mehmood Kot, Dist. Muzaffar Garh.

Nishat Group Companies & Associates (Nishat) has submitted Expression of Interest (EOI) to Punjab Power Development Board (PPDB)/ Alternate Energy Development Board (AEDB) to conduct feasibility study. Subsequent to approval from PPDB and/or AEDB Nishat will submit a performance guarantee in favour of PPDB/AEDB to show the commitment and agree to complete the feasibility study within stipulated time frame.

Consortium members (Lalpir Power Limited, Pakgen Power Limited and Nishat power Limited and any other appropriate investor) can share the equity stake subsequently. The consortium members shall collectively hold at least 51% (fifty-one percent) of the total issued and paid up share capital of Lalpir Solar, until the sixth (6th) anniversary of successful commissioning of the Project.

The management has decided to temporarily put on hold the solar project due to a downward revision of upfront tariff by NEPRA which has adversely effected the feasibility of the project.

CREDIT RATINGS

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

HUMAN RESOURCES

The Company has employed experienced and qualified human resources to meet the challenges ahead and to achieve its management objectives. The Company offers an encouraging work environment and employs a dedicated management team and workforce who are instrumental in achieving higher levels of productivity through continuous growth and expansion. The Company has transparent Human Resource policies, including succession planning, hiring, developing and retaining the best talent.

INTERNAL AUDIT AND CONTROL:

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

ENVIRONMENT HEALTH AND SAFETY

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

Health and safety excellence, integrated with our business goals, positions our Company for continued leadership and future growth. The Company continues to maintain the safer work place for all of the employees. 'Put Safety First' is among the highest priorities of our Company's

management. A complete medical checkup of the employees is carried out every year and where required a full concentration is given to any required medical treatment.

SOCIAL RESPONSIBILITY AND COMMUNITY WELFARE

Company since inception has consistently worked for the uplift of communities that are influenced directly or indirectly by our business. The Corporate Social Responsibility (CSR) program is based on the principles of transparency, accountability, integrity and sustainability. Community and stakeholder needs are carefully assessed and strategic support is extended in line with the Company's Policies, Code of Business Ethics and business objectives. The Company takes its responsibilities to the society seriously. We want to be perceived as a good neighbor within the communities where we are present, and to contribute to worthy causes wherever and whenever we can.

Our CSR program has focused on Healthcare, education, environment and infrastructure. The initiatives undertaken seek to ensure that there is clear value addition and that the real impact is made at the grassroots level.

CSR INITIATIVES:

- The company is managing a clinic that is fully equipped with emergency facilities and diagnostics laboratory for the local community. Additionally company also arranges special eye camp for the local community on annual basis.
- Supporting operational expenses to CARE Foundation for the five adopted government schools of local community.

- Continuing support to TCF schools in local community, started from primary level and being upgraded to metric level.
- Company also running a little angle program for the free education to the house maids working in employee's community.
- The company has upgraded many local government institutions like Vocational Training Institute and higher secondary school.
- Extensive Plantation of trees. The Company has built/upgrade the infrastructure in the surrounding community like building houses damaged by flood, roads, bridges, drinking water etc. on as and when required basis.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- 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 account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation

of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon Company's ability to continue as going concern.
- All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.
- The key operating and financial data of last six years is attached to the report.
- Value of investments of provident fund and gratuity scheme as at 31 December 2016 were as follows

Provident fund: 31 December 2016 is Rupees: 59.954 Million

Gratuity fund: 31 December 2016 is Rupees: 46.978 Million

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

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

* Mr. Saeed Ahmad Alvi passed away on March 21, 2016

** Mr. Muhammad Azam appointed as Director of Board on April 05, 2016 in place of Mr. Saeed Ahmad Alvi.

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

Sr. #	Name of Directors		No. of Meetings Attended
1	Mr. Mahmood Akhtar	(Member)	5
2	Mr. Jawaid Iqbal	(Member / Chairman)	2
3	Mr. Kamran Rasool	(Member)	5

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

Sr. #	Name of Directors		No. of Meetings Attended
1.	Mr. Hassan Mansha	(Member/Chairman)	2
2.	Mr. Kamran Rasool	(Member)	2
3.	Mr. Ghazanfar Hussain Mirza	(Member)	2

CORPORATE GOVERNANCE

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

PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding as on 31 December 2016 is attached.

RELATED PARTIES

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

DIVIDEND DISTRIBUTION

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

AUDITORS


The present auditors M/s Riaz Ahmad and Company, Chartered Accountants retired and being eligible, offer themselves for re-appointment for the year 2017. The Audit Committee of the Board has recommended the reappointment of the retiring auditors.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors



Mr. Aurangzeb Feroz
Chief Executive Officer
Lahore: 20TH March 2017

ڈائریکٹرز لال پیر پاور لمیٹڈ

لال پیر پاور لمیٹڈ "کمپنی" کے ڈائریکٹرز 31 دسمبر 2016 مختتمہ مدت کے لئے آپ کی کمپنی کی سالانہ رپورٹ اور تفتیح شدہ مالی حسابات پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

عام معلومات

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

مالی نتائج

ہم بیان کرتے ہیں کہ سال 2016 کے دوران کمپنی کی فروخت کی کل آمدنی 15.366 بلین روپے (2015: 22.079 بلین روپے) اور آپریٹنگ اخراجات 13.510 بلین روپے (2015: 20.039 بلین روپے) جس کے نتیجے میں 1.856 بلین روپے کا مجموعی منافع (2015: 2.039 بلین روپے) حاصل ہوا تھا۔ کمپنی نے گزشتہ سال 850 ملین روپے خالص منافع اور 2.24 روپے فی شیئر آمدنی کے مقابلے میں 994.697 ملین روپے خالص منافع کمایا جس کے نتیجے میں 2.62 روپے فی شیئر آمدنی حاصل ہوئی۔

31 دسمبر 2015 مختتمہ مدت کے موازنہ میں 31 دسمبر 2016 مختتمہ مدت کے خالص منافع میں اضافہ کی بڑی وجہ 111.205 بلین روپے کے ڈیلٹا نقصان میں کمی ہے جو گذشتہ سال کے مقابلے میں 3.95 گرام فی KWH کمی کی وجہ سے ہوا۔ ہماری واحد صارف CPPA سینٹرل پاور پراجیکٹس ایجنسی بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خود مختار ضمانت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ 31 دسمبر 2016 کو CPPA کے ذمہ بقایا رقم 8.97 بلین روپے تھے جس میں سے 4.236 بلین روپے کی رقم زائد المیعاد تھی۔ حکومت پاکستان کی متعلقہ وزارت کے ہاں بارہ مرتبہ معاملہ اجاگر کرنے کے باوجود صورت حال میں کوئی بہتری نہیں ہوئی ہے جس کے نتیجے میں ایندھن کی فراہمی بے قاعدہ ہوئی جس نے پلانٹ کی کارروائیوں کو متاثر کیا ہے۔ اس کے علاوہ CPPA بجلی کی خریداری کے معاہدے PPA کے تحت درکار 2.789 بلین روپے کے لئے واجب کرڈٹ فراہم کرنے میں ناکام رہی ہے۔ کمپنی مسلسل CPPA / این ٹی ڈی سی اور حکومت پاکستان سے تمام بقایا جات کی رقم فی الفور ادا کرنے کا مطالبہ کر رہی ہے۔ کمپنی بجلی کی خریداری کے معاہدے کے تحت درکار کرڈٹ خط کے قیام کے لئے بھی CPPA کا مواخذہ کر رہی ہے۔

آپریٹنرز اور اہم واقعات:

CPPA کی طرف سے مطلوبہ لوڈ کے جواب میں لال پیر پلانٹ 65.6 فیصد اوسط لوڈ فیکٹر اور 93.8 فیصد اوسط کمپلیکس کی دستیابی کے ساتھ 52.2 فیصد کے صلاحیتی عنصر پر چلایا اور 1,606.1 GWh بجلی ترسیل کی گئی۔ کمپنی ہمارے صارف واپڈا کے لئے اپنی طویل مدتی سہولت اور زیادہ سے زیادہ دستیابی کو یقینی بنانے کے لئے پلانٹ کی جدت طرازی کی خاطر مختلف بہتری کے منصوبوں پر فنڈز مختص کرتی رہتی ہے۔

کارپوریٹ مقاصد

ایک ذمہ دار اور قابل بھروسہ توانائی کی کمپنی ہونے کے ناطے، ہمارا مقصد ہے کہ بجلی کی قیمتوں کو کم کر کے قوم کو سہولت پہنچائیں۔ اس مقصد کو پورا کرنے کے لئے 28 جون 2013 کو حکومت پاکستان اور کمپنی کے درمیان تیل سے چلنے والے پلانٹ کو کونٹہ یا گیس پر تبدیلی کی ایک MOU (مفاہمت کی یادداشت) پر دستخط کیے گئے۔

کمپنی نے ستمبر 2014 میں نرخوں کے تعین کے لئے نیپرا کے ہاں نظر ثانی کی درخواست دائر کی تھی نیپرا نے مارچ 2015 میں نرخ جاری کئے۔ نرخ نامہ غلطیوں کی وجہ سے دوبارہ نظر ثانی کی درخواست دائر کی گئی اور نومبر 2015 میں حتمی نرخ نامہ وصول ہوا تھا۔ نرخ نامہ منصوبہ کی تمام ضروریات کو پورا نہیں کرتا۔ کمپنی نے منصوبے کی تکنیکی تفصیلات بارے مشورہ کے لئے ایک انجینئرنگ کنسلٹنٹ مقرر کرنے کا فیصلہ کیا۔ Lahmeyer، جرمنی، کومشیر کے طور پر مقرر کیا گیا جو منصوبے کے پیرامیٹرز کی وضاحت کے عمل میں مصروف ہے۔

بعض منصوبوں مثلاً CPEC پر درآمدی کونٹے کے استعمال کو محدود کرنے کی حکومتی پالیسی کی وجہ سے پیش رفت سست ہو گئی ہے۔ بڑے منصوبے کی مشینری کی درآمد کے لئے مقامی فنائننگ پراسٹیٹ بینک نے حالیہ پابندی لگائی ہے۔ کمپنی نے چیننجوں کے موافق حل تلاش کرنے کے لئے پی پی آئی بی اور دیگر تنظیموں سے رابطہ کیا ہے۔

لال پیر سولر پاور (پرائیویٹ) لمیٹڈ:

سال کے دوران کمپنی کی مجلس نطماء نے لال پیر سولر پاور (پرائیویٹ) لمیٹڈ (LPSL) میں سرمایہ کاری کی منظوری دی ہے۔ LSPL کی اہم سرگرمی اپنا ذاتی، تعمیر کرنے، چلانے اور برقرار رکھنے یا محمود کوٹ، ضلع مظفر گڑھ میں واقع منصوبہ سائٹ پر تقریباً 19MWP کی مجموعی پیداوار کی صلاحیت کے ساتھ 20MWP تک مجموعی صلاحیت رکھنے والے ایک شمسی توانائی کے منصوبے میں سرمایہ کاری ہوگی۔

نشاط گروپ کمپنیز اینڈ ایسوسی ایٹس (نشاط) نے پنجاب پاور ڈویلپمنٹ بورڈ (PPDB) / متبادل توانائی ترقیاتی بورڈ (AEDB) کو امکانات کا مطالعہ منظم کرنے کے لئے اظہار دلچسپی (EOD) پیش کی ہے۔ PPDB اور AEDB سے منظوری کے بعد نشاط عزم ظاہر کرنے اور مقررہ مدت کے اندر اندر امکانات کا مطالعہ مکمل کرنے کے اتفاق کے لئے AEDB/PPDB کے حق میں کارکردگی کی ضمانت جمع کرائے گا۔

کنسورشیم ارکان (لال پیر پاور لمیٹڈ، پاک جن پاور لمیٹڈ اور نشاط پاور لمیٹڈ اور کوئی موزوں سرمایہ کار) اس کے بعد ایکویٹی اسٹیٹک اشتراک کر سکتے ہیں۔ کنسورشیم ارکان پروجیکٹ کی کامیاب کمیشننگ کی چھٹی (6th) سالگرہ تک لال پیر سولر کے کل جاری اور ادا شدہ شیئر سرمایہ کا مجموعی کم از کم 51 فیصد (اکیاون فیصد) کا حامل ہوگا۔

انتظامیہ نے نپرا کی طرف سے اپ فرنٹ ٹیرف پر کم نظر ثانی جس نے منصوبہ کی فزیبیلٹی کو بری طرح متاثر کیا ہوا ہے کی وجہ سے سولر منصوبے کو عارضی طور پر روکنے کا فیصلہ کیا ہے۔

کریڈٹ ریٹنگ

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

انسانی وسائل

کمپنی پیش آنے والے چیلنجوں کا سامنا کرنے کے لئے اور اپنے انتظامات کے مقاصد کو حاصل کرنے کے لئے تجربہ کار اور مستند انسانی وسائل کی حامل ہے۔ کمپنی ایک حوصلہ افزاء کام کا ماحول پیش کرتی ہے اور ایک سرشار مینجمنٹ ٹیم اور افرادی قوت کو ملازمت دیتی ہے جو مسلسل ترقی اور توسیع کے ذریعے پیداوار کی اعلیٰ سطح کے حصول میں اہم کردار کرتی ہے۔ کمپنی شفاف انسانی وسائل کی پالیسیاں، جانشینی کی منصوبہ بندی سمیت، ہائرنگ، ترقی پذیر اور بہترین ذہانت کو برقرار رکھتی ہے۔ اندرونی آڈٹ اور کنٹرول:

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

صحت اور سیفٹی کا ماحول

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

صحت اور حفاظت کی برتری، ہمارے کاروبار کے مقاصد کے ساتھ مربوط، قیادت اور مستقبل کی ترقی کے لئے ہماری کمپنی کی حیثیت قائم رکھتے ہیں۔ کمپنی تمام ملازمین کے لئے محفوظ کام کی جگہ برقرار رکھتی ہے۔ 'حفاظت پہلے رکھو' ہماری کمپنی کی انتظامیہ کی اعلیٰ ترین ترجیحات

میں شامل ہے۔ ملازمین کا مکمل میڈیکل چیک اپ ہر سال کیا جاتا ہے اور جہاں مکمل ارتکاز کی ضرورت ہو کوئی بھی مطلوبہ طبی علاج کیا جاتا ہے۔

سماجی ذمہ داری اور کمیونٹی ویلفیئر

قیام کے آغاز سے کمپنی نے کمیونٹی کی بہتری کے لئے مسلسل کام کیا ہے جو ہمارے کاروبار سے براہ راست یا بالواسطہ طور پر متاثر ہوتی ہیں۔ کارپوریٹ سماجی ذمہ داری (سی ایس آر) پروگرام شفافیت، احتساب، سالمیت اور پائیداری کے اصولوں پر مبنی ہے۔ کمیونٹی اور اسٹیک ہولڈر کی ضروریات کا احتیاط سے تعین کیا جاتا ہے اور اسٹریٹجک سپورٹ کمپنی کی پالیسیوں، کاروباری اخلاقیات اور کاروباری مقاصد کی لائن میں توسیع کی جاتی ہے۔ کمپنی سنجیدگی سے معاشرے کے لیے اپنی ذمہ داریوں کو پورا کرتی ہے۔ ہم خواہش ہے کہ جس کمیونٹی میں ہم موجود ہیں کے اندر ایک اچھا پڑوسی خیال کیا جائے، اور قابل وجوہات جہاں بھی اور جب بھی ہم کر سکیں میں شرکت کریں۔

ہمارا CSRI پروگرام صحت کی دیکھ بھال، تعلیم، ماحول اور بنیادی ڈھانچے پر توجہ مرکوز کئے ہوئے ہے۔ واضح قدر میں اضافہ اور عوامی سطح پر حقیقی اثر کو یقینی بنانے کے لئے بنیادی اقدامات اٹھائے گئے ہیں۔

CSR اقدامات:

- کمپنی نے ایک کلینک کا انتظام کیا ہے جو مقامی کمیونٹی کے لئے ہنگامی سہولیات اور تشخیص کی لیبارٹری سے مکمل طور پر لیس کیا گیا ہے۔ اس کے علاوہ کمپنی سالانہ بنیاد پر مقامی کمیونٹی کے لئے خصوصی آئی کمپ کا بھی انتظام کرتی ہے۔
- مقامی کمیونٹی کے پانچ سرکاری اسکولوں کی سرپرستی کے لئے کیئر فاؤنڈیشن کی آپریشنل اخراجات میں تعاون کرتی ہے۔
- مقامی کمیونٹی میں TCF اسکولوں کی پرائمری سطح سے شروع اور میٹرک سطح تک اپ گریڈ کرنے میں تعاون کر رہی ہے۔
- کمپنی ملازمین کی کمیونٹی میں گھر بلوکام کرنے والوں کو مفت تعلیم دینے کے لئے ایک چھوٹا سا ویہ پروگرام بھی چلا رہی ہے۔
- کمپنی نے ووکیشنل ٹریننگ انسٹی ٹیوٹ اور ہائر سیکنڈری اسکول کی طرح کے بہت سے مقامی حکومتی اداروں کو اپ گریڈ کیا ہے۔
- وسیع پیمانے پر درختوں کی شجرکاری کی گئی ہے۔ کمپنی نے ارد گرد کی کمیونٹی میں جب ضرورت ہو کی بنیاد پر سیلاب سے تباہ شدہ مکانات کی تعمیر، سڑکوں، پلوں اور پینے کے پانی وغیرہ کی تعمیر/بنیادی ڈھانچے کو اپ گریڈ کیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

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

• کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گونگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- بورڈ کے تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے بخوبی واقف ہیں۔
- ڈائریکٹرز کو اور بیٹیشن کورسز کے ذریعے ان کے فرائض اور ذمہ داریوں کے بارے میں آگاہ کیا گیا تھا۔
- گذشتہ چھ سالوں کا کلیدی اور مالی اعداد و شمار رپورٹ کے ہمراہ منسلک ہے۔
- 31 دسمبر 2016 کو پراویڈنٹ فنڈ اور گریجویٹ سیکم کی سرمایہ کاری کی قدر حسب ذیل تھی:

پراویڈنٹ فنڈ: 31 دسمبر 2016 کو 59.954 ملین روپے

گریجویٹ فنڈ: 31 دسمبر 2016 کو 46.978 ملین روپے

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

نمبر شمار	نام ڈائریکٹر	تعداد اجلاس
1	میاں حسن منشا (چیئرمین/ ڈائریکٹر)	5
2	جناب اورنگ زیب فیروز (سی ای او/ ڈائریکٹر)	4
3	جناب کامران رسول	5
4	جناب خالد قدیر قریشی	5
5	جناب محمود اختر	5
6	* جناب سعید احمد علوی	1
7	جناب جاوید اقبال	2
8	** جناب محمد اعظم	1

* جناب سعید احمد علوی 21 مارچ 2016 کو وفات پا گئے۔

**جناب سعید احمد علوی کی جگہ جناب محمد اعظم 5 اپریل 2016 کو مجلس نطاء میں شامل ہوئے۔
زیر جائزہ سال کے دوران، آڈٹ کمیٹی کے پانچ اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام رکن	تعداد اجلاس
1	جناب محمود اختر (ممبر)	5
2	جناب جاوید اقبال (ممبر اچیز مین)	2
3	جناب کامران رسول (ممبر)	5

زیر جائزہ سال کے دوران، ہیومن ریسورس & ریمزیشن (R&HR) کمیٹی کا دو (2) اجلاس منعقد ہوا، حاضری کی پوزیشن حسب

ذیل تھی:-

نمبر شمار	نام رکن	تعداد اجلاس
1	جناب حسن منشا (ممبر اچیز مین)	2
2	جناب کامران رسول (ممبر)	2
3	جناب غضنفر حسین مرزا (ممبر)	2

کارپوریٹ گورننس:

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

حصص داری کا نمونہ:

برطابق 31 دسمبر 2016 نمونہ حصص داری منسلک ہے۔

متعلقہ پارٹیاں:

متعلقہ پارٹیوں کے درمیان لین دین آڈٹ کمیٹی کے سامنے پیش کیا گیا اور بورڈ نے منظور کیا۔ یہ لین دین IFRS اور کینیڈا آرڈیننس

1984 کی ضروریات کی لائن میں تھے۔ کمپنی ایسے تمام لین دین کا ریکارڈ برقرار رکھتی ہے۔

منافع منقسمہ کی تقسیم:

بورڈ آف ڈائریکٹرز نے کمپنی کے حصص یافتگان کو، 10 روپے ہر ایک (یعنی بشرح 10 فیصد) کے -1 روپے فی عام شیئر کی شرح پر حتمی منافع منقسمہ سالانہ اجلاس عام میں منظور کرنے کی سفارش کرتے ہوئے خوشی محسوس کرتی ہے جو ان حصص داران کو ادا کیا جائے گا جن کے نام سالانہ اجلاس عام میں مذکورہ تاریخ کو رجسٹر میں درج ہوں گے۔

محاسب:

موجودہ محاسب میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے اہل ہونے کی بناء پر سال 2016-17 کے لئے دوبارہ تعیناتی کے لئے خود کو پیش کیا ہے بورڈ کی آڈٹ کمیٹی نے ریٹائر ہونے والے محاسب کی دوبارہ تقرری کی سفارش کی ہے۔
اظہار تشکر:

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

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

منجانب مجلس نداء

(اورنگ زیب فیروز)

چیف ایگزیکٹو آفیسر

لاہور: 20 مارچ 2017ء

FINANCIAL DATA

	2016	2015	2014	2013	2012	2011
Dispatch level %	52.2	62.80	55.20	63.10	54.80	57.00
Dispatch(GWH)	1719.6	1,915	1,680	1,925	1,685	1,768
Revenue(000)						
Revenue	15,366,041	22,078,537	30,916,857	36,571,100	32,906,885	29,669,914
Cost Of Sales	(13,510,090)	(20,039,190)	(29,037,489)	(34,773,224)	(30,415,938)	(27,283,667)
Gross Profit	1,855,951	2,039,347	1,879,368	1,797,876	2,490,947	2,386,247
Profitability (000)						
profit/(loss) before tax	994,697	849,863	792,741	644,691	1,446,258	1,431,684
Provision for tax	-	-	-	-	-	-
profit/(loss) after tax	994,697	849,863	792,741	644,691	1,446,258	1,431,684
Financial position (000)						
Non Current Assets	9,933,753	10,313,647	11,100,713	8,406,498	8,393,893	7,872,095
Current Assets	13,884,049	11,172,980	12,522,547	13,943,942	14,439,681	11,639,766
less: Current Liabilities	10,396,527	7,742,120	9,493,110	10,246,135	10,615,270	7,531,720
Net Working Capital	3,487,522	3,430,860	3,029,437	3,697,807	3,824,411	4,108,046
Capital Employed	13,421,275	13,744,507	14,130,150	12,104,305	12,218,304	11,980,141
less: Long term Loans	783,438	1,336,453	1,813,876	-	-	-
less: Deferred Liabilities	19,207	21,991	17,937	20,222	13,620	13,137
Share Holders Equity	12,618,630	12,386,063	12,298,337	12,084,083	12,204,684	11,967,004
Represented by (000)						
Share Capital	3,798,387	3,798,387	3,798,387	3,798,387	3,453,079	3,453,079
Capital Reserve	107,004	107,004	107,004	107,004	107,004	107,004
Un-appropriated Profit	8,713,239	8,480,672	8,392,946	8,178,692	8,644,601	8,406,921
	12,386,063	12,386,063	12,298,337	12,084,083	12,204,684	11,967,004
Dividends (000)	379,839	379,839	379,839	949,597	1,070,455	2,244,502
Earning Per Share	3	2.24	2.09	1.70	4.19	4.15
P/E ratio	3.82	4.46	4.78	5.88	2.39	2.41
Delta Loss(000)	689,932	801,137	1,461,527	1,971,173	1,342,229	1,282,053
Ratio						
Break up value per share of						
RS 10 Each share	32.61	32.61	32.38	31.81	35.34	34.66
current ratio	1.34	1.44	1.32	1.36	1.36	1.55
Net profit/(loss) to sales %	6.47	3.85	2.56	1.76	4.40	4.83

VERTICAL ANALYSIS

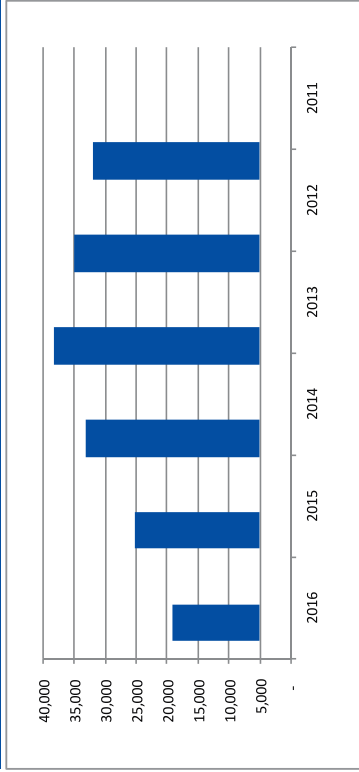
	2016	% of Turnover	2015	% of Turnover	2014	% of Turnover
Revenue	22,078,537	100	30,916,857	100	36,571,100	100
Cost of Sales	(20,039,190)	(90.76)	(29,037,489)	(93.92)	(34,790,520)	(95.13)
Gross Profit	2,039,347	9.24	1,879,368	6.08	1,780,580	4.87
Administration Expenses	(146,976)	(0.67)	(132,789)	(0.43)	(154,706)	(0.42)
Other operating Expenses	(245,528)	(1.11)	(2,341)	(0.01)	(43,186)	(0.12)
Other income	11,929	0.05	24,172	0.08	26,194	0.07
Finance Cost.	(807,489)	(3.66)	(975,558)	(3.16)	(964,191)	(2.64)
share of loss of associated company	(1,420)	(0.01)	(111)	(0.00)	-	-
Profit for the year	849,863	3.85	792,852	2.56	644,691	1.76

HORIZONTAL ANALYSIS

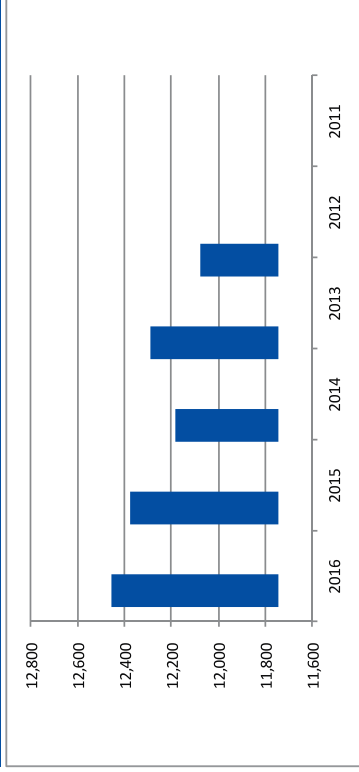
	2016	16 v 15	2015	15 v 14	2014	14 v 13
Revenue	22,078,537	(28.59)	30,916,857	(15.46)	36,571,100	23.26
Cost of Sales	(20,039,190)	(30.99)	(29,037,489)	(16.54)	(34,790,520)	27.59
Gross Profit	2,039,347	8.51	1,879,368	5.55	1,780,580	(25.91)
Administration Expenses	(146,976)	10.68	(132,789)	(14.17)	(154,706)	299.88
Other operating Expenses	(245,528)	10,388.17	(2,341)	(94.58)	(43,186)	11.63
Other income	11,929	(50.65)	24,172	(7.72)	26,194	(67.30)
Finance Cost.	(807,489)	(17.23)	(975,558)	1.18	(964,191)	15.89
share of loss of associated company	(1,420)	(0.01)	(111)	(0.00)	-	-
Profit for the year	849,863	7.21	792,741	22.96	644,691	(57.26)

PERFORMANCE REVIEW

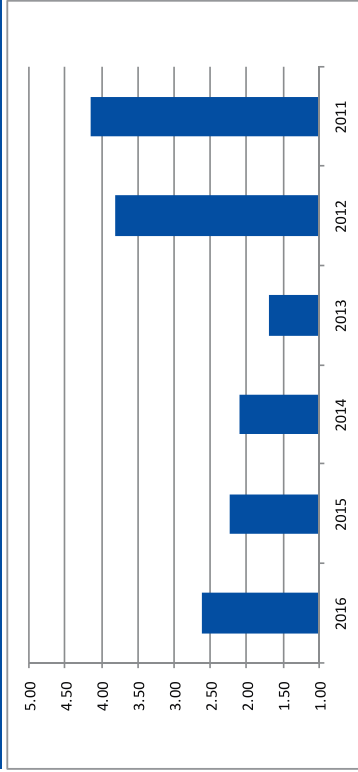
Turnover



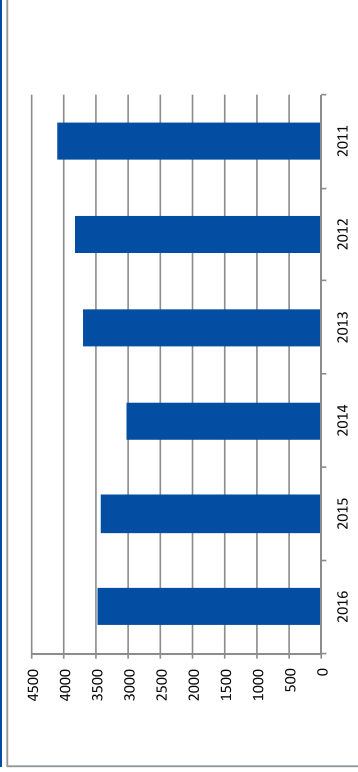
Shareholder Equity



Earning per Share



Working Capital



PATTERN OF SHAREHOLDINGS

As at December 31, 2016

# of Shareholders	Shareholdings' Slab		Total Shares Held
182	1	to 100	2,822
957	101	to 500	471,030
406	501	to 1000	400,953
617	1001	to 5000	1,823,631
209	5001	to 10000	1,801,837
70	10001	to 15000	925,856
43	15001	to 20000	821,345
38	20001	to 25000	926,431
19	25001	to 30000	549,720
15	30001	to 35000	506,876
8	35001	to 40000	302,500
5	40001	to 45000	220,480
23	45001	to 50000	1,136,749
4	50001	to 55000	214,500
4	55001	to 60000	232,500
2	60001	to 65000	126,500
1	65001	to 70000	69,000
7	70001	to 75000	524,000
2	75001	to 80000	155,500
1	80001	to 85000	81,500
2	85001	to 90000	176,000
1	90001	to 95000	92,061
21	95001	to 100000	2,098,000
3	100001	to 105000	308,500
1	105001	to 110000	107,000
2	110001	to 115000	227,000
1	115001	to 120000	120,000
2	125001	to 130000	260,000
1	140001	to 145000	141,000
4	145001	to 150000	599,500
1	150001	to 155000	154,500
1	155001	to 160000	160,000
3	160001	to 165000	483,058
2	165001	to 170000	335,000
1	175001	to 180000	177,000
1	190001	to 195000	192,500
3	195001	to 200000	600,000
1	220001	to 225000	225,000
3	245001	to 250000	750,000
1	255001	to 260000	259,000
2	295001	to 300000	600,000
1	300001	to 305000	304,500
1	310001	to 315000	315,000
1	335001	to 340000	336,000
1	340001	to 345000	345,000
1	345001	to 350000	350,000
1	390001	to 395000	392,000

# of Shareholders	Shareholdings' Slab		Total Shares Held
2	395001	to 400000	796,000
1	420001	to 425000	423,349
1	430001	to 435000	430,500
1	465001	to 470000	467,000
1	470001	to 475000	470,500
6	495001	to 500000	3,000,000
1	500001	to 505000	503,500
1	650001	to 655000	655,000
1	695001	to 700000	700,000
1	710001	to 715000	714,000
1	745001	to 750000	750,000
1	755001	to 760000	757,000
1	845001	to 850000	850,000
1	920001	to 925000	925,000
1	930001	to 935000	934,500
1	970001	to 975000	974,055
1	1120001	to 1125000	1,125,000
1	1190001	to 1195000	1,190,500
1	1230001	to 1235000	1,230,500
1	1245001	to 1250000	1,245,555
1	1260001	to 1265000	1,264,000
1	1495001	to 1500000	1,500,000
1	1575001	to 1580000	1,579,500
1	1800001	to 1805000	1,803,000
1	2020001	to 2025000	2,020,500
1	2070001	to 2075000	2,071,402
1	2090001	to 2095000	2,094,500
1	2905001	to 2910000	2,910,000
1	3150001	to 3155000	3,152,000
1	4295001	to 4300000	4,300,000
1	5860001	to 5865000	5,861,500
1	6835001	to 6840000	6,836,547
1	9305001	to 9310000	9,309,000
1	14015001	to 14020000	14,018,000
1	16580001	to 16585000	16,584,000
1	22840001	to 22845000	22,841,711
1	27345001	to 27350000	27,348,388
1	36895001	to 36900000	36,897,000
1	68510001	to 68515000	68,511,371
1	109390001	to 109395000	109,393,005
2722			379,838,732

CATEGORIES OF SHAREHOLDERS

As at December 31, 2016

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
AURANGZEB FIROZ	1	550	0.00
JAWAID IQBAL	1	500	0.00
KAMRAN RASOOL	1	500	0.00
KHALID QADEER QURESHI	1	550	0.00
MAHMOOD AKHTAR	1	550	0.00
MIAN HASSAN MANSHA	3	25,993,762	6.84
MUHAMMAD AZAM	1	500	0.00
Associated Companies, undertakings and related parties			
M/S. ENGEN (PRIVATE) LIMITED	3	69,011,922	18.17
M/S. SECURITY GENERAL INSURANCE COMPANY LIMITED	2	6,836,548	1.80
NISHAT MILLS LIMITED	1	109,393,005	28.80
ADAMJEE INSURANCE COMPANY LIMITED	1	27,348,388	7.20
Executives			
	-	-	-
Public Sector Companies and Corporations			
	2	1,154,500	0.30
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
	11	24,762,000	6.52
Mutual Funds			
CDC - TRUSTEE JS LARGE CAP. FUND	1	700,000	0.18
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	757,000	0.20
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	1,245,555	0.33
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	150,000	0.04
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	2,020,500	0.53
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	974,055	0.26
CDC - TRUSTEE PIML ASSET ALLOCATION FUND	1	130,000	0.03
General Public			
a. Local	2626	28,625,704	7.54
b. Foreign	0	-	-
Foreign Companies			
	3	377,000	0.10
Others			
	57	80,355,643	21.16
Totals	2722	379,838,732	100.00

Share holders holding 5% or more		Shares Held	Percentage
MIAN HASSAN MANSHA	3	25,993,762	6.84
M/S. ENGEN (PRIVATE) LIMITED	3	69,011,922	18.17
NISHAT MILLS LIMITED	1	109,393,005	28.80
ADAMJEE INSURANCE COMPANY LIMITED	1	27,348,388	7.20
MAHMOOD TEXTILE MILLS LTD.	1	36,897,000	9.71

**Information Under Listing Regulation No.5.19.11 (XII) of Pakistan
Stock Exchange Limited Rule Book
as on December 31, 2016**

There is no trading in the shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Operating Officer,

Chief Financial Officer, Head of Internal Audit, Company Secretary, their spouses and minor children during the period January 01, 2016 to December 31, 2016.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE (CCG) [SEE CLAUSE 5.19.23]

NAME OF COMPANY : LALPIR POWER LIMITED

YEAR ENDED : DECEMBER 31, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.5.19 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

CATEGORY	NAMES
Independent Directors	Mr. Jawaid Iqbal
Executive Directors	Mr. Khalid Qadeer Qureshi Mr. Aurangzeb Firoz
Non Executive Directors	Mian Hassan Mansha Mr. Saeed Ahmad Alvi Mr. Kamran Rasool Mr. Mahmood Akhtar

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. One casual vacancy occurred on the board one 21 March 2016 and was filled up by the directors within 15 days.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant

policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

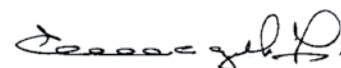
Orientation Course: -

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

Directors' Training Programme: -

- (i) Two (1) Director of the Company is exempt due to 14 years of education and 15 years of experience on the board of a listed company.
 - (ii) Four Directors Mr. Aurangzeb Firoz, Mr. Saeed Ahmad Alvi and Mr. Mahmood Akhtar Mr. Jawaid Iqbal and Mr. Kamran Rasool have completed the directors training programme.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been approved by the board. The remuneration of CFO was revised during the year after due approval of the Board.
 11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
 12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
 13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
 14. The company has complied with all the corporate and financial reporting requirements of the CCG.
 15. The board has formed an Audit Committee. It comprises of 3 members of whom 2 are non-executive directors and the chairman of committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed Human Resource and Remuneration Committee. It comprises 3 members of whom 2 are non-executive directors and the chairman of the committee is non executive director.
18. The board has set up an effective internal audit function, and the members of internal audit function are considered suitably qualified and experienced for the purpose and are conversant with the policies and the procedures of the Company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final financial results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied.



(AURANGZEB FEROUZ)
CHIEF EXECUTIVE
CNIC Number:42301-0959716-1

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


We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of LALPIR POWER LIMITED (“the Company”) for the year ended 31 December 2016 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, where the Company is listed.

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

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

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

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date:
LAHORE

FINANCIAL HIGHLIGHTS





AUDITORS' REPORT TO THE MEMBERS

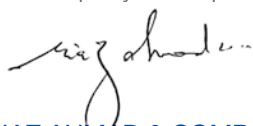
We have audited the annexed balance sheet of **LALPIR POWER LIMITED** as at 31 December 2016 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 31 December 2016 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to note 10.1.2 to the financial statements which explains the uncertainty regarding outcome of claims lodged by Central power purchasing agency (CPPA), which have been disputed by the company. Our opinion is not qualified in respect of this matter.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 26 April 2017

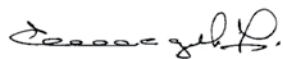
LAHORE

BALANCE SHEET

As at 31 December 2016

	Note	2016 (Rupees in thousand)	2015
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (2015: 500,000,000) ordinary shares of Rupees 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up share capital	3	3,798,387	3,798,387
Capital reserve	4	107,004	107,004
Revenue reserve - un-appropriated profit		8,713,239	8,480,672
Total equity		12,618,630	12,386,063
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing	5	783,438	1,336,453
Employee benefit - gratuity	6	19,207	21,991
		802,645	1,358,444
CURRENT LIABILITIES			
Trade and other payables	7	1,116,226	442,653
Accrued mark-up / profit	8	95,424	136,883
Short-term borrowings	9	8,631,862	6,609,569
Current portion of long-term financing	5	553,015	553,015
		10,396,527	7,742,120
Total liabilities		11,199,172	9,100,564
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		23,817,802	21,486,627

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



CHIEF EXECUTIVE

	Note	2016 (Rupees in thousand)	2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	9,868,334	10,246,139
Investment property	12	10,201	10,284
Long term investment	13	842	969
Long-term loans to employees	14	54,076	55,955
Long term security deposit		300	300
		9,933,753	10,313,647
CURRENT ASSETS			
Stores, spare parts and other consumables	15	976,655	933,412
Fuel stock	16	349,471	406,970
Trade debts	17	8,596,673	6,677,326
Loans, advances and short-term prepayments	18	1,101,782	740,001
Other receivables	19	237,654	187,822
Sales tax recoverable		2,120,067	1,546,347
Cash and bank balances	20	501,747	681,102
		13,884,049	11,172,980
TOTAL ASSETS		23,817,802	21,486,627



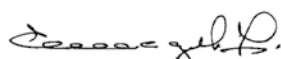
 DIRECTOR

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2016

	Note	2016 (Rupees in thousand)	2015
REVENUE	21	15,366,041	22,078,537
COST OF SALES	22	(13,510,090)	(20,039,190)
GROSS PROFIT		1,855,951	2,039,347
ADMINISTRATIVE EXPENSES	23	(165,229)	(146,951)
OTHER EXPENSES	24	(7,590)	(245,553)
OTHER INCOME	25	29,806	11,929
PROFIT FROM OPERATIONS		1,712,938	1,658,772
FINANCE COST	26	(718,114)	(807,489)
SHARE OF LOSS FROM ASSOCIATED COMPANY	13	(127)	(1,420)
PROFIT BEFORE TAXATION		994,697	849,863
TAXATION	27	-	-
PROFIT AFTER TAXATION		994,697	849,863
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS ACCOUNT		-	-
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS ACCOUNT:			
LOSS ON REMEASUREMENTS OF DEFINED BENEFIT PLAN		(2,452)	(2,459)
OTHER COMPREHENSIVE LOSS		(2,452)	(2,459)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		992,245	847,404
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	28	2.62	2.24

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



CHIEF EXECUTIVE



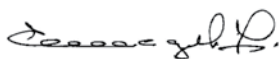
DIRECTOR

CASH FLOW STATEMENT

for the year ended 31 December 2016

	Note	2016 (Rupees in thousand)	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	334,457	3,329,906
Finance cost paid		(759,573)	(864,240)
Gratuity paid		(16,993)	(9,450)
Net increase in long-term loans to employees		(699)	(9,557)
Interest income received		20,499	208
Income tax paid		(12,001)	(12,503)
Net cash (used in) / from operating activities		(434,310)	2,434,364
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(456,617)	(229,377)
Proceeds from disposal of operating fixed assets		1,475	12,976
Net cash used in investing activities		(455,142)	(216,401)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		(553,015)	(101,371)
Dividend paid		(759,181)	(758,807)
Net cash used in financing activities		(1,312,196)	(860,178)
Net (decrease) / increase in cash and cash equivalents		(2,201,648)	1,357,785
Cash and cash equivalents at beginning of the year		(5,928,467)	(7,286,252)
Cash and cash equivalents at end of the year		(8,130,115)	(5,928,467)
CASH AND CASH EQUIVALENTS			
Cash in hand		197	153
Cash at banks		501,550	680,949
Short-term borrowings		(8,631,862)	(6,609,569)
		(8,130,115)	(5,928,467)

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



CHIEF EXECUTIVE



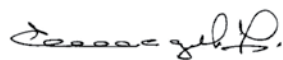
DIRECTOR

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	RESERVES		TOTAL EQUITY	
	Capital	Revenue		
	Retained payments reserve	Un-appropriated profit		
	(- - - - - Rupees in thousand - - - - -)			
Balance as at 31 December 2014	3,798,387	107,004	8,392,946	12,298,337
Transactions with owners:				
Final dividend for the year ended 31 December 2014 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Interim dividend for the year ended 31 December 2015 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Transactions with owners of the Company recognised directly in equity	-	-	(759,678)	(759,678)
Profit for the year ended 31 December 2015	-	-	849,863	849,863
Other comprehensive loss for the year ended 31 December 2015	-	-	(2,459)	(2,459)
Total comprehensive income for the year ended 31 December 2015	-	-	847,404	847,404
Balance as at 31 December 2015	3,798,387	107,004	8,480,672	12,386,063
Transactions with owners:				
Final dividend for the year ended 31 December 2015 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Interim dividend for the year ended 31 December 2016 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Transactions with owners of the Company recognised directly in equity	-	-	(759,678)	(759,678)
Profit for the year ended 31 December 2016	-	-	994,697	994,697
Other comprehensive loss for the year ended 31 December 2016	-	-	(2,452)	(2,452)
Total comprehensive income for the year ended 31 December 2016	-	-	992,245	992,245
Balance as at 31 December 2016	3,798,387	107,004	8,713,239	12,618,630

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



CHIEF EXECUTIVE



DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. THE COMPANY AND ITS OPERATIONS

Lalpir Power Limited (“the Company”) was incorporated in Pakistan on 08 May 1994 under the Companies Ordinance, 1984. The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The ordinary shares of the Company are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain an oil fired power station (“the Complex”) having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

	2016 (Rupees in thousand)	2015
De-recognition of property, plant and equipment	(9,754,114)	(10,127,030)
Recognition of lease debtor	4,193,464	4,255,821
	<u>(5,560,650)</u>	<u>(5,871,209)</u>
Decrease in un-appropriated profit at the beginning of the year	(5,871,209)	(6,556,757)
Increase in profit for the year	310,559	685,548
Decrease in un-appropriated profit at the end of the year	<u>(5,560,650)</u>	<u>(5,871,209)</u>

b) Accounting convention

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

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Taxation

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

Useful lives, pattern of economic benefits and impairment

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

Provision for obsolescence of stores, spare parts and other consumables

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

Provisions for doubtful debts

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

Retirement benefit

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

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 January 2016:

IFRS 7 (Amendments) 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2016). The amendment clarifies that the additional disclosure required by the amendments to IFRS 7 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34 'Interim Financial Reporting'. IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

IAS 19 (Amendments) 'Employee Benefits' (effective for annual periods beginning on or after 01 January 2016). Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

IAS 34 (Amendments) 'Interim Financial Reporting' (effective for annual periods beginning on or after 01 January 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

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

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

There are other amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2016 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2017 or later periods:

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

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

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

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

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

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.

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

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

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

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

2.2 Property, plant and equipment

2.2.1 Operating fixed assets

Operating fixed assets, except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost

less impairment loss, if any. Residual values and estimated useful lives are reviewed at each reporting date, with the effect of changes in estimate accounted for on prospective basis.

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

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

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

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

2.2.2 Capital work-in-progress

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

2.3 Investment property

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

2.4 Leases

The Company is the lessee:

2.4.1 Operating leases

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

2.5 Investments

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

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

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

2.5.1 Investment at fair value through profit or loss

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

2.5.2 Held-to-maturity

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

2.5.3 Investment in associate - (with significant influence)

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

2.5.4 Available-for-sale

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

Quoted

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

Unquoted

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

2.6 Foreign currency translation

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

2.7 Employee benefits

2.7.1 Defined contribution plan

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

2.7.2 Defined benefit plan

The Company operates a funded gratuity scheme for all of its employees who have completed the qualifying period as defined under the scheme. As per gratuity scheme, employees of the Company are entitled to gratuity equivalent to last drawn salary multiplied by the numbers of year of service up to the date of leaving the Company. The liability

recognised in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The charge for the year is based on actuarial valuation. The latest actuarial valuation was carried out as at 31 December 2016 using projected unit credit method. The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service costs are recognised immediately in income.

2.8 Inventories

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

2.8.1 Fuel stock

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

2.8.2 Stores, spare parts and other consumables

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

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

2.9 Financial instruments

2.9.1 Recognition and de-recognition

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

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

2.9.2 Offsetting

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

2.10 Cash and cash equivalents

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

2.11 Provision

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

2.12 Taxation

2.12.1 Current

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

2.12.2 Deferred

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

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

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

2.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction

costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued mark-up / profit to the extent of the amount remaining unpaid.

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

2.14 Borrowing costs

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

2.15 Trade debts and other receivables

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

2.16 Trade and other payables

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

2.17 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise loans, deposits, trade debts, other receivables and cash and bank balances in the balance sheet.

2.18 Impairment

2.18.1 Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash

flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

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

2.18.2 Non-financial assets

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

2.19 Revenue

2.19.1 Sale of electricity

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

2.19.2 Interest income

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

2.19.3 Rental income

Rental income is recognized on accrual basis.

2.20 Dividend and other appropriations

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

2.21 Share capital

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

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2016 (Number of Shares)	2015		2016 (Rupees in thousand)	2015
342,458,215	342,458,215	Ordinary shares of Rupees 10 each fully paid-up in cash	3,424,582	3,424,582
2,849,724	2,849,724	Ordinary shares of Rupees 10 each issued as fully paid-up for consideration other than cash	28,497	28,497
34,530,794	34,530,794	Ordinary shares of Rupees 10 each issued as fully paid-up bonus shares	345,308	345,308
<u>379,838,733</u>	<u>379,838,733</u>		<u>3,798,387</u>	<u>3,798,387</u>

3.1 Ordinary shares of the Company held by associated companies:

	2016 (Number of shares)	2015
Nishat Mills Limited	109,393,005	109,393,005
Adamjee Insurance Company Limited	27,348,388	27,348,388
Security General Insurance Company Limited	6,836,548	6,836,548
Engen (Private) Limited	69,011,922	69,011,922
	<u>212,589,863</u>	<u>212,589,863</u>

3.2 Capital risk management

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

	2016 (Rupees in thousand)	2015
Long-term financing	1,336,453	1,889,468
Short-term borrowings	8,631,862	6,609,569
Cash and bank balances	(501,747)	(681,102)
Net debt	9,466,568	7,817,935
Equity	12,618,630	12,386,063
Capital and net debt	22,085,198	20,203,998
Gearing ratio	42.86%	38.69%

4. CAPITAL RESERVE

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

5. LONG TERM FINANCING

From banking company - secured

	2016 (Rupees in thousand)	2015
Long term loan (Note 5.1)	1,336,453	1,889,468
Less: Current portion shown under current liabilities	553,015	553,015
	783,438	1,336,453

5.1 This represents syndicated medium term finance facility obtained through Standard Chartered Bank (Pakistan) Limited (lead arranger) for the purpose to finance the change of turbine rotors for the Complex. This facility consists of two parts, Rupees 133.430 million (2015: Rupees 188.643 million) on mark-up basis whereas remaining Rupees 1,203.023 million (2015: Rupees 1,700.825 million) represents Islamic facility (Diminishing Musharaka Finance). This carries mark-up at the rate of one month KIBOR plus 2.75% per annum payable monthly. The effective rate of mark-up charged during the year is ranged from 8.93% to 9.27% (2015: 9.16% to 12.61%) per annum. This finance is repayable in forty five equal monthly installments with a grace period of fifteen months and is secured by the way of parri passu charge over present and future fixed assets (excluding land and buildings) of the Company amounting to Rupees 4,000 million.

6. EMPLOYEE BENEFIT - GRATUITY

The latest actuarial valuation of the defined benefit plan as at 31 December 2016 was carried out using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

	2016 (Rupees in thousand)	2015
6.1 Balance sheet reconciliation:		
Present value of defined benefit obligation (Note 6.2)	144,337	113,624
Fair value of plan assets (Note 6.3)	(125,130)	(91,633)
	<hr/>	<hr/>
Liability recognized at balance sheet date	19,207	21,991
	<hr/> <hr/>	<hr/> <hr/>
6.2 Movement in present value of defined benefit obligation:		
Present value of obligation at the beginning of the year	113,624	85,326
Current service cost	22,524	21,149
Interest cost	9,922	8,825
Benefits paid	(6,760)	(2,559)
Remeasurement	5,027	883
	<hr/>	<hr/>
Present value of obligation at the end of the year	144,337	113,624
	<hr/> <hr/>	<hr/> <hr/>
6.3 Movement in fair value of plan assets:		
Fair value of plan assets at the beginning of the year	91,633	67,389
Contributions	21,990	17,937
Interest income	8,932	7,883
Benefits paid on behalf of fund	6,760	2,559
Benefits paid by fund	(6,760)	(2,559)
Remeasurement	2,575	(1,576)
	<hr/>	<hr/>
Fair value of plan assets at the end of the year	125,130	91,633
	<hr/> <hr/>	<hr/> <hr/>
6.4 Actual return on plan assets	11,507	6,307
	<hr/> <hr/>	<hr/> <hr/>
6.5 Plan assets consist of the followings:		
Term deposit receipts	30,996	28,175
Units of mutual funds	58,942	31,162
Cash at banks	35,192	32,296
	<hr/>	<hr/>
	125,130	91,633
	<hr/> <hr/>	<hr/> <hr/>

	2016 (Rupees in thousand)	2015
6.6 Net movement in liability:		
Opening liability	21,991	17,937
Charge for the year (Note 6.7)	23,514	22,091
Remeasurements recognized in other comprehensive income (Note 6.9)	2,452	2,459
Contributions	(21,990)	(17,937)
Benefits paid on behalf of fund	(6,760)	(2,559)
Closing liability	19,207	21,991
6.7 Charge for the year recognized in profit and loss account:		
Current service cost	22,524	21,149
Interest cost - net	990	942
Charge for the year	23,514	22,091

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

	2016 (Rupees in thousand)	2015
6.9 Remeasurements recognised in other comprehensive income:		
Experience losses	5,027	883
Remeasurement of fair value of plan assets	(2,575)	1,576
Remeasurements	2,452	2,459

6.10 Plan assets held in the trust are governed by local regulations which mainly includes the Trust Act, 1882, the Companies Ordinance, 1984, the Income Tax Rules, 2002 and Rules under the Trust Deed of the plan. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. Responsibility for governance of the plan, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

6.11 Amounts for the current and previous four years:

	2016	2015	2014	2013	2012
	(----- Rupees in thousand -----)				
Present value of defined benefit obligation	144,337	113,624	85,326	63,011	42,246
Fair value of plan assets	(125,130)	(91,633)	(67,389)	(42,789)	(25,830)
Deficit	19,207	21,991	17,937	20,222	16,416
Remeasurement loss / (gain) on obligation	5,027	883	6,229	2,403	2,595
Remeasurement gain / (loss) on plan assets	2,575	(1,576)	(2,500)	(415)	(129)

6.12 Principal actuarial assumptions used:

	2016	2015
	(% per annum)	
Discount rate	8.00	9.00
Expected rate of increase in salary	8.00	9.00
Expected rate of return on plan assets	8.00	9.00

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

6.14 The expected charge to profit and loss account of the Company for defined benefit plan obligation for the next year is Rupees 23.668 million.

6.15 The Company's contribution to defined benefit plan in 2017 is expected to Rupees 23.936 million. There are no minimum funding requirements to the defined benefit plan. The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the gratuity fund according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

6.16 The weighted average duration of the defined benefit plan is 7.89 years.

6.17 Sensitivity analysis for actuarial assumptions:

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

	Impact on defined benefit plan		
	Changes in assumption (%)	Increase in assumption (Rupees in thousand)	Decrease in assumption
Discount rate	1	133,826	156,590
Future salary increases	1	157,142	133,164

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

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

6.19 Expected maturity profile of undiscounted defined benefit obligation:

Less than a year	Between 1 - 2 years	Between 3 - 5 years	Between 6 - 10 years	Over 10 Years	Total
(----- Rupees in thousand -----)					
21,893	17,992	35,714	45,925	217,246	338,770

7. TRADE AND OTHER PAYABLES

	2016 (Rupees in thousand)	2015
Creditors	894,503	248,988
Accrued liabilities	143,334	120,785
Workers' profit participation fund payable (Note 7.1)	49,735	42,493
Unclaimed dividend	2,540	2,043
Income tax deducted at source	972	1,205
Payable to provident fund trust	7,309	6,067
Others	17,833	21,072
	<u>1,116,226</u>	<u>442,653</u>

	2016 (Rupees in thousand)	2015
7.1 Workers' profit participation fund payable		
Opening balance	42,493	39,637
Allocation for the year (Note 24.2)	49,735	42,493
Payments made to the fund during the year	(42,493)	(39,637)
Closing balance	49,735	42,493
8. ACCRUED MARK-UP / PROFIT		
Long-term financing	2,613	3,109
Short term borrowings	92,811	133,774
	95,424	136,883
9. SHORT-TERM BORROWINGS		
From banking companies and financial institution:		
Working capital finances - secured (Note 9.1)	7,818,460	4,609,569
Privately placed Islamic CP Sukuk - secured (Note 9.2)	-	2,000,000
Running musharakah (Note 9.3)	813,402	-
	8,631,862	6,609,569

9.1 The Company has total working capital finance facilities of Rupees 15,114 million (2015: Rupees 11,949 million) available from commercial banks and financial institution out of which Rupees 6,483 million (2015: Rupees 7,339 million) remained unutilized at year end. These facilities carry mark-up at average offer rate for 1 month to 6 months KIBOR plus 0.20% to 2.50% (2015: 1 month to 6 months KIBOR plus 0.25% to 2.50%) per annum payable monthly / quarterly / semi-annually (2015: monthly / quarterly / semi-annually). The effective mark-up rate charged during the year ranges from 6.25% to 8.76% (2015: from 6.76% to 11.90%) per annum. These facilities are secured by way of charge to the extent of Rupees 21,611 million (2015: Rupees 17,142 million) on the present and future current assets of the Company.

9.2 This represents Islamic CP Sukuk certificates of Rupees Nil (2015: Rupees 2,000 million) obtained from Meezan Bank Limited to meet short term working capital requirements. This facility carries profit at the rate of 6 months KIBOR plus 0.50% (2015: 6 months KIBOR plus 0.50%) per annum payable on redemption. The effective profit rate charged during the year ranges from 6.86% to 7.58% (2015: 7.58% to 10.72%) per annum. This facility is secured by way of first charge on current assets amounting to Rupees 2,500 million (2015: Rupees 2,500 million). This facility has been redeemed during the year.

9.3 This represents running musharakah facility of Rupees 813.40 million (2015: Rupees Nil) obtained from Meezan Bank Limited to meet short term working capital requirements. This facility carries profit at the rate of 3 months KIBOR plus 0.30% (2015: Nil) per annum payable quarterly. The effective profit rate charged during the year was 6.40% (2015: Nil) per annum. This facility is secured by way of first charge on current assets amounting to Rupees 2,500 million (2015: Rupees Nil).

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

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

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

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

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

- 10.1.2** CPPA has raised invoices for liquidated damages to the Company from 11th to 19th (up to December 2016) agreement year (after taking into account forced outage allowance stipulated under the terms of Power Purchase Agreement) on account of short supply of electricity by the Company, which was due to cash constraints of the Company as a result of default by CPPA in making timely payments. Liquidated damages invoiced to the Company amounts to Rupees 3,520 million (2015: Rupees 3,405 million). Out of these the Company has accepted and paid Rupees 22.13 million (2015: Rupees 21.94 million). The Company disputes and rejects balance claims on account of liquidated damages that are raised by CPPA on the premise that its failure to despatch electricity was due to CPPA's

non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel suppliers that resulted in inadequate level of electricity production owing to shortage of fuel. Against these the Company has raised invoice dispute notices to CPPA. Currently, the Company has appointed mediation expert under the mechanism given in the PPA. Further, according to legal advice available with the Company, there are adequate grounds to defend any claim by CPPA for such liquidated damages since these conditions were imposed on the Company due to circumstances beyond its control. The ultimate outcome of the matter cannot presently be determined, and consequently, no provision for such liquidated damages has been made in these financial statements.

10.1.3 Deputy Commissioner Inland Revenue (DCIR) issued order to the Company in which sales tax refund claims amounting to Rupees 910.122 million for the tax periods from November 2008 to July 2012 were rejected by apportioning input sales tax between capacity invoices and energy invoices and allowed input sales tax allocated to energy invoices only. Against aforesaid order, the Company filed appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] which was decided in favour of the Company. Against the order of CIR(A), tax department filed appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favour of tax department and vacated the order passed by CIR(A). Against the decision of ATIR, the Company has filed reference application in the Honourable Lahore High Court (“the Court”) which has been decided in favour of the Company by the Court. However, department has filed petition for leave to appeal before Supreme Court of Pakistan. Further, DCIR issued show cause notice to the Company for the tax periods from August 2009 to December 2012 declaring refund claims amounting to Rupees 1,971.516 million being inadmissible on aforesaid grounds. The Company challenged the show cause notice before the Court along with reply of the show cause notice to DCIR. The Court, has decided case in favour of the Company. However, Department has filed petition for leave to appeal before Supreme Court of Pakistan as well as review application before the Court. The management is of the view that there are meritorious grounds available to defend the foregoing rejection. Consequently, no provision for such rejection has been made in these financial statements.

10.1.4 The tax authorities have completed assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2009 to 2014 creating a demand of Rupees 971.329 million on account of interest on delayed payments by CPPA not been offered for tax. As per tax authorities, interest on delayed payments falls under the head income from other sources and is not exempt from tax as the same is not covered under Clause 132, Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company filed appeals against foregoing assessment proceedings before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the orders of CIR(A), tax authorities have filed appeals before the Appellate Tribunal Inland Revenue (ATIR) which are in the process of hearing. Based on tax advisor’s opinion and CIR(A)’s decision in favour of the Company, the management is confident that the matter will be decided in favour of the Company and accordingly no provision has been made in these financial statements.

- 10.1.5** The Deputy Commissioner Inland Revenue (DCIR), through an assessment order, rejected the deferred sales tax refund claims of different tax periods amounting to Rupees 81.850 million on the grounds that the Company has failed to prove admissibility of refund claims in the light of objection raised by Sales Tax Automated Refund Repository (STARR). The Company filed an appeal before CIR(A) which has not yet been taken up for hearing. The management is of the view that there are meritorious grounds available to defend the foregoing rejection. Consequently, no provision for such rejection has been made in these financial statements.
- 10.1.6** The banks of the Company have issued letters of credit in favour of CPPA amounting to Rupees 596 million (2015: Rupees 596 million) to meet its obligations under the Power Purchase Agreement (PPA).
- 10.1.7** The bank of the Company had issued a letter of guarantee in favour of Outreach (Private) Limited - fuel supplier for an amount of Rupees Nil (2015: Rupees 100 million).
- 10.1.8** The bank of the Company has issued a letter of guarantee in favour of Pakistan State Oil Company Limited (PSO) - fuel supplier for an amount of Rupees 1,000 million (2015: Rupees Nil).
- 10.1.9** Post dated cheques amounting to Rupees Nil (2015: Rupees 218 million) were issued in favour of fuel suppliers against purchase of fuel.

10.2 Commitments

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

	2016 (Rupees in thousand)	2015
10.2.2 Commitments in respect of letters of credit for capital expenditure	34,251	278,009
10.2.3 Commitments in respect of other than capital expenditure	291,260	278,403
11. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 11.1)	9,632,917	9,649,568
Capital work-in-progress (Note 11.2)	235,417	596,571
	<u>9,868,334</u>	<u>10,246,139</u>

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

Description	Rupees in thousand										
	Freehold land	Buildings on freehold land	Improvements on leasehold property	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Electric equipment and appliances	Telephone installations	Clinical equipment	Total
At 31 December 2014											
Cost	10,399	1,225,568	41,342	13,696,611	21,117	94,280	65,190	127,017	1,084	1,393	15,284,001
Accumulated depreciation	-	(450,112)	(13,742)	(4,439,112)	(14,407)	(43,232)	(39,757)	(49,940)	(1,075)	(1,393)	(5,052,770)
Net book value	10,399	775,456	27,600	9,257,499	6,710	51,048	25,433	77,077	9	-	10,231,231
Year ended 31 December 2015											
Opening net book value	10,399	775,456	27,600	9,257,499	6,710	51,048	25,433	77,077	9	-	10,231,231
Additions	-	-	-	430,054	5	17,601	2,588	95	-	-	450,343
Reclassification adjustments:											
Cost	-	-	-	52,951	-	-	-	(53,684)	733	-	-
Accumulated depreciation	-	-	-	(8,564)	-	-	-	8,826	(262)	-	-
Transferred to investment property (Note 12):											
Cost	-	(11,041)	-	-	-	-	-	-	-	-	(11,041)
Accumulated depreciation	-	674	-	-	-	-	-	-	-	-	674
Disposals / derecognitions:											
Cost	-	-	-	-	(59)	(22,119)	(27)	-	-	-	(518,830)
Accumulated depreciation	-	-	-	-	10	9,691	27	-	-	-	262,978
Depreciation charge	-	(41,790)	(4,134)	(243,375)	(49)	(12,428)	(5,557)	(7,554)	(63)	-	(255,852)
Closing net book value	10,399	723,299	23,466	8,796,761	5,202	42,800	22,464	24,760	417	-	9,649,568
At 31 December 2015											
Cost	10,399	1,214,527	41,342	13,682,991	21,063	89,762	67,751	73,428	1,817	1,393	15,204,473
Accumulated depreciation	-	(491,228)	(17,876)	(4,886,230)	(15,861)	(46,962)	(45,287)	(48,668)	(1,400)	(1,393)	(5,554,905)
Net book value	10,399	723,299	23,466	8,796,761	5,202	42,800	22,464	24,760	417	-	9,649,568
Year ended 31 December 2016											
Opening net book value	10,399	723,299	23,466	8,796,761	5,202	42,800	22,464	24,760	417	-	9,649,568
Additions	-	2,354	-	784,716	532	20,542	5,040	4,583	4	-	817,771
Disposals / derecognitions:											
Cost	-	-	-	(39,657)	-	(3,222)	-	-	-	-	(42,879)
Accumulated depreciation	-	-	-	34,363	-	2,128	-	-	-	-	36,491
Depreciation charge	-	(42,124)	(4,134)	(5,294)	(990)	(1,094)	(6,571)	(7,636)	(75)	-	(6,388)
Closing net book value	10,399	683,529	19,332	8,824,769	4,744	47,158	20,933	21,707	346	-	9,632,917
At 31 December 2016											
Cost	10,399	1,216,881	41,342	14,428,050	21,595	107,082	72,791	78,011	1,821	1,393	15,979,365
Accumulated depreciation	-	(533,352)	(22,010)	(5,603,281)	(16,851)	(59,924)	(51,858)	(56,304)	(1,475)	(1,393)	(6,346,448)
Net book value	10,399	683,529	19,332	8,824,769	4,744	47,158	20,933	21,707	346	-	9,632,917
Annual rate of depreciation (%)		2.5-10	10	2.5-33.3	10	20	10-33.3	10	10	10	

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

Description	2016					Mode of disposal	Particulars of purchasers
	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/(loss)		
----- Rupees in thousand -----							
Vehicles							
Toyota corolla LEF-13-8145	2,118	1,024	1,094	1,094	-	Negotiation	Mr. Tanveer Nazar, Ex-employee
Plant and machinery							
BCP with motors including guages, switches and transmitters	2,374	1,187	1,187	-	(1,187)	(Note 11.1.4)	
BFP with booster pumps and motors	3,775	2,265	1,510	-	(1,510)	(Note 11.1.4)	
Blown down tank including control valves	3,145	1,987	1,158	-	(1,158)	(Note 11.1.4)	
Cooling tower chemical dosing skid	144	55	89	-	(89)	(Note 11.1.4)	
Soot blower system	379	191	188	-	(188)	(Note 11.1.4)	
Primary, 2RY and 3RY super heaters	2,319	1,157	1,162	-	(1,162)	(Note 11.1.4)	
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000	28,626	28,626	-	381	381	(Note 11.1.4)	
	<u>42,880</u>	<u>36,492</u>	<u>6,388</u>	<u>1,475</u>	<u>(4,913)</u>		

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

	2016 (Rupees in thousand)	2015
Cost of sales (Note 22)	793,538	733,594
Administrative expenses (Note 23)	34,496	32,193
	<u>828,034</u>	<u>765,787</u>

11.1.3 Property, plant and equipment include operating fixed assets costing Rupees 216.029 million (2015: Rupees 189.551 million) which are fully depreciated but still in the use of the Company.

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

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

	2016 (Rupees in thousand)	2015
11.2 Capital work-in-progress		
Civil works	39,588	20,285
Plant and machinery	195,829	576,014
Others	-	272
	235,417	596,571

12. INVESTMENT PROPERTY

	Land	Building	Total
	(Rupees in thousand)		
At 31 December 2015			
Cost	9,388	1,653	11,041
Accumulated depreciation	-	(757)	(757)
Net book value	9,388	896	10,284
	9,388	896	10,284
Year ended 31 December 2016			
Opening net book value	9,388	896	10,284
Depreciation charge (Note 24)	-	(83)	(83)
Closing net book value	9,388	813	10,201
	9,388	813	10,201
At 31 December 2016			
Cost	9,388	1,653	11,041
Accumulated depreciation	-	(840)	(840)
Net book value	9,388	813	10,201
	9,388	813	10,201
Annual rate of depreciation (%)		5	
		5	

12.1 This represents house rented out, the market value of which is estimated at Rupees 77.834 million (2015: Rupees 73.501 million) by M/s Al-Hadi Financial & Legal Consultants, an independent valuer. Fair value of land and building is based on market value and present depreciated cost of construction respectively.

13. LONG TERM INVESTMENT

Associated company - under equity method

Nishat Energy Limited - unquoted
250,000 (2015: 250,000) fully paid ordinary shares
of Rupees 10 each
Equity held 25% (2015: 25%) at cost

Share of reserve

As at 01 January
Less: Share of loss

As at 31 December

Carrying amount under equity method

	2016 (Rupees in thousand)	2015
	2,500	2,500
As at 01 January	(1,531)	(111)
Less: Share of loss	(127)	(1,420)
As at 31 December	(1,658)	(1,531)
Carrying amount under equity method	842	969

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

	2016 (Rupees in thousand)	2015
Non-current assets	3,037	2,897
Current assets	474	977
Total assets	3,511	3,874
Liabilities	146	-
Net assets	3,365	3,874
Loss for the year (Note 13.5)	508	5,684

13.2 Nishat Energy Limited is a public limited company incorporated in Pakistan and having its principal place of business in the Province of Punjab, Pakistan. The principal activity of Nishat Energy Limited is to build, own, operate and maintain coal power station.

13.3 Nishat Energy Limited is an unlisted company therefore, no quoted market price available for its shares.

13.4 There are no contingent liabilities relating to the Company's interest in the Nishat Energy Limited.

13.5 Provision for taxation is Nil in the financial statements of Nishat Energy Limited.

	2016 (Rupees in thousand)	2015
14. LONG-TERM LOANS TO EMPLOYEES		
Considered good:		
Executives (Note 14.1)	79,579	79,673
Other employees	2,293	1,500
	<u>81,872</u>	<u>81,173</u>
Current portion shown under current assets (Note 18)		
Executives	(27,227)	(24,800)
Other employees	(569)	(418)
	<u>(27,796)</u>	<u>(25,218)</u>
	<u>54,076</u>	<u>55,955</u>
14.1 Reconciliation of carrying amount of loans to executives:		
Balance as at 01 January	79,673	71,151
Add: Disbursements	45,898	62,699
	<u>125,571</u>	<u>133,850</u>
Less: Repayments	45,992	54,177
Balance as at 31 December	<u>79,579</u>	<u>79,673</u>

14.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 79.579 million (2015: Rupees 79.673 million).

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

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

	2016 (Rupees in thousand)	2015
15. STORES, SPARE PARTS AND OTHER CONSUMABLES		
Stores, spare parts and other consumables	1,041,708	998,465
Provision for slow moving / obsolete items	(65,053)	(65,053)
	976,655	933,412
16. FUEL STOCK		
Furnace oil	344,009	396,112
Diesel	5,462	10,858
	349,471	406,970
17. TRADE DEBTS		
Other than related parties - Considered good	8,596,673	6,677,326

17.1 These represent receivables from Central Power Purchasing Agency (CPPA), the Company's sole customer, and are backed by sovereign guarantee of Government of Pakistan. This includes an overdue amount of Rupees 4,326 million (2015: Rupees 3,258 million) on which a penal mark-up at the rate of State Bank of Pakistan (SBP) discount rate plus 2% per annum compounded semi-annually is charged in case the amounts are not paid within due dates. The penal mark-up rate charged during the year ranges from 6.25% to 6.50% (2015: 8.5% to 12%) per annum.

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

	2016 (Rupees in thousand)	2015
Neither past due nor impaired	3,185,445	2,597,902
Past due but not impaired:		
- 26 to 90 days	2,018,891	1,827,555
- 91 to 180 days	1,066,610	1,157,094
- 181 to 365 days	1,488,004	764,418
- Above 365 days	837,723	330,357
	5,411,228	4,079,424
	8,596,673	6,677,326

	2016 (Rupees in thousand)	2015
18. LOANS, ADVANCES AND SHORT-TERM PREPAYMENTS		
Current maturity of long-term loans to employees (Note 14)	27,796	25,218
Advances - considered good, unsecured		
- to employees for expenses	1,243	1,075
- to suppliers	55,962	365,272
Advance income tax - net	357,806	346,038
Other advances (Note 18.1)	656,500	-
Short-term prepayment	2,475	2,398
	1,101,782	740,001
18.1 This represents short term loan receivable from Pakgen Power Limited, an associated company.		
19. OTHER RECEIVABLES		
Recoverable from CPPA as pass through item:		
Workers' profit participation fund (Note 19.1)	236,413	186,678
Workers' welfare fund (Note 19.2)	-	-
Others	1,241	1,144
	237,654	187,822
19.1 Workers' profit participation fund		
Balance as at 01 January	186,678	144,185
Allocation for the year (Note 24.2)	49,735	42,493
Amount received during the year	-	-
Balance as at 31 December	236,413	186,678
19.2 Workers' welfare fund		
Considered doubtful	13,216	13,216
Provision for doubtful receivable	(13,216)	(13,216)
	-	-
19.2.1 Provision for Workers' Welfare Fund has not been made in these financial statements based on the advice of legal counsel of the Company.		
	2016 (Rupees in thousand)	2015
20. CASH AND BANK BALANCES		
Cash in hand	197	153
Cash at banks - saving accounts (Note 20.1)	501,550	680,949
	501,747	681,102
20.1 Saving accounts carry mark-up at the rates ranging from 3.75% to 4% (2015: from 4% to 6.50%) per annum.		

	2016 (Rupees in thousand)	2015
21. REVENUE		
Energy	13,245,780	21,186,054
Less: Sales tax	(1,922,640)	(3,046,621)
	<u>11,323,140</u>	<u>18,139,433</u>
Capacity	4,042,901	3,939,104
	<u>15,366,041</u>	<u>22,078,537</u>
22. COST OF SALES		
Fuel cost (Note 22.1)	11,761,499	18,450,870
Operation and maintenance costs (Note 22.2)	521,534	478,469
Insurance	433,334	374,721
Depreciation (Note 11.1.2)	793,538	733,594
Liquidated damages to CPPA	185	1,536
	<u>13,510,090</u>	<u>20,039,190</u>
22.1 Fuel cost		
Opening stock	406,970	337,226
Purchased during the year	11,704,000	18,520,614
	<u>12,110,970</u>	<u>18,857,840</u>
Closing stock	(349,471)	(406,970)
	<u>11,761,499</u>	<u>18,450,870</u>
22.2 Operation and maintenance costs		
Salaries, wages and other benefits (Note 22.2.1)	212,454	179,957
Repair and maintenance	117,568	97,282
Fee and subscription	5,123	4,767
Stores and spare parts consumed	154,657	169,917
Electricity consumed in-house	31,732	26,546
	<u>521,534</u>	<u>478,469</u>

22.2.1 Salaries, wages and other benefits include provident fund contribution and provision for gratuity of Rupees 11.611 million (2015: Rupees 10.138 million) and Rupees 9.087 million (2015: Rupees 8.434 million) respectively.

	2016 (Rupees in thousand)	2015
23. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 23.1)	55,865	55,709
Travelling, conveyance and entertainment	12,154	8,964
Office rent	8,380	6,280
Communication and utilities	1,209	1,389
Insurance	5,231	5,417
Repair and maintenance	4,297	3,814
Printing and stationery	1,820	2,328
Advertisement and publicity	363	342
Legal and professional charges	19,839	17,849
Depreciation (Note 11.1.2)	34,496	32,193
Community welfare	3,592	3,716
Security services	222	79
General expenses	17,761	8,871
	165,229	146,951

23.1 Salaries and other benefits include provident fund contribution and provision for gratuity of Rupees 3.396 million (2015: Rupees 3.138 million) and Rupees 2.657 million (2015: Rupees 2.611 million) respectively.

	2016 (Rupees in thousand)	2015
24. OTHER EXPENSES		
Auditors' remuneration (Note 24.1)	2,594	2,594
Depreciation on investment property (Note 12)	83	83
Workers' profit participation fund (Note 24.2)	-	-
Loss on disposal / derecognition of operating fixed assets	4,913	242,876
	7,590	245,553
24.1 Auditors' remuneration		
Statutory audit	1,906	1,906
Half yearly review	550	550
Other certifications and reporting	50	50
Out of pocket expenses	88	88
	2,594	2,594

	2016 (Rupees in thousand)	2015
24.2 Workers' profit participation fund		
Allocation for workers' profit participation fund (Note 7.1)	49,735	42,493
Allocation to workers' profit participation fund recoverable from CPPA (Note 19.1)	(49,735)	(42,493)
	-	-
25. OTHER INCOME		
Income from financial assets		
Interest income	20,499	208
Income from non-financial assets		
Rental income (Note 25.1)	4,510	4,253
Scrap sales	4,797	7,468
	29,806	11,929

25.1 This includes rental income amounting to Rupees 2.753 million (2015: Rupees 2.503 million) from investment property.

	2016 (Rupees in thousand)	2015
26. FINANCE COST		
Mark-up / profit on:		
Long-term financing	148,229	202,235
Short-term borrowings	562,277	599,154
Bank charges and commission	7,608	6,100
	718,114	807,489

27. TAXATION

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

	2016	2015
28. EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earnings per share which is based on:		
Profit attributable to ordinary shareholders (Rupees in thousand)	994,697	849,863
Weighted average number of shares (Number)	379,838,733	379,838,733
Earnings per share - basic (Rupees)	2.62	2.24
	2016 (Rupees in thousand)	2015
29. CASH GENERATED FROM OPERATIONS		
Profit before taxation	994,697	849,863
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	828,034	765,787
Depreciation on investment property	83	83
Provision for gratuity	11,757	11,045
Loss on disposal / derecognition of operating fixed assets	4,913	242,876
Share of loss from associated company	127	1,420
Interest income	(20,499)	(208)
Finance cost	718,114	807,489
Cash flows from operating activities before working capital changes	2,537,226	2,678,355
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(43,243)	(51,942)
Fuel stock	57,499	(69,744)
Trade debts	(1,919,347)	1,802,951
Loans, advances and short-term prepayments	(347,435)	(242,391)
Other receivables	(49,832)	(42,493)
Sales tax recoverable	(573,720)	17,301
	(2,876,078)	1,413,682
Increase / (decrease) in trade and other payables	673,309	(762,131)
	334,457	3,329,906

30. TRANSACTIONS WITH RELATED PARTIES

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

Associated company	Nature of transaction	2016 (Rupees in thousand)	2015
Nishat Mills Limited	Dividend	218,786	218,786
	Purchase of stores	-	460
Adamjee Insurance Company Limited	Dividend	54,697	54,697
	Insurance premium	12,303	15,558
	Insurance claims received	2,965	2,427
Security General Insurance Company Limited	Dividend	13,673	13,673
	Insurance premium	501,981	434,083
Nishat Hospitality (Private) Limited	Boarding lodging services	392	513
	Sale of operating fixed assets	-	59
Engen (Private) Limited	Dividend	138,024	138,024
Pakgen Power Limited	Share of expenses	356,171	312,286
	Share of rental income	1,688	1,620
	Stores and spare parts transferred to	11,987	21,521
	Stores and spare parts transferred from	6,595	26,348
	Loan given	656,500	-
	Interest on loan	20,378	-
Pakistan Aviators and Aviation (Private) Limited	Flying services	105	-
Nishat (Aziz Avenue) Hotels and Properties Limited	Rent expense	6,280	6,280
Nishat Energy Limited	Expense charged	-	151
D.G Khan Cement Company Limited	Purchase of goods	1,944	-
Staff retirement benefit plans			
Provident fund	Contributions	29,977	26,553
Gratuity fund	Contributions	23,489	17,937

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

31. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE DIRECTOR AND EXECUTIVES

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

	2016		2015	
	Executive Director	Executives	Executive Director	Executives
	(----- Rupees in thousand -----)			
Managerial remuneration	5,403	159,495	5,097	140,843
Medical expenses	75	4,388	75	3,985
Bonus	1,530	41,689	1,070	29,938
Retirement benefits	491	14,082	463	12,429
	<u>7,499</u>	<u>219,654</u>	<u>6,705</u>	<u>187,195</u>
Number of persons	<u>1</u>	<u>139</u>	<u>1</u>	<u>134</u>

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

31.2 Meeting fee of Rupees 250,000 (2015: Rupees 275,000) was paid to non-executive directors of the Company during the year.

32. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund trust:

	2016 (Rupees in thousand)	2015
Size of the fund - total assets	430,270	354,633
Cost of investments	320,865	264,454
Percentage of investments made	74.57%	74.57%
Fair value of investments	325,423	274,786

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

	2016 Percentage	2015	2016 (Rupees in thousand)	2015
Units of mutual funds	47.52%	47.46%	154,650	130,424
Term deposit receipts and certificate of investment of scheduled banks	47.95%	39.67%	156,047	109,010
Saving bank accounts	4.53%	5.59%	14,726	15,352
Preference shares - unlisted (Note 32.2)	0.00%	7.28%	-	20,000
	<u>100%</u>	<u>100%</u>	<u>325,423</u>	<u>274,786</u>

32.2 These represent non-cumulative convertible preference shares issued by Silk Bank Limited at Rupees 2.50 per share. These convertible preference shares have three years tenor and are convertible into ordinary shares of Silk Bank Limited at the conversion ratio of 1:1. Silk Bank Limited has long term credit rating of “A-” by JCR-VIS. Investment in preference shares of Silk Bank Limited has been disposed of during the year.

32.3 Pursuant to SRO 770(I)/2016 dated 17 August 2016, the provident fund trust is in the process of bringing its investments in conformity with the provisions of Employees’ Provident Fund (investment in Listed Securities) Rules, 2016.

33. NUMBER OF EMPLOYEES	2016	2015
Number of employees as on December 31	195	172
Average number of employees during the year	192	171

34. FINANCIAL RISK MANAGEMENT

34.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2016	2015
Trade and other payables		
- USD	(20,231)	(6,380)
- GBP	(2,668)	(31,216)
- Euro	-	(55,368)
Net exposure - USD	(20,231)	(6,380)
Net exposure - GBP	(2,668)	(31,216)
Net exposure - Euro	-	(55,368)
The following significant exchange rates were applicable during the year:		
Rupees per US Dollar		
Average rate	104.69	102.94
Reporting date rate	104.80	104.80
Rupees per GBP		
Average rate	140.67	157.15
Reporting date rate	128.73	155.34
Rupees per Euro		
Average rate	115.44	113.75
Reporting date rate	110.32	114.54

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and GBP (2015: USD, GBP and Euro) with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 0.123 million (2015: Rupees 0.593 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

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

	2016 (Rupees in thousand)	2015
Floating rate instruments		
Financial assets		
Bank balances- saving accounts	501,550	680,949
Trade debts - past due	4,325,633	3,257,844
	4,827,183	3,938,793
Financial liabilities		
Long-term financing	(1,336,453)	(1,889,468)
Short-term borrowings	(8,631,862)	(6,609,569)
	(9,968,315)	(8,499,037)
Net exposure	(5,141,132)	(4,560,244)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 51.411 million (2015: Rupees 45.602 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

	2016 (Rupees in thousand)	2015
Long-term loans to employees	81,872	81,173
Long term security deposit	300	300
Trade debts	8,596,673	6,677,326
Loans and advances	656,500	-
Other receivables	237,654	187,822
Bank balances	501,550	680,949
	10,074,549	7,627,570

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

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

	Rating			2016	2015
	Short Term	Long Term	Agency	(Rupees in thousand)	
CPPA		Not available		3,185,445	2,597,902
National Bank of Pakistan	A1+	AAA	PACRA	460	1,369
Habib Bank Limited	A-1+	AAA	JCR-VIS	2	1
MCB Bank Limited	A1+	AAA	PACRA	9	641,158
United Bank Limited	A-1+	AAA	JCR-VIS	1	1
The Bank of Punjab	A1+	AA-	PACRA	36	35
Allied Bank Limited	A1+	AA+	PACRA	1	1
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	501,041	38,384
				<u>3,686,995</u>	<u>3,278,851</u>

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

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As 31 December 2016, the Company had Rupees 6,483 million (2015: Rupees 7,339 million) available borrowing limits from financial institutions and Rupees 501.747 million (2015: Rupees 681.102 million) cash and bank balances to meet the short-term funding requirements due to delay in payments by CPPA. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including mark-up / profit payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 31 December 2016:

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

Contractual maturities of financial liabilities as at 31 December 2015:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
(----- Rupees in thousand -----)						
Non-derivative financial liabilities:						
Long-term financing	1,889,468	2,177,330	355,494	342,856	647,799	831,181
Trade and other payables	392,888	392,888	392,888	-	-	-
Accrued mark-up / profit	136,883	136,883	136,883	-	-	-
Short-term borrowings	6,609,569	6,742,008	6,476,212	265,796	-	-
	<u>9,028,808</u>	<u>9,449,109</u>	<u>7,361,477</u>	<u>608,652</u>	<u>647,799</u>	<u>831,181</u>

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

34.2 Offsetting financial assets and financial liabilities

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

34.3 Financial instruments by categories

Assets as per balance sheet

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

Loans and receivables	
2016	2015
(Rupees in thousand)	
81,872	81,173
300	300
8,596,673	6,677,326
656,500	-
237,654	187,822
501,747	681,102
<u>10,074,746</u>	<u>7,627,723</u>

Liabilities as per balance sheet	Financial liabilities at amortized cost	
	2016 (Rupees in thousand)	2015
Long-term financing	1,336,453	1,889,468
Trade and other payables	1,058,210	392,888
Accrued mark-up / profit	95,424	136,883
Short-term borrowings	8,631,862	6,609,569
	<u>11,121,949</u>	<u>9,028,808</u>

35. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

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

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

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

36. FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

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

At 31 December 2015	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees	Rupees
Investment property	-	73,501	-	73,501
Total non-financial assets	-	73,501	-	73,501

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

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

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

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

Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of the company's investment properties at the end of every financial year. As at 30 June 2016, the fair values of the investment properties have been determined by Al-Hadi Financial & Legal Consultants.

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

	2016 MWH	2015 MWH
37. CAPACITY AND ACTUAL PRODUCTION		
Installed capacity based on 8,760 (2015: 8,760) hours	3,171,120	3,171,120
Actual energy delivered	1,601,149	1,915,431

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

38. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2016 (Rupees in thousand)	2015	2016 (Rupees in thousand)	2015
Total facilities	3,095,643	3,076,643	15,114,410	13,948,910
Utilized at the end of the year	1,661,751	1,003,755	8,631,862	6,609,569
Unutilized at the end of the year	1,433,892	2,072,888	6,482,548	7,339,341

39. SEGMENT INFORMATION

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

40. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed final cash dividend for the year ended 31 December 2016 of Rupees 1 per share (2015: Rupee 1 per share). However, this event has been considered as non-adjusting event under IAS 10 'Events after Reporting Period' and has not been recognized in these financial statements.

41. CORRESPONDING FIGURES

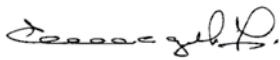
Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant rearrangement and reclassification have been made in these financial statements.

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 20 March 2017 by the Board of Directors of the Company.

43. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR

FORM OF PROXY

I/We, _____
of _____ CDCA/CNO./FOLIONO. _____
being a shareholder of the Lalpir Power Limited (The Company) do hereby appoint.

Mr./Miss/Ms. _____
of _____ CDCA/CNO./FOLIONO. _____ and
or failing him/her _____ of _____
who is/are also a shareholder of the said Company, as my/our proxy in my/our absence and to vote for me/us at the Annual General Meeting of the Company to be held on 26 April 2017 (Wednesday) at 11:00am Nishat Hotel, 9-A, Mian Mahmood Ali Kasuri Road, Gulberg III, Lahore and at any adjournment thereof in the same manner as I/we myself/ourselves would vote if personally present at such meeting.

As witness my/our hands in this day of _____ 2016.

Revenue
Stamp
of Rs. 5/-

Signature _____

Address _____

No. of shares held _____

Witness:-

Name _____

Address _____

IMPORTANT:

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

نمائندگی کا فارم (پراکسی فارم)

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

جو مذکورہ کمپنی کا حصص دار بھی ہے کو اپنے / ہمارے ایما پر: 26 اپریل 2017ء (بدھ) کو صبح 11:00 بجے نشاط ہوٹل، 9-A، میاں محمود علی
 قصوری روڈ، گلبرگ III، لاہور پر منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں میری / ہماری غیر موجودگی میں حق رائے دہی استعمال
 کرنے، تفریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز بتاریخ 2017ء کو میرے / ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

دستخط: _____
 پتہ: _____
 تعداد ملکیتی حصص: _____
 گواہ
 نام: _____
 پتہ: _____

5/- روپے کارسیدی ٹکٹ یہاں چسپاں کریں

اہم نوٹ:

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

AFFIX
CORRECT
POSTAGE

The Company Secretary

LALPIR POWER LIMITED

53 - A, Lawrence Road, Lahore.

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



N I S H A T

LALPIR POWER LIMITED

53 - A, Lawrence Road, Lahore. Tel: 042 - 36367812 - 16

Fax: 042 - 363674141 UAN: 042 - 111-11-33-33