

## **DIRECTORS REVIEW REPORT - FFBL POWER COMPANY LIMITED**

### **For the Nine Months Ended September 30, 2019**

#### **Directors' Report**

The Board of Directors is pleased to present operational and financial overview of FFBL Power Company Limited (FPCL) along with the un-audited financial information of the Company for the nine months ended September 30, 2019.

#### **Principal Activity**

FPCL was incorporated as a public limited company on 27 June 2014 with Fauji Fertilizer Bin Qasim Limited and Fauji Foundation subscribing 75% and 25% of the total paid-up capital, respectively. The principal activity of the Company is to build, own and operate a coal based power generation facility at Port Qasim Karachi with a gross capacity of 118 MW. The Company commenced its Commercial Operation on 19 May 2017.

#### **Financial Results**

During nine months ended September 30, 2019, FPCL has recorded revenue amounting to PKR 12,438 million (2018: 11,852 million) against cost of sales of PKR 7,420 million (2018: 7,946 million). Profit after tax stood at PKR 2,720 million as against profit of PKR 2,166 million posted during nine months ended September 30, 2018. Earnings per share (EPS) for nine month ended September 30, 2019 stood at PKR 3.17 (2018: PKR 2.52).

The decrease in fixed assets by PKR 279 million is mainly attributable to depreciation for the period amounting to PKR 730 million which is netted off against additions in Property Plant & Equipment for PKR 55.4 million & increase in Capital Work in Progress of PKR 395.3 million.

Current assets mainly comprise of Stock-in-Trade amounting to PKR 1,153 million, Trade Debts amounting to PKR 1,741 million which include receivables from FFBL and K-Electric and advances, prepayments & other receivables amounting to PKR 551 million.

Current liabilities mainly comprise of payable against 22<sup>nd</sup> coal shipment of PKR 639 million, retention monies payable amounting to PKR 23 million and PKR 1,824 million being the current portion of Long Term Finance Facilities.

The tenth (10<sup>th</sup>) principal loan repayment under the Long Term Finance Facilities amounting to PKR 434 million has been paid during the quarter ended 30 September 2019. Outstanding Long Term Finance Facilities as at 30 September 2019 amounts to PKR 17,910 million.

#### **Operational Results**

During the period, FPCL delivered 111,226 MWh (93.7% of Budget) of electricity to Fauji Fertilizer Bin Qasim Ltd and 318,220 MWh (109.6% of Budget) to K-Electric Ltd. The Company has also delivered 1,105,262 Metric Tons (100.42% of Budget) of Steam to Fauji Fertilizer Bin Qasim Ltd.

### **Future Outlook**

The demand for electricity has always been on the rise and the trend is expected to remain the same. Though the Government of Pakistan has been actively pursuing various power projects to bridge the gap of demand and supply and many projects being in the pipeline, the gap is still expected to exist in the near future. More projects are being built to run on local coal, however these are not likely to affect Company's operations, rank in merit order and profitability in foreseeable future as they will be connected to NTDC network.

### **Internal Control System**

The Company's management has adopted internal control policies and procedures to achieve its objective of efficient conduct of business operations. Internal Audit function has also been setup by the Board which reports to the Audit Committee.

### **Board of Directors**

The Board exercises the power conferred to it by the Companies Act, 2017 and the Memorandum and Articles of Association of the Company, through Board meetings, which are held every quarter in a year for reviewing and approving the adoption of Company's Financial Statements, Formulating Strategies, Providing Guidance to the Company's Management and Monitoring their performance.

### **List of the Directors of the Company**

- Lt Gen Syed Tariq Nadeem Gilani, HI (M), (Retd)
- Lt Gen Javed Iqbal, HI (M), (Retd)
- Lt Gen Tariq Khan, HI (M), (Retd)
- Maj Gen Tahir Ashraf Khan, HI (M), (Retd)
- Brig Asif Ali (Retd)
- Brig Hamad Qadir (Retd)
- Mr. Rehan Laiq
- Col Dr. Muhammad Rashid Hussain (Retd)
- Syed Aamir Ahsan

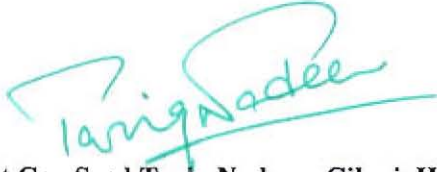
### **Pattern of Shareholding**

<b><u>Categories</u></b>	<b><u>No of Shares</u></b>	<b><u>%</u></b>
Directors & CEO	9	
Fauji Fertilizer Bin Qasim Limited (FFBL)	644,062,491	75%
Fauji Foundation (FF)	214,687,500	25%

**Acknowledgements**

The Board acknowledges and appreciates with thanks the continued efforts and contributions of all stakeholders in smooth operations of the Company and expects the same to continue in the future.

**For and on behalf of the Board**



**Lt Gen Syed Tariq Nadeem Gilani, HI (M), (Retd)  
Chairman**



**Lt Gen Javed Iqbal, HI (M), (Retd)  
Chief Executive & Managing Director**

Islamabad

October 24, 2019