

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

### **For the Year Ended December 31, 2019**

#### **Directors' Report**

The Board of Directors is pleased to present operational and financial overview of FFBL Power Company Limited (FPCL) along with the audited financial statements of the Company for the year ended December 31, 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 the year ended December 31, 2019, FPCL have recorded revenue amounting to PKR 17,100 million (2018: 16,245 million) against cost of sales of PKR 10,142 million (2018: 10,701 million). Profit for the year stood at PKR 3,891 million as against profit of PKR 3,055 million posted during year ended December 31, 2018. Earnings per share (EPS) stood at PKR 4.53 (2018: PKR 3.56).

The decrease in fixed assets by PKR 351 million is mainly attributable to depreciation for the period amounting to PKR 987 million which is netted off against additions in Property Plant & Equipment for PKR 76.078 million & increase in Capital Work in Progress of PKR 576.030 million.

Current assets mainly comprise of Stock-in-Trade amounting to PKR 896.315 million, Trade Debts amounting to PKR 2,155 million which include receivables from FFBL and K-Electric and advances, prepayments & other receivables amounting to PKR 264.81 million.

Current liabilities mainly comprise of payable against 6<sup>th</sup> indo coal shipment of PKR 565 million, retention money payable amounting to PKR 22.193 million and PKR 1,860 million being the current portion of Long Term Finance Facilities.

The principal loan repayment under the Long Term Finance Facilities amounting to PKR 1,720 million have been paid during the year ended December 31, 2019. Outstanding Long Term Finance Facilities as at December 31, 2019 amounted to PKR 15,399 million.

#### **Operational Results**

During the period, FPCL delivered 151,172 MWh (2018: 151,537 MWh) of electricity to Fauji Fertilizer Bin Qasim Limited and 426,385 MWh (2018: 408,901 MWh) to K-Electric Limited. The Company has also delivered 1,532,131 Metric Tons (2018: 1,453,282 MT) of Steam to Fauji Fertilizer Bin Qasim Limited.

## 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.

The utility distributor in cosmopolitan city (K-Electric Limited) faces energy demand varying between 2,900 MW and 3,300 MW while the installed capacity connected to KE (own & external) is 2,779 MW, which meets only 84% to 96% of energy requirements, if available all times. The gap is expected to exist in foreseeable future as power requirements are growing by the time at a pace greater than it takes for energy projects to connect and dispatch. More projects are being built to run on coal and RLNG, however these are not likely to affect Company's operations and profitability. Further, Company's rank in merit order is on a relatively high position which is not likely to be adversely affected in foreseeable future.

## 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.

Following is the list of the Directors of the Company who served on the Board during the financial Year 2019:

- 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)
- Maj Gen Kaleem Saber Taseer (Retd)      Appointed: Mar 29, 2019      Resigned: Sep 20, 2019
- Dr. Nadeem Inayat      Resigned: May 10, 2019
- Brig Asif Ali (Retd)      Appointed: May 10, 2019
- Brig Hamad Qadir (Retd)      Appointed: Sep 20, 2019
- Brig Raashid Wali Janjua (Retd)      Resigned: May 01, 2019
- Mr. Rehan Laiq

- Syed Iqtidar Saeed Appointed: May 01, 2019 Resigned: Sep 20, 2019
- Col Dr. Muhammad Rashid Hussain (Retd) Appointed: Sep 20, 2019
- Syed Aamir Ahsan

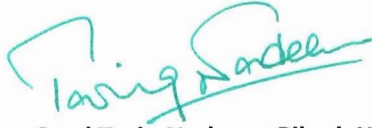
#### **Pattern of Shareholding**

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

#### **Acknowledgements**

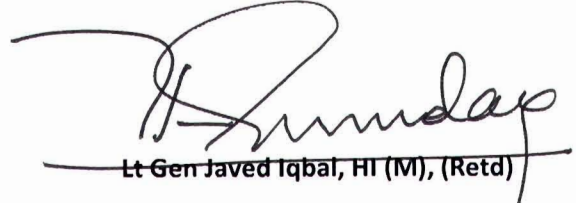
The Board acknowledges and appreciates with thanks the continued efforts and contributions of all stakeholders in smooth operations of the Company and expects the same to continue in the future.

#### **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

January 28, 2020