

**Ideal Energy Limited**  
**Annual Report 1999**

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**LIST OF DIRECTORS**

**CHAIRMAN:**  
NISAR AHMED SHEIKH

**CHIEF EXECUTIVE:**  
MUHAMMAD ARSHAD SHEIKH

**DIRECTORS:**  
MUHAMMAD SAEED  
MUHAMMAD ANWAR SAJJAD  
AMJAD SAEED  
SHAHZAD AHMED  
NAUREEN SHAHZAD

**SECRETARY:**  
JAVED ABBAS NAQVI

**AUDITORS:**  
M. YOUSUF ADIL SALEEM & CO.,  
CHARTERED ACCOUNTANTS

**BANKERS:**  
FAYSAL BANK LIMITED.  
HABIB BANK LIMITED

**REGISTERED OFFICE AND SHARES DEPARTMENT:**  
404, 405 4TH FLOOR  
BUSINESS CENTRE

DUNOLLY ROAD,  
KARACHI - PAKISTAN

**PLANT:**  
SHEIKHUPURA ROAD,  
TEHSIL JARANWALA,  
DISTRICT FAISALABAD.

## **NOTICE OF MEETING**

Notice is hereby given that the 5th Annual General Meeting of **IDEAL ENERGY LIMITED** will be held at 404-405 4th Floor Business Centre, Dunolly Road, Karachi on Wednesday December 29, 1999 at 10:00 a.m to transact the following business:

1. To confirm the minutes of the last Annual General Meeting held at December 28, 1998.
2. To receive, consider and adopt the audited accounts for the year ended June, 30, 1999 together with the Auditor's and Director's report thereon.
3. To approve the payment of cash dividend @ 25.00% (Rs.2.50 per share) in the ordinary share capital of the Company as recommended by the Board of Directors.
4. To appoint auditors for the current year and fix their remuneration. The present auditors **M/s M. Yousuf Adil Saleem & Co; Chartered Accountants**, being eligible, have offered themselves for re-appointment.

To discuss any other matter with the permission of the chair.

KARACHI.  
DATED: 25-11-1999

**BY ORDER OF THE BOARD**

**JAVED ABBAS NAQVI,  
COMPANY SECRETARY.**

## **NOTES:**

1. The share transfer book of the company remain closed from 29th December 1999 to 3rd January 2000 (both days inclusive). Transfers received in order at the registered office of the company at the close of business hours on 28th December 1999 will be treated in time for the purpose of payment of dividend to transferees.
2. A member entitle to attend and vote this meeting may appoint another member as proxy.
3. Proxies in order to be effective must be received at the Registered office of the company not less than 48 Hours before the time of meetings and must be duly stamped-and signed.

4. Share holders are requested to promptly notify the company of change in their addresses.

## **DIRECTOR'S REPORT TO THE MEMBERS.**

In the name of Allah the Most Merciful & Host Benevolent.

The Directors take pleasure in presenting their Annual Report together with the Company's financial Statement for the year ended June 30, 1999 and the Auditor's report there on.

The Company started commercial operation from December 01, 1995. The year under review is a Third completed year of our commercial operation.

Operating results during 01-07-1998 to 30-06-1999 are given bellow.

Operating Profit	53,732,748
Loss on Disposal of Fixed Assets	(1,080)
	-----
	53,731,668
Less; Financial Charges	16,405,123
Other Charges	2,503,089
	-----
	18,908,212
Profit For the Year	34,823,456
Unappropriated profit B/F	19,032,776
	-----
Profit Available for Appropriations	53,856,232
Proposed cash dividend @ 25.00%	20,000,000
	-----
Unappropriated Profit c/f	33,856,232
	=====

Due to smooth operating of the engines the profit for the year has increased from 19.229 million to Rs.34.823 million i.e and increase of 81%.

Your company has earned Net Profit Rs.34.823 million during the year.

The Board of Directors are pleased to propose cash dividend @ 25.00% for the year ended June 30, 1999 i.e 57.43% of net profit.

### **Pattern of Share Holding**

A statement reflecting the distribution of shareholding as on June 30, 1999 is attached to the Annual Report.

In the end I would like to thank the workers, staff and officers of your company for their hard work, zeal and dedication. I am confident that Inshallah with their wholehearted support and increase productivity better results will be obtained during the current year.

**NISAR AHMED SHEIKH**  
**CHAIRMAN**

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of Ideal Energy Limited as at June 30, 1999 and the related profit and loss account and statement of changes in financial position (cash flow statement) 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 and, after due verification thereof, 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 and profit and loss account and the statement of changes in financial position (cash flow statement) together with the notes forming part thereof, 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 June 30, 1999 and of the profit and the changes in financial position for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established Under Section 7 of that Ordinance.

Date: 25 Nov 1999  
Faisalabad.

**M. Yousuf Adil Saleem & Co.**  
**Chartered Accountants**

**BALANCE SHEET AS AT JUNE 30, 1999**

	<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised Capital 10,000,000 Ordinary shares of Rs. 10/- each		100,000,000 =====	100,000,000 =====
:Issued, subscribed and paid up capital 8,000,000 Ordinary shares of Rs. 10/-each fully paid in cash		80,000,000	80,000,000
Capital reserve-share premium		80,000,000 48,856,232	80,000,000 34,032,776
Revenue reserves	3	----- 208,856,232	----- 194,032,776
<b>Liabilities Against Assets</b>			
Subject To Finance Lease	4	38,252,621	71,748,632
<b>Deferred Liability</b>			
Staff retirement gratuity		855,330	643,823
<b>CURRENT LIABILITIES</b>			
Short term bank borrowing	5	5,325,000	10,000,000
Current portion of Lease liabilities		33,496,011	30,294,384
Creditors, accrued and Other liabilities	6	9,516,370	10,496,701
Dividends	7	20,003,762 -----	10,002,450 -----
		68,341,143 -----	60,793,535 -----
		=====	=====
<b>OPERATING ASSETS</b>	8	236,421,489	261,589,132
<b>LONG TERM DEPOSITS AND DEFERRED COSTS</b>	9	13,649,407	14,298,812
<b>CURRENT ASSETS</b>			
Stores, spares and Loose tools	10	9,150,592	5,891,449

Stock of oil and lubricants	11	14,094,292	10,367,730
Debtors	12	36,115,441	29,833,497
Advances, deposits prepayments and other receivables	13	5,339,959	3,015,514
Cash and bank balances	14	1,534,146	2,222,632
		-----	-----
		66,234,430	51,330,822
		-----	-----
		316,305,326	327,218,766
		=====	=====

The annexed notes from 1 to 26 form  
An integral part of these accounts.

**MUHAMMAD ARSHAD**  
**CHIEF EXECUTIVE**

**NISAR AHMED SHEIKH**  
**DIRECTOR**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 1999**

	<i>NOTE</i>	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
Sales of electric energy	15	254,047,927	243,674,412
Cost of generation	16	196,455,006	196,780,182
		-----	-----
Gross profit		57,592,921	46,894,230
Operating expenses	17	3,860,173	3,641,201
		-----	-----
Operating Profit		53,732,748	43,253,029
Loss on disposal of Fixed assets		< 1,080 >	< 56,933 >
		-----	-----
		53,731,668	43,196,096
<b>Other charges</b>			
Financial	18	16,405,123	22,290,803
Amortisation of deferred Costs		649,405	649,405
Worker's profit Participation fund		1,853,684	1,027,020
		-----	-----
		18,908,212	23,967,228
		-----	-----
Net profit for the year		34,823,456	19,228,868

Unappropriated profit brought Forward	19,032,776	9,803,908
	-----	-----
Profit available for appropriations	53,856,232	29,032,776
<b>Appropriation</b>		
Proposed cash dividend 25% (1998 12.5%)	20,000,000	10,000,000
	-----	-----
Unappropriated profit carried forward	33,856,232	19,032,776
	=====	=====

The annexed notes form 1 to 26 form an integral part of these accounts.

**MUHAMMAD ARSHAD**  
Chief Executive

**NISAR AHMED SHEIKH**  
Director

**STATEMENT OF CHANGES IN FINANCIAL POSITION  
(CASH FLOW STATEMENT)  
FOR THE YEAR ENDED JUNE 30, 1999.**

	<i><b>1999</b></i>	<i><b>1998</b></i>
	<i><b>Rupees</b></i>	<i><b>Rupees</b></i>
<b>a) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit for the year	34,823,456	19,228,868
Depreciation	26,572,523	29,370,353
Amortisation of deferred costs	649,405	649,405
Provision for gratuity	278,369	402,674
Gratuity paid	< 66,862 >	< 13,504 >
Loss on disposal of Fixed assets	1,080	56,933
Financial charges	16,405,123	22,290,803
	-----	-----
Operating profit before Working capital changes	78,663,094	71,985,532
	-----	-----
<b>Change is working capital</b>		
(Increase)/decrease in current assets		
Stores, spares and Loose tools	< 3,259,143 >	< 5,206,235 >
Stock of oil and Lubricants	< 3,726,562 >	4,155,465

Debtors	< 6,281,944 >	1,237,483
Advances, deposits, Prepayments and Other receivables	< 2,324,445 >	< 476,936 >
Increase/(decrease) in Current liabilities Creditors, accrued and Other liabilities	2,652,683	297,593
	-----	-----
	< 12,939,411 >	7,370
	-----	-----
Cash generated from Operations	65,723,683	71,992,902
Financial charges paid	< 20,038,137 >	< 21,594,799 >
	-----	-----
Net cash from Operating activities	45,685,546	50,398,103
	=====	=====

<b>1999</b>	<b>1998</b>
<b>Rupees</b>	<b>Rupees</b>

**b) CASH FLOW FROM INVESTING ACTIVITIES**

Fixed Capital expenditure	< 1,422,880 >	< 5,481,335 >
Proceeds from disposal Of fixed asset	16,920	5,753,769
	-----	-----
Net Cash (Used in)/From Investing activities	< 1,405,960 >	272,434
	-----	-----

**CASH FLOW FROM FINANCING ACTIVITIES**

Repayment of:		
Long term loans	--	< 31,967,000 >
Lease liabilities	< 30,294,384 >	< 20,159,923 >
Short term bank borrowing	< 4,675,000 >	10,000,000
Payment of dividend	< 9,998,688 >	< 23,997,550 >
	-----	-----
Net cash used in Financing activities	< 44,968,072 >	< 66,124,473 >
	-----	-----
Net decrease in cash and Bank balances (a+b+c)	< 688,486 >	< 15,453,936 >
Cash and bank balances at the Beginning of the year	2,222,632	17,676,568
	-----	-----
Cash and bank balances at the		



End of the year

1,534,146

2,222,632

=====

=====

**MUHAMMAD ARSHAD**  
Chief Executive

**NISAR AHMED SHEIKH**  
Director

## **NOTES TO THE ACCOUNTS JUNE 30, 1999**

### **1. STATUS AND ACTIVITIES**

The Company was incorporated on February 20, 1994, under the Companies Ordinance, 1984 and quoted at stock exchanges in Pakistan. The main object of the Company is generation and distribution of electricity. The project is located at Tehsil Jaranwala, District Faisalabad in the province of Punjab.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Accounting convention**

These accounts have been prepared under "historical Cost convention".

#### **2.2 Staff Retirement benefits**

The Company operates an unfunded gratuity scheme covering all its employees. Provision is made annually to cover the liability under the scheme.

#### **2.3 Operating assets**

Operating assets except freehold land are stated at cost less accumulated depreciation. Freehold land is stated at cost.

Depreciation is charged to income applying the reducing balance method at the rates specified in the operating assets note.

Depreciation on additions during the year is charged to income on the basis of whole year, however, depreciation for proportionate period of use is charged on major project cost capitalised during the year. No depreciation is charged on deletions during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gains and losses on disposal of assets are included in current income.

#### **2.4 Accounting for leases**

The Company accounts for the assets acquired under finance lease by recording the assets and related liability. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged at the rate specified in the related note, to write off the asset over its estimated useful life in view of certainty of ownership of the asset

at the end of lease period.

### 2.5 Deferred costs

These are amortised over a maximum period of five years from the year of deferment.

### 2.6 Stores, spares and loose tools

These are valued at moving average cost except items in transit which are valued at cost comprising invoice value and other charges incurred thereon.

### 2.7 Stock of oil and lubricants

These are valued at lower of cost and net realisable value. Cost has been determined using the average cost method except items in transit which are valued at cost comprising the invoice value and other charges incurred thereon.

### 2.8 Debtors

Known bad debts are written off and provisions are made for debts considered doubtful.

### 2.9 Revenue recognition

Revenue is recognised as the services are rendered.

### 3. Revenue reserves

General reserve  
Unappropriated profit

	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
	15,000,000	15,000,000
	33,856,232	19,032,776
	-----	-----
	48,856,232	34,032,776
	=====	=====

### 4. Liabilities against assets

Subject to finance lease  
Opening balance  
Paid during the year

	102,043,016	122,202,939
	< 30,294,384 >	< 20,159,923 >
	-----	-----
	71,748,632	102,043,016
Shown under current Liabilities	--	2,652.03
Repayment due Payable within One year	33,496,011	27,642.36
	-----	-----
	< 33,496,011 >	< 30,294,384 >
	-----	-----
	38,252,621	71,748,632
	=====	=====

This represent finance obtained against plant and machinery under lease agreements,

The purchase option is available to the Company on surrender of residual value alongwith the last installment.

The principal plus financial charges are payable as under:

<i>Installment Rupees</i>	<i>No. of equal quarterly Installments</i>	<i>Interest rate % applicable per annum</i>
4,017,667	20	20
1,375,587	20	20
834,837	20	20
4,447,570	20	19.25

The future minimum lease payments to which the Company is committed as at June 30, 1999 are as under:-

<i>Year ending June 30,</i>	<i>Rupees</i>
2000	42,702,644
2001	40,579,413
	-----
	83,282,057
	-----
Financial charges payable	1,445,479
Financial charges allocated To future periods	10,087,946
	-----
	11,533,425
	-----
	71,748,632
	=====

	<i>Limit Million</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
<b>5. Short term bank borrowing</b>			
Secured			
Morabaha finance	10	5,325,000	10,000,000
		=====	=====

It is secured against first charge over Company's current assets. It is further secured by personal guarantee of directors of the Company.

It is subject to mark up ranging between 18% to 20% per annum.

**6. Creditors, accrued and Other liabilities**

	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
Creditors	1,606,175	1,468,633
Security deposits	20,000	20,000
Accrued charges (6.1)	571,900	155,869
Interest/mark up on secured Lease finances	1,445,479	3,829,370
Short term bank borrowing	198,808	162,120
Excise duty on loans	--	1,285,811
Electricity duty	251,411	400,468
Workers' Profit Participation Fund (6.2)	5,422,597	3,172,367
Withholding tax	--	2,063
	----- 9,516,370 =====	----- 10,496,701 =====

6.1 It includes Rs. 15,347/= (1998 - Rs. 26,556/=) due to An associated undertaking.

**6.2 Workers' Profit Participation Fund**

	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
Opening balance (6.2.1)	3,172,367	2,683,030
Interest on fund utilised in Company's business	396,546	284,510
	----- 3,568,913	----- 2,967,540
Amount paid to workers' on Behalf of the Fund	--	< 822,193 >
	----- 3,568,913	----- 2,145,347
Allocation for the year	1,853,684	1,027,020
	----- 5,422,597 =====	----- 3,172,367 =====

6.2.1 The Company has distributed Rs. 213,000/= to the workers and Rs. 2,959,367/= left out of allocation has been deposited in State Bank of Pakistan in the Workers

Welfare Fund subsequently.

	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
<b>7. Dividends</b>		
Proposed	20,000,000	10,000,000
Unclaimed	3,762	2,450
	-----	-----
	20,003,762	10,002,450
	=====	=====

**8. Operating Assets**

<i>Particulars</i>	<i>Cost at</i> <i>July 01,</i> <i>1998</i>	<i>Additions/</i> <i>(disposals)</i>	<i>Cost at</i> <i>June 30,</i> <i>1999</i>	<i>Accumulated</i> <i>depreciation</i> <i>at June 30,</i> <i>1999</i>	<i>Written down</i> <i>value at</i> <i>June 30,</i> <i>1999</i>	<i>Depreciation</i> <i>for the</i> <i>year</i>	<i>Rate</i> <i>%</i>
Freehold land	2,898,010	--	2,898,010	--	2,898,010	--	--
Building on							
Freehold land	40,831,559	--	40,831,559	12,744,177	28,087,382	3,120,820	10
Plant and machinery	154,283,935	--	154,283,935	48,058,969	106,224,966	11,802,774	10
Electric installations	6,540,882	--	6,540,882	2,007,069	4,533,813	503,757	10
Factory equipment	248,147	--	248,147	85,594	162,553	18,061	10
Electric appliances	236,021	156,300	392,321	97,600	294,721	32,747	10
Furniture and fixture	236,864	3,700	240,564	77,165	163,399	18,155	10
Office equipment	272,180	147,280	401,460	89,957	311,503	34,611	10
		< 18,000 >					
Vehicles	5,841,665	1,115,600	6,957,265	2,453,873	4,503,392	1,125,848	20
	-----	-----	-----	-----	-----	-----	
	211,389,263	1,422,880	212,794,143	65,614,404	147,179,739	16,656,773	
		< 18,000 >					
Under lease							
Plant and machinery	130,000,000	--	130,000,000	40,758,250	89,241,750	9,915,750	10
	-----	-----	-----	-----	-----	-----	
Rupees	341,389,263	1,422,880	342,794,143	106,372,654	236,421,489	26,572,523	
		< 18,000 >					
	=====	=====	=====	=====	=====	=====	
1998 Rupees	343,029,957	5,481,335	341,389,263	79,800,131	261,589,132	29,370,353	
		< 7,122,029 >					
	=====	=====	=====	=====	=====	=====	
				<i>1999</i>	<i>1998</i>		

**8.1 Depreciation for the year has  
Been allocated as under:**

	<i>Rupees</i>	<i>Rupees</i>
Cost of generation	25,393,909	28,198,088
Operating expenses	1,178,614	1,172,265
	-----	-----
	26,572,523	29,370,353
	=====	=====

**8.2 Detail of disposal of fixed assets (by negotiation)**

<i>Particulars</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Written down value</i>	<i>Sale proceeds</i>	<i>Purchaser</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	
Office equipment	18,000	--	18,000	16,920	Insurance Claim
	=====	=====	=====	=====	EFU General Insurance Ltd.
					MCB Building, 1st Floor,
					Circular Road,
					Faisalabad.
1998	7,122,029	1,311,327	5,810,702	5,753,769	
	=====	=====	=====	=====	
				<i>1999</i>	<i>1998</i>
				<i>Rupees</i>	<i>Rupees</i>

**9. Long Term Deposits  
And Deferred costs**

Long term deposits	13,000,000	13,000,000
Deferred costs		
Preliminary expenses	178,168	178,168
	3,068,859	3,068,859
Share issue expenses	-----	-----
	3,247,027	3,247,027
Amortisation		
Opening balance	1,948,215	1,298,810
During the year	649,405	649,405
	-----	-----
	2,597,620	1,948,215
	-----	-----
	649,407	1,298,812
	-----	-----

13,649,407	14,298,812
=====	=====

**10. Stores, spares and**

**Loose tools**

Stores	532,989	350,158
Spares	8,597,005	5,527,799
Loose tools	20,598	13,492
	-----	-----
	9,150,592	5,891,449
	=====	=====

<b>1999</b>	<b>1998</b>
<b>Rupees</b>	<b>Rupees</b>

**11. Stock of oil and lubricants**

Furnace oil	12,585,595	9,377,496
Lube oil	885,471	147,876
Diesel oil	623,226	842,358
	-----	-----
	14,094,292	10,367,730
	=====	=====

**12. Debtors**

Unsecured - considered		
Good (12.1)	36,115,441	29,833,497
	=====	=====

12.1 It includes Rs.28,113,330/= (1998 - Rs. 16,261,149/=) due from associated undertaking. Maximum amount due from associated undertaking at end of any month during the year was Rs.50,556,379/= (1998 - Rs.40,724,586/=)

**13, Advances, deposits, prepayments**

**And other receivables**

Considered good		
Advances		
Suppliers	1,674,591	329,742
Employees	208,001	146,670
Income tax	2,088,816	951,986
Security deposit	5,550	5,550
Short term prepayments	1,363,001	1,524,066
Other	--	57,500
	-----	-----
	5,339,959	3,015,514
	=====	=====

**14. Cash and bank balances**

Cash in hand	129,056	2,080,647
Cash at banks		
In current accounts	1,405,090	141,985
	-----	-----
	1,534,146	2,222,632
	=====	=====

**15. Sales of electric energy**

Sales	295,412,794	281,979,040
Less:		
Rebates/discounts	39,848,379	36,781,134
	1,516,488	1,523,494
Electricity duty		
	-----	-----
	41,364,867	38,304,628
	-----	-----
	254,047,927	243,674,412
	=====	=====

**16. Cost of generation**

oil and lubricants	131,046,918	132,023,964
Salaries, wages and benefits	4,509,451	4,435,776
Stores and spares	29,407,331	27,790,158
Repairs and maintenance	2,572,772	470,798
insurance	3,279,648	3,642,113
Depreciation	25,393,909	28,198,088
Other	244,977	219,285
	-----	-----
	196,455,006	196,780,182
	=====	=====

**17. Operating expenses**

Salaries and benefits	491,851	491,955
Postage and telephone	441,231	444,339
Vehicles running and		
Maintenance	429,580	683,943
Travelling and conveyance	21,241	13,265
Printing and stationery	47,563	66,718
Entertainment	83,809	82,834
Fees and subscriptions	407,302	136,575
Advertisement	62,716	35,763
Insurance	593,854	448,547
Auditors' remuneration (17.1)	90,000	50,000
Depreciation	1,178,614	1,172,265
Other	12,412	14,997
	-----	-----
	3,860,173	3,641,201



**17.1 Auditors' remuneration**

Audit fee	40,000	40,000
Tax services	50,000	--
Secretarial services	--	10,000
	-----	-----
	90,000	50,000
	=====	=====

**18. Financial charges**

Mark up/interest on		
Long term loan	--	1,767,858
Lease finances	14,471,939	19,321,617
Short term bank		
Borrowings	1,469,915	836,752
Workers' profit		
Participation fund	396,546	284,510
Bank charges, excise		
Duty and commission	66,723	80,066
	-----	-----
	16,405,123	22,290,803
	=====	=====

**19. Taxation**

The profits and gains derived by the Company are exempt from levy of income tax under clause 176 part I of the Second Schedule to the Income Tax Ordinance, 1979.

No provision for minimum tax under Section 80-D of the Income tax Ordinance, 1979 is required as the Company is exempt from levy of minimum tax under clause 20 Part IV of the Second Schedule to the Income tax Ordinance, 1979.

**20. Remuneration to Directors and Executive**

	<b>1999</b>	<b>1998</b>
	<b>Rupees</b>	<b>Rupees</b>
	<b>Executives</b>	<b>Executive</b>
Remuneration	276,270	152,676
House rent allowances	124,350	68,700
Cost of living allowance	600	300
Medical allowance	--	10,692
Conveyance allowance	13,780	7,632
	-----	-----
	415,000	240,000
	=====	=====

No. of persons

2

1

Two Directors and two Executives are entitled to free use of Company maintained car. The monetary values are approximately Rs. 264,527/= (1998 - Rs. 603,735/=). The Directors have waived their meeting fee.

**21. Aggregate Transactions with Associated Undertakings.**

Sales of electric energy

158,087,208	143,012,048
=====	=====

**22. Plant Capacity and Actual Power Generation**

Number of generators installed  
Number of generators worked  
Installed capacity (Mega Watt hours)  
Actual generation (Mega Watt hours)

	<b>1999</b>	<b>1998</b>
Number of generators installed	3	3
Number of generators worked	3	3
Installed capacity (Mega Watt hours)	96,480	96,480
Actual generation (Mega Watt hours)	78,626	79,106

Reasons for low generation

- Periodic maintenance and standby arrangement of generators.  
- Extra capacity for future growth.

**23. Earning Per Share- Basic**

There is no dilutive effect on the basis earning per share of share of the company which is as under:

	<b>1999</b>	<b>1998</b>
net profit for the year (Rs.)	34,823,456	19,228,868
Weighted average number of Ordinary shares	8,000,000	8,000,000
Earning per share (Rs.)	4.35	2.40

**24. Financial Instruments And Related Disclosures**

**Concentration of credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company is running a captive power unit. Major customers of the Company are the industrial units of the associated undertakings. The Company is not exposed to any significant risk of recoverability.

**Interest rate risk**

Interest rate risk arise from the possibility that changes in interest rates will effect the value of financial instruments. The Company is not exposed to any significant interest rate risk.

**Fair Values of Financial Assets and liabilities.**

The carrying value of all the financial assets and liabilities reported in the financial statements approximate their fair value.

**25. Owners' Equity**

Movements in owners' equity during the year are identified and adequately disclosed in the financial statements.

**26. General**

- Figures have been rounded off to the nearest Rupee.

- Corresponding figures of prior year have been rearranged wherever necessary to facilitate comparison.

- The Company employed 72 (1998 - 76) employee at the end of the year.

**MUHAMMAD ARSHAD**  
Chief Executive

**NISAR AHMED SHEIKH**  
Director

**PATTERN OF SHAREHOLDING  
AS ON 30TH 3UNE 1999.**

<i>Type of Share Holders</i>	<i>Number of Share Holders</i>	<i>Total Shares Held</i>
101	500	291
1001	5000	9
5001	10000	3
15001	20000	1
55001	60000	1
95001	100000	1
195001	200000	2
275001	280000	1
375001	380000	1
395001	400000	1
415001	420000	1
600001	605000	1
675001	680000	1
715001	720000	1
895001	900000	1

935001	940000	2	1,878,750
940001	945000	1	943,200
-----		-----	-----
Total		319	8,000,000
=====		=====	=====

	<i>Categories of Shareholders</i>	<i>No of Shares Shares Held</i>	<i>Shares Held</i>
Individuals314	4,245,500	53.07%	--
Central depository Company	01	600,000	7.50%
Investment Banks	02	1,878,750	23.48%
Joint Stock Company	01	375,750	4.70%
E.U. Investment	01	900,000	11.25%
-----		-----	-----
Total	319	8,000,000	100.00%