

## **Ideal Energy Limited**

### **Annual Report 2000**

#### **CONTENTS**

COMPANY INFORMATION  
NOTICE OF MEETING  
DIRECTORS REPORT  
AUDITORS REPORT  
BALANCE SHEET  
PROFIT AND LOSS ACCOUNT  
STATEMENT OF CHANGES IN EQUITY  
CASH FLOW STATEMENT  
NOTES TO THE ACCOUNTS  
PATTERN OF SHAREHOLDING

#### **LIST OF DIRECTORS**

**CHAIRMAN:**

NISAR AHMED SHEIKH

**CHIEF EXECUTIVE:**

MUHAMMAD ARSHAD SHEIKH

**DIRECTORS:**

MUHAMMAD SAEED  
MUHAMMAD ANWAR SAJJAD  
AMJAD SAEED  
SHAHZAD AHMAD  
NAUREEN SHAHZAD

**SECRETARY:**

JAVED ABBAS NAQVI

**AUDITORS:**

M. YOUSAF 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 6th Annual General Meeting of **IDEAL ENERGY LIMITED** will

be held at 404-405 4th Floor Business Centre, Dunolly road, Karachi on Saturday December 23, 2000 at 11:00 a.m. to transact the following business:

1. To confirm the minutes of the last Annual General Meeting held at December 29, 1999.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 2000 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.
5. To transact any other ordinary business of tile company with the permission of tile chair.

**BY ORDER OF THE BOARD**

KARACHI  
DATED 22-11-2000

**JAVED ABBAS NAQVI**  
**COMPANY SECRETARY**

**NOTES:**

1. The share transfer book of the company remain closed from 16th December 2000 to 23rd December 2000 (both days inclusive). Transfers received in order at the registered office of the company at the close of business hours on 15th December 2000 will be treated in time for tile purpose of payment of dividend to transferees.
2. A member entitle to attend and vote this meeting may appoint another members 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. Shareholders who have deposited their shares into Central Depository Company are being advised to bring their National Identity Card alongwith CDC account number at the meeting venue.

**DIRECTOR'S REPORT TO THE MEMBERS**

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

The Director's have pleasure in submitting their Annual report together with the Company's financial Statement for the year ended June30, 2000 and the Auditor's report there on.

Operating results during 01-07-1999 to 30-06-2000 are given bellow.

Operating profit	56,450,295
Loss on Disposal of Fixed Assets	(10,180)
	-----
	56,440,115
Less: Financial Charges	11,325,721
Other Charges	2,890,017
	-----
	14,215,738
Profit for the year	42,224,377
Unappropriated profit B/F	33,856,232
	-----

Profit available for appropriations	76,080,609
Proposed cash dividend @ 25%	20,000,000
	-----
Unappropriated profit C/F	56,080,609
	=====

Due to improvement in the efficiency the profits for the year has increased from 34.823 million to Rs. 42.224 million i.e and increase of 21.25%.

The price of Furnace oil on July 01, 1999 was Rs. 6070.5 per M.T as Compared to Rs. 9680 per M. Ton on June 30, 2000. Despite rapid increase in the oil prices your company has earned Net profit of Rs. 42.224 million during the year.

The Board of Directors are pleased to propose cash divided @ 25% for the year ended June 30, 2000 i.e 47.37% of net profit.

#### **Pattern of Share Holding**

A statement showing the pattern of shareholding as at June 30, 2000 is attached.

In the end I would like to thanks 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 improvement on productivity better results will be obtained if the prices of furnace oil stable during the current year.

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

#### **AUDITORS REPORT TO MEMBERS**

We have audited tile annexed balance sheet of Ideal Energy Limited as at June 30, 2000 and the related profit and loss account, statement of changes in equity and 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.

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 statement 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, statement of changes in equity and cash flow statement 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 June 30, 2000 and of the profit, changes in equity and its cash flow, 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: 22-11-2000  
Faisalabad.

**M. YOUSAF ADIL SALEEM & CO.**  
**CHARTERED ACCOUNTANTS**

## **BALANCE SHEET AS AT JUNE 30, 2000**

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 10,000,000 Ordinary shares of Rs. 10/= each		100,000,000 =====	100,000.00 =====
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	80,000,000
Revenue reserve	3	71,080,609	48,856,232
		----- 231,080,609	----- 208,856,232
<b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>	4	--	38,252,621
<b>DEFERRED LIABILITY</b>			
Staff retirement gratuity		2,091,813	855,330
<b>CURRENT LIABILITIES</b>			
Short term bank borrowings	5	20,375,813	5,325,000
Current portion of Lease liabilities		38,252,621	33,496,011
Creditors, accrued and Other liabilities	6	9,128,123	9,516,370
Dividends	7	20,012,762	20,003,762
		----- 87,769,319	----- 68,341,143

		320,941,741	316,305,326
<b>OPERATING ASSETS</b>	8	216,321,475	236,421,489
<b>LONG TERM DEPOSITS AND DEFERRED COSTS</b>	9	13,000,000	13,649,407
<b>CURRENT ASSETS</b>			
Stores, spares and Loose tools	10	19,991,723	9,150,592
Stocks of oil and Lubricants	11	13,287,570	14,094,292
Debtors	12	53,273,416	36,115,441
Advances, deposits Prepayments and other Receivables	13	4,874,267	5,339,959
Cash and bank balances	14	193,290	1,534,146
		91,620,266	66,234,430
		320,941,741	316,305,326

The annexed notes from 1 to 27 form an integral part of these accounts.

**Muhammad Arshad**  
Chief Executive

**Nisar Ahmad Sheikh**  
Director

## **PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
Sales of electric energy	15	264,794,868	254,047,927
Cost of Generation	16	202,524,035	196,455,006
Gross Profit		62,270,833	57,592,921
Operating Expenses	17	5,820,538	3,860,173
Operating Profit		56,450,295	53,732,748
Loss of disposal of fixed assets		10,180	1,080
Other Charges		56,440,115	53,731,668
Financial Amortisation of deferred costs	18	11,325,721	16,405,123
workers' profit participation fund		649,407	649,405
		2,240,610	1,853,684
		14,215,738	18,908,212
Net profit for the year		42,224,377	34,823,456
Unappropriated profit brought Forward		33,856,232	19,032,776

Profit available for Appropriations		76,080,609	53,856,232
Appropriation Proposed cash dividend @ 25% (1999: 25%)		20,000,000	20,000,000
Unappropriated profit Carried forward		56,080,609	33,856,232
Earnings per share - Basic	21	5.28	4.35

The annexed notes from 1 to 27 form  
An integral part of these accounts.

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

**NISAR AHMAD SHEIKH**  
**DIRECTOR**

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2000.

	<i>Share Capital</i>	<i>Capital Reserve</i>	<i>Revenue Reserves</i>		<i>Total</i>
				<i>Share premium</i>	<i>General Reserve</i>
				<i>Unappropriated Profit</i>	
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Balance as at June 30, 1998	80,000,000	80,000,000	15,000,000	19,032,776	194,032,776
Profit for the year ended June 30, Dividend	--	--	--	34,823,456	14,823,456
	--	--	--	(20,000,000)	(20,000,000)
Balance as at June 30, 1999	80,000,000	80,000,000	15,000,000	33,856,232	208,856,232
Profit for the year ended June 30, Dividend	--	--	--	42,224,377	42,224,377
	--	--	--	(20,000,000)	(20,000,000)
Balance as at June 30, 2000	80,000,000	80,000,000	15,000,000	56,080,609	231,080,609

The annexed notes from 1 to 27 form  
an integral part of these accounts.

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

**NISAR AHMAD SHEIKH**  
**DIRECTOR**

### CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2000

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from Operations	22	52,170,249	65,723,683
Financial charges paid		(10,982,857)	(20,038,137)

Net cash from	-----	-----
Operating activities	41,187,392	45,685,546
	=====	=====
<b>b) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(4,371,762)	(1,422,880)
Proceeds from disposal		
Of fixed assets	279,712	16,920
	-----	-----
Net cash used in investing activities	(4,092,050)	(1,405,960)
	-----	-----
<b>c) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of		
lease liabilities	(33,496,011)	(30,294,384)
Increase / (decrease) in		
Short term bank borrowings	15,050,813	(4,675,000)
Payment of dividend	(19,991,000)	(9,998,688)
	-----	-----
Net cash used in		
Financing activities	(38,436,198)	(44,968,072)
	-----	-----
Net decrease in cash and		
Bank balances (a+b+c)	(1,340,856)	(688,486)
Cash and bank balances at the		
beginning of the years	1,534,146	2,222,632
Cash and bank balances at the	-----	-----
End of the year	193,290	1,534,146
	=====	=====

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

**NISAR AHMAD SHEIKH**  
**DIRECTOR**

## **NOTES TO THE ACCOUNTS JUNE 30, 2000**

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

The company was incorporated on February 20, 1994 under the Companies Ordinance, 1984 and quoted at Karachi and Lahore stock exchanges. 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 and basis of preparation**

These accounts have been prepared under "historical cost convention" and in accordance with international accounting standards as applicable in Pakistan.

#### **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 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.

#### 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.

#### 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.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>3. REVENUE RESERVES</b>		
General reserve	15,000,000	15,000,000
Unappropriated profit	56,080,609	33,856,232
	-----	-----
	71,080,609	48,856,232
	=====	=====
<b>4. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Opening balance	71,748,632	102,043,016
Paid during the year	(33,496,011)	(30,294,384)
	-----	-----
	38,252,621	71,748,632
payable within one year		
shown under current liabilities	38,252,621	33,496,011
	-----	-----
	--	38,252,621
	=====	=====

These 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>
4,447,570	20	19.25
4,017,667	20	20
834,837	20	20
1,375,587	20	20

The future minimum lease payments to which the company is committed as at June 30, 2000 are as under:-

	<i>Rupees</i>
Year ending June 30, 2001	40,579,413
Financial charges payable	660,364
Financial charges allocated To future periods	1,666,428
	-----
	2,326,792
	-----
	38,252,621
	=====

## 5. SHORT TERM BANK BORROWINGS

	<i>Limit Million</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
Secured			
Morabaha finance (5.1)	20	20,000,000	5,325,000
Un-secured			
Book overdrawn		375,813	--
		-----	-----
		20,375,813	5,325,000
		=====	=====

5.1 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 @ 16% per annum.

## 6. Creditors, accrued and other liabilities

Creditors	3,567,849	1,606,175
Security deposits	20,000	20,000
Accrued charges (6.1)	716,232	571,900
Interest / mark up on secured		
Lease finances	660,364	1,445,479
Short term bank borrowings	1,326,787	198,808
Electricity duty	247,777	251,411
Workers' Profit Participation Fund (6.2)	2,587,816	5,422,597
Withholding tax	1,298	--
	-----	-----
	9,128,123	9,516,370

**6.1 It includes Rs. 27,374/= (1999 - Rs. 15,347/=) due to associated undertakings.**

	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
<b>6.2 Worker's Profit Participation Fund</b>		
Opening Balance	5,422,597	3,172,367
Interest on fund utilised in Company's business	347,206	396,546
	-----	-----
	5,769,803	3,568,913
Amount paid to workers On behalf of fund	765,546	--
Amount deposited in Worker's Welfare Fund	4,657,051	--
	-----	-----
	5,422,597	--
	-----	-----
	347,206	3,568,913
Allocation for the year	2,240,610	1,853,684
	-----	-----
	2,587,816	5,422,597
	=====	=====

**7. Dividends**

Proposed	20,000,000	20,000,000
Unclaimed	12,762	3,762
	-----	-----
	20,012,762	20,003,762
	=====	=====

**8. OPERATING ASSETS**

<i>Particulars</i>	<i>Cost at July 01, 1999</i>	<i>Additions/ (disposals)</i>	<i>Cost at June 30, 2000</i>	<i>Accumulated depreciation at June 30, 2000</i>	<i>Written down value at June 30, 2000</i>	<i>Depreciation for the year</i>	<i>Rate</i>
Freehold land	2,898,010	--	2,898,010	--	2,898,010	--	--
Building on Freehold land	40,831,559	--	40,831,559	15,552,915	25,278,644	2,080,738	10
Plant and machinery	154,283,935	4,190,003	158,473,938	59,100,466	99,373,472	11,041,497	10
Electric Installations	6,540,882	--	6,540,882	2,460,450	4,080,432	453,381	10
Factory equipment	248,147	--	248,147	101,849	146,298	16,255	10
Electric appliances	392,321	72,700	465,021	134,342	330,679	36,742	10
Furniture and fixture	240,564	74,259	314,823	100,931	213,892	23,766	10
Office equipment	401,460	34,800	436,260	124,587	311,673	34,630	10
Vehicles	6,957,265	(631,811)	6,325,454	2,954,654	3,370,800	842,700	20
	-----	-----	-----	-----	-----	-----	
	212,794,143	4,371,762 (631,811)	216,534,094	80,530,194	136,003,900	15,257,709	
Under lease Plant and machinery	130,000,000	--	130,000,000	49,682,425	80,317,575	8,924,175	10
	-----	-----	-----	-----	-----	-----	
Rupees	342,794,143	4,371,762 (631,811)	346,534,094	130,212,619	216,321,475	24,181,884	
	=====	=====	=====	=====	=====	=====	

1999	Rupees	341,389,263	1,422,880 (18,000)	342,794,143	106,372,654	236,421,489	26,572,523
		=====	=====	=====	=====	=====	=====
				<b>2000</b>	<b>1999</b>		
				<b>Rupees</b>	<b>Rupees</b>		

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

Cost of generation	23,280,788	25,393,909
Operating expenses	901,096	1,178,614
	-----	-----
	24,181,884	26,572,523
	=====	=====

**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>Sold to</i>
	<i>(Rupees)</i>	<i>(Rupees)</i>	<i>(Rupees)</i>	<i>(Rupees)</i>	
Motor Vehicle	507,260	297,080	210,180	200,000	Mr. Ahmed Ali Chak No. 365 G.B. Jattu, Tehsil Jaranwala, Distt. Faisalabad.
Motor Vehicle	61,395	22,103	39,292	39,292	Mirza Kashif Shahzad P-282, St. No. 11/12 Gurunank Pura, Faisalabad.
Motor Vehicle	63,156	22,736	40,420	40,420	Mr. Ijaz Ahmed Khan H. No. 5, Block D-12 Kohinoor Nagar, Faisalabad.
	-----	-----	-----	-----	
	631,811	341,919	289,892	279,712	
	=====	=====	=====	=====	
1999	18,000	--	18,000	16,920	
	=====	=====	=====	=====	

**9. LONG TERM DEPOSITS AND DEFERRED COSTS**

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

**10. Stores, spares and Loose tools**

Stores	639,459	532,989
Spares	19,339,625	8,597,005
Loose tools	12,639	20,598
	-----	-----
	19,991,723	9,150,592
	=====	=====

**11. Stock of oil and lubricants**

Furnace oil	12,219,374	12,585,595
Lube oil	279,400	885,471
Diesel oil	788,796	623,226
	-----	-----
	13,287,570	14,094,292
	=====	=====

**12. Debtors**

Unsecured - considered good (12.1)	53,273,416	36,115,441
	=====	=====

12.1 It includes Rs. 43,443,936/= (1999 Rs. 28,113,330/=) due from associated undertakings Maximum amount due from associated under taking at the end of any month during the year was Rs. 60,404,059/= (1999 - Rs. 50,556,379/=).

**13. Advances, deposits, prepayments and other receivables**

Considered good		
Advances		
Suppliers	497,363	1,674,591
Employees	401,987	208,001
Income tax	3,133,429	2,088,816
Security deposits	10,550	5,550
Short term prepayments	504,847	1,363,001
Sales tax	326,091	--
	-----	-----
	4,874,267	5,339,959
	=====	=====

**14. Cash and bank balances**

Cash in hand	40,260	129,056
Cash at banks		
In current accounts	153,030	1,405,090
	-----	-----
	193,290	1,534,146
	=====	=====

**15. Sales of electric energy**

Sales	280,615,894	295,412,794
Less:		
Rebates/discounts	14,201,149	39,848,379
Electricity duty	1,619,877	1,516,488
	-----	-----
	15,821,026	41,364,867
	-----	-----
	264,794,868	254,047,927
	=====	=====

**16. Cost of generation**

Oil and lubricants	149,917,617	131,046,918
--------------------	-------------	-------------

Salaries, wages and benefits (16.1)	5,741,299	4,509,451
Stores and spares	20,834,219	29,407,331
Repairs and maintenance	740,022	2,572,772
Insurance	1,925,222	3,279,648
Depreciation	23,280,788	25,393,909
Other	84,868	244,977
	-----	-----
	202,524,035	196,455,006
	=====	=====

16.1 Salaries, wages and benefits include Rs. 990.018/= (1999 - Rs. 245.376/= in respect of retirement benefits.

#### 17. Operating expenses

Salaries and benefits (17.1)	761,884	491,851
Postage and telephone	508,350	441,231
Vehicles running and maintenance	1,305,562	429,580
Travelling and conveyance	120,732	21,241
Printing and stationery	73,038	47,563
Entertainment	175,615	83,809
Free and subscriptions	912,978	392,502
Legal and professional	245,000	--
Rent. rates and taxes	66,338	14,800
Advertisement	38,850	62,716
Insurance	570,477	593,854
Auditors' remuneration (17.2)	100,000	90,000
Depreciation	901,096	1,178,614
Other	40,618	12,412
	-----	-----
	5,820,538	3,860,173
	=====	=====

17.1 Salaries and benefits include Rs. 299, 708/= (1999 - Rs. 32,993/=) in respect of retirement benefits.

#### 17.2 Auditors' remuneration

Audit fee	40,000	40,000
Tax services	60,000	50,000
	-----	-----
	100,000	90,000
	=====	=====

#### 18. Financial charges

Mark up / interest on Lease finances	8,421,518	14,471,939
Short term bank borrowings	2,410,968	1,469,915
Workers' Profit participation fund	347,206	396,546
Bank charges	146,029	66,723
	-----	-----
	11,325,721	16,405,123
	=====	=====

#### 19. Taxation

The profits and gains derived by the company are exempt from levy of income tax under clause 176 of 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 of Part IV of the Second Schedule to the Income Tax Ordinance. 1979.

## 20. REMUNERATION TO DIRECTORS AND EXECUTIVES

	<i>Executives</i>	<i>Executives</i>
Remuneration	814,536	276,270
House rent allowance	346,396	124,350
Cost of living allowance	1,800	600
Utilities allowance	1,488	--
Conveyance allowance	37,016	13,780
	-----	-----
	1,201,236	415,000
	=====	=====
No. of persons	6	2

Two Directors and four Executives are entitled to free use of Company maintained car. The monetary value are approximately Rs. 440,983/= (1999 - Rs. 264, 527/=). The Directors have waived their meeting fee.

## 21. EARNINGS PER SHARE-Basic

There is no dilutive effect on the basic earnings per share of the Company which is as under:

	<i>2000</i>	<i>1999</i>
Net profit for the year (Rs.)	42,224,377	34,823,456
	=====	=====
Weighted average number of Ordinary shares outstanding during the year	8,000,000	8,000,000
	=====	=====
Earnings per share (Rs.)	5.28	4.35
	=====	=====

## 22. Cash generated from operations

Net profit for the year	42,224,377	34,823,456
Depreciation	24,181,884	26,572,523
Amortisation of deferred costs	649,407	649,405
Provision for gratuity	1,289,726	278,369
Gratuity paid	(53,243)	(66,862)
Loss on disposal of fixed assets	10,180	1,080
Financial charges	11,325,721	16,405,123
	-----	-----
Operating profit before Working capital changes	79,628,052	78,663,094
	-----	-----
Changes in working capital (Increase) / decrease in current assets		
Stores, spares and loose tools	(10,841,131)	(3,259,143)
Stock of oil and Lubricants	806,722	(3,726,562)

Debtors	(17,157,975)	(6,281,944)
Advances, deposits, prepayments and other receivables	465,692	(2,324,445)
(Decrease)/increase in current liabilities creditors, accrued and other liabilities	(731,111)	2,652,683
	-----	-----
	(27,457,803)	(12,939,411)
	-----	-----
Cash generated from Operations	52,170,249	65,723,683
	=====	=====

### 23. AGGREGATE TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Sales of electric energy	157,289,189	158,087,208
--------------------------	-------------	-------------

### 24. PLANT CAPACITY AND ACTUAL POWER GENERATION

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)	82,060	78,626

Reasons for low generation - Periodic maintenance and standby arrangement of generators.

- Extra capacity for future growth.

### 25. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### 25.1 Risk Management

##### (a) 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. All financial assets except cash & bank balances are subject to credit risk. Major customers of the Company are the industrial units of the associated undertakings.

##### (b) 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.

#### 25.2 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.

### 26. No. of employees

Number of employees at year end was 76 (1999: 72).

### 27. Figures

- have been rounded off to the nearest rupee.

- of prior. year have been rearranged and regrouped wherever necessary to facilitate comparison.

MUHAMMAD ARSHAD

NISAR AHMAD SHEIKH

## CHIEF EXECUTIVE

## DIRECTOR

## PATTERN OF SHAREHOLDING AS ON 30TH JUNE 2000

<i>Type of Share Holders</i>	<i>Number of Share Holders</i>	<i>Total Shares Held</i>
101	500	291
501	1000	2
1001	5000	10
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
595001	600000	1
675001	680000	1
715001	720000	1
895001	900000	1
935001	940000	2
940001	945000	1
<b>Total</b>	322	8,000,000

<i>Categories of Shareholders</i>	<i>No. of Shares Shares Held</i>	<i>Shares Held</i>	<i>%</i>
INDIVIDUALS	318	4235500	52.94
C.D.C.	1	1549375	19.37
INVESTMENT BANK	1	939375	11.74
JOINT STOCK COMPANY	1	375750	4.70
E.U. INVESTMENT	1	900000	11.25
<b>TOTAL</b>	<b>322</b>	<b>8,000,000</b>	<b>100.00%</b>