

Ellahi Electric Company Limited

Annual Report 1999

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shaikh Enam Ellahi, Chairman
Mr. S.M. Yusuf
Mr. Shahzada Ellahi Shaikh
Mr. M. Ejaz Ahmad Baig
Mr. Shafqat Ellahi Shaikh
Mr. Shaukat Ellahi Shaikh
Mr. Tahir Hussain Raza

MANAGING DIRECTOR

Mr. Shaukat Ellahi Shaikh

COMPANY SECRETARY

Mr. Sheikh Muhammad Shafi

AUDITORS

Messrs. M. Yousuf Adil Saleem & Co.
Chartered Accountants,
Apartment #4, Block-B,
90-Canal Park, Gulberg-II,
Lahore-54660

REGISTERED OFFICE

NAGINA HOUSE,
91-B-1, M.M. Alam Road,
Gulberg III, Lahore-54660

POWER HOUSES

1. Mouza Rossa, Manga Mandi
Raiwind Road, Tehsil & District Kasur.
2. Ellahipur, Sheikhpura-Sharaqpur Road,
Tehsil & District Sheikhpura.
3. Aminabad, S.I.T.E., Kotri,
Taluka & District Kotri, Sindh.

REGIONAL OFFICE

2nd Floor, Shaikh Sultan Trust Bldg. No. 2,
26-Civil Lines, Beaumont Road,
KARACHI-75530.

NOTICE OF MEETING

The seventh Annual General Meeting of ELLAHI ELECTRIC COMPANY LTD., will be held at its registered office, Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore-54660, on Saturday the 18th December, 1999, at 11:00 a.m. to transact the following business:

1. To confirm minutes of the sixth Annual General Meeting held on 29th December 1998.
2. To receive and adopt audited accounts of the Company for the year ended 30th June, '1999 together with the Auditor's and Director's reports thereon.
3. To approve dividend @ 15% i.e. Rs. 1/50 per share as recommended by the Directors.
4. To appoint auditors and fix their remuneration.
5. To elect 7 (seven) Directors, as fixed by the Board, for a period of three years with effect from 31-12-1999 in place of retiring Directors, namely Mr. Shaikh Enam Ellahi, Mr. S.M. Yusuf, Mr. Shahzada Ellahi Shaikh, Mr. M. Ejaz Ahmed Baig, Mr. Shaukat Ellahi Shaikh, Mr. Shafqat Ellahi Shaikh and Mr. Tahir Hussain Raza. The retiring Directors being eligible, have offered themselves for re-election.
6. To transact the following SPECIAL BUSINESS:

* Approval of the remuneration to the Mg. Director (Chief Executive) / full time working Directors.
7. To transact any other ordinary business with the permission of the Chair.

Resolutions proposed to be moved at the meeting and Statement under Section 160 of the Companies Ordinance, 1984, relating to special business are enclosed.

By Order of the Board

Lahore. November 16, 1999

Sheikh Muhammad Shafi
Corporate Secretary

NOTES

1. The Members Register of the Company will be closed from Saturday, the 11th December, 1999 to Saturday the 18th December, 1999 (both days inclusive). Transfer (s) received in order at the Registered Office by the close of business on Friday 10th December, 1999 will be in time to be passed for payment of dividend to the transferee (s).
2. A member entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received at the Company's registered office not less than 48 hours before the time for holding the meeting. Account and sub-account holders of the Central Depository System appointing proxies must attach attested copy of their National identity Card with the proxy form.
3. Any person who seeks to contest election to the office of Director shall file with the Company not later than fourteen days before the date of meeting, a notice of his intention to offer himself for election as Director in terms of Section 178 (3) of the Companies Ordinance, 1984.
4. Account holders and sub-account holders, holding book entry securities of the Company in CDS of Central Depository Co. of Pakistan Ltd., who wish to attend the annual General Meeting are requested to please bring original National Identity Card with copy thereof duly attested by their Bankers for identification purpose.
5. Shareholders are requested to promptly notify the Company of any change in their address.

PROPOSED RESOLUTIONS AND STATEMENT UNDER SECTION 160 of the Companies Ordinance, 1984.

The following resolutions set out the material facts concerning the ordinary and special business, will be moved at the meeting for approval with and/or without modification (s):-

A. ORDINARY BUSINESS:

1. RESOLVED that a dividend be paid @ 15% i.e. Rs.1/50 (Rupee one & paisas fifty only) for each ordinary share of Rs. 10/= held on 11th December, 1999 by the members of the Company.
2. RESOLVED that Messrs, M. Yousuf Adil Saleem & Co., Chartered Accountants, the retiring auditors, be and are hereby re-appointed auditors of the Company for the year ending on 30th June, 2000 and that the Mg. Director (Chief Executive) be and is hereby authorised to fix their remuneration.

B. SPECIAL BUSINESS:

RESOLVED that the Company hereby approves payment of a sum of Rs. 3.00 million (Rupees three million only) per annum for the year ending on 30th June, 2000 and for the subsequent years, the said amount increased by 15% (fifteen percent) per annum, as managerial remuneration including perquisites/benefits (other than the provision of transport, travelling, telecommunications, actual leave fare and Medical expenses for self & family) to the working Directors including Mg. Director (Chief Executive) and the Board of Directors be and is hereby authorised to determine individual

remuneration and other terms etc. from time to time.

Statement under section 160 of the Companies Ordinance 1984

Approval of the Company is required for payment of remuneration to the working Directors including the Mg. Director (Chief Executive). The Mg. Director and working Directors may be deemed to be interested in the remuneration payable to them.

DIRECTORS REPORT

*IN THE NAME OF ALLAH THE MOST GRACIOUS
THE MOST BENEVOLENT THE MOST MERCIFUL*

The Directors have the pleasure to herewith submit audited accounts of the Company for the year ended 30th June, 1999 together with the auditors and Directors reports thereon.

During the year, 42,436 (1998: 42,294) engines hours were operated. The salient features of the operations are as under:-

	1999		1998	
	Mwh	%	Mwh	%
Electricity generated	85,995	100.00	83,288	100.00
Electricity Sold/billed	82,555	96.00	79,863	95.89
Used in house	3,250	3.78	3,236	3.88
Transmission/line losses	190	0.22	188	0.23

Sales revenue during the year amounted to Rs. 296,324,112/00 (1998: Rs. 269,367,038/00). Cost of sales amounted was Rs. 211,150,138/00 (1998: Rs. 192,048,531/00), leaving gross profit of Rs. 85,173,974/00 or 28.74% of sales (1998: Rs. 77,318,507/00 or 28.70%). Profit before tax amounts to Rs. 69,869,582/00 or 23.58% of sales (1998: Rs. 61,609,638/00 or 22.87%). The profit amounts to Rs. 1.87 per share.

Provision for Income tax and/or Turnover tax are not required as Profit & Gains of the Company are exempt from Income Tax and Turnover tax by virtue of Clause 176 of Part I and Clause 20 of Part IV of the Second Schedule to the Income Tax Ordinance, 1979.

Notwithstanding the legal provisions, Income Tax authorities had, in the opinion of the Counsel, illegally taxed/ imposed penalties. These orders were appealed at various forums. As stated in Note 21, the Company's stand has been vindicated. However, Income Tax authorities have again taxed Mark Up income for Asst. Years 1994-95 and 1995-96. On the advise of Counsel, the Company disputes these assessments, however, tax levied has been provided in accounts, without admission of liability. Appeal has been filed before Commissioner of Income Tax (Appeals).

High Speed Diesel price remained stable between February 4, 1997 and May 20, 1999, when the same was increased by Re. 1/= per litre (10.37%). Members would be aware that on 27-06-1998 Fuel Oil prices were

reduced by Rs. 775/70 per ton (12.32%). However, the same were also increased on May 20, 1999 to Rs. 6,091/50 from Rs. 5,521/= per ton. The increase amounts to 10.33%. The price was increased 40 days before the close of financial year. Full effect of the increase will be apparent in the next financial year. The prices are still too high. Diesel oil/Fuel oil prices need to be considerable reduced for production of electricity at remunerative prices and to reduce the power costs of the industries specially exporting units. Table to Diesel/ Fuel oil prices is as follows:

Date of change	High Speed Diesel		Fuel Oil		Increase (Decrease)	
	Rs. per litre	Increase (Decrease)	Rs. per ton	Increase (Decrease)	Rs.	%
		Rs.	%		Rs.	%
19-08-93	6.10			2,843/50		
14-06-95	6.48	38	6.23	2,986/00	142/50	05/01
28-10-95	6.94	0.46	7.10	3,195/00	209/00	7.00
12-02-96	7.17	0.21	3.02	3,323/00	128/00	4.00
14-03-96	7.44	0.29	4.04	3,090/00	(238/00)	(07.16)
14-04-96	7.44	-	-	3,640/00	550/00	17.80
23-05-96	7.44	-	-	4,914/71	1,274/71	35.02
12-06-96	7.44	-	-	4,514/71	(400/00)	(08.14)
21-07-96	7.09	(0.35)	(4.70)	4,234/71	(280/00)	(06.20)
19-08-96	7.09	-	-	4,323/71	98/00	2.31
12-09-96	7.43	0.34	4.79	4,575/71	243/00	5.60
07-10-96	8.00	0.57	7.67	4,935/71	360/00	7.87
22-10-96	8.78	0.78	9.75	5,867/71	932/00	18.88
13-11-96	9.44	0.64	7.29	6,116/37	248/96	4.24
17-11-96	9.44	-	-	6,296/37	180/00	2.94
05-12-96	9.91	0.47	4.98	6,665/66	369.29	5.86
12-01-97	10.25	0.34	3.43	6,665~66	-	-
04-02-97	9.64	(0.61)	(5.95)	6,296/70	(368.96)	(05.86)
27-06-98	9.64	-	-	5,521/00	(775/70)	(12.32)
20-05-99	10.64	1.00	10.37	6,091/50	570/50	10.33

With the abolition of Octroi w.e.f. 1st July, 1999, Fuel Oil price, which included Rs. 21/= on account of Octroi was reduced by the amount. However, by S.R.O. No. 922(1)/99 dated 16th August, 1999, Sales tax @ 15% (fifteen percent) has been levied on Fuel Oil and Electricity. Full effect of sales tax will be apparent in the accounts for the current year.

The Directors have the pleasure to recommend payment of cash dividend @ 15% i.e. Re. 1/50 (Rupee one and paisas fifty only) per ordinary share of Rs. 10/00 to those members who are registered on the books of the Company on Saturday, the 11th December, 1999. The dividend will absorb Rs. 54,000,000/= (Rupees fifty four million only) or 80.26% of the profit of the year.

During the year a 1.12 Mw Engine was purchased to augment back up capacity so that uninterrupted power could be supplied during the periods when engines are closed for maintenance.

In the Director's report for 1998, it was stated that:

The Directors are of the opinion that the Company has a bright and profitable future and are therefore, planning for further expansion of the Capacities.

The Directors have the pleasure to state that the Company's Unit at Ellahipur, Sharaqpur-Sheikhupura Road, Tehsil & District Sheikhupura is being expanded with the addition of another Engine of 2.30 MW to supply power to the expansion of weaving capacity of the Associated Company M/s. Prosperity Weaving Mills Ltd.

The Engine is to be shipped by the end of February, 2000 and Inshallah will be in production by 1st of July, 2000.

The Directors have the pleasure to state that the Computers and the software of the Company are year 2000 compliant.

The Directors wish to thank the workers, staff and Officer's of the Company for their devotion and hard work and are confident that Inshallah, with their whole headed efforts better results and increase profitability will be achieved.

On behalf of the Board

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive).

Lahore. November 16, 1999.

OPERATING FINANCIAL AND INVESTMENT RATIOS AS ON 30 JUNE

		1999	1998	1997	1996*
Cost of sales as % of sales	%	71.26	71.30	72.54	59.88
Gross profit as % of sales	%	28.74	28.70	27.46	40.12
Operating profit as % of sales	%	25.61	26.21	26.08	36.34
Net profit / (Loss) as % of sales	%	22.71	22.87	20.72	41.38
Shareholders' equity (millions)	Rs.	387.45	374.18	366.57	372.54
Pretax profit to equity	%	18.03	16.47	13.10	3.36
Sales to capital employed		0.73	0.66	0.56	0.07
Gross profit to capital employed	%	21.08	18.98	15.37	2.82
Pretax profit to capital employed	%	17.29	15.12	11.60	2.90
Earning per share - pretax	Rs.	1.87	1.71	1.33	0.35
Dividend to capital - Cash	%	15.00	15.00	15.00	0.00

Break up value per share	Rs.	10.76	10.39	10.18	10.35
Debt equity ratio		8.12	11.29	13.94	15.18
Current ratio		1.66	1.54	1.21	2.81
Acid ratio		1.39	1.16	1.06	2.46
Total debts to total assets	%	6.53	9.48	11.92	14.60

** Results for 2 months operation*

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of ELLAHI ELECTRIC COMPANY LIMITED as at June 30,1999 and the related Profit & Loss Account, and Cash Flow Statement, together with the notes forming part thereof, for the year then ended and we state that we have obtained all 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 & 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 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 & Loss Account and the 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 Cash Flows 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: November 16, 1999 **M. YOUSUF ADIL SALEEM/h CO.**
Chartered Accountants

**BALANCE SHEET
AS AT JUNE 30**

	Note	1999 Rupees	1998 Rupees
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
40,000,000 ordinary shares of Rs. 10/- each		400,000,000	400,000,000
Issued, subscribed and paid-up capital			
36,000,000 ordinary shares of Rs. 10/- each issued for cash		360,000,000	360,000,000
Un-appropriated profit		27,456,370	14,175,942
		-----	-----
		387,456,370	374,175,942
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	3	16,510,642	33,243,975
DEFERRED LIABILITY			
- Staff Gratuity		2,770,310	1,814,034
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease	3	17,747,459	14,356,262
Short term finances	4	32,115,379	10,902,687
Creditors, accruals and other liabilities	5	11,464,188	10,806,645
Proposed dividend		54,000,000	54,000,000
Unclaimed dividend		2,512,313	2,948,736
		-----	-----
		117,839,339	93,014,330
CONTINGENCIES AND			

COMMITMENTS	6	-	-
		-----	-----
		524,576,661	502,248,281
		=====	=====
PROPERTY AND ASSETS			
FIXED CAPITAL EXPENDITURE			
Operating assets	7	325,731,362	354,048,321
Capital work-in-progress		-	54,850
		-----	-----
		325,731,362	354,103,171
LONG TERM DEPOSITS AND DEFERRED COSTS	8	3,411,776	5,272,254
CURRENT ASSETS			
Inventories	9	31,767,380	34,878,166
Trade debts	10	22,322,026	24,595,891
Special US Dollar Bonds	11	124,945,362-	
Advances, deposits, prepayments and other receivables	12	9,413,095	8,202,032
Cash and bank balances	13	6,985,660	75,196,767
		-----	-----
		195,433,523	142,872,856
		-----	-----
		524,576,661	502,248,281
		=====	=====

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

Lahore, November 16, 1999
Shahzada Ellahi Shaikh
 Director

Shaukat Ellahi Shaikh
 Mg. Director (Chief Executive)

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

	Note	1999 Rupees	1998 Rupees
SALES - NET	14	296,324,112	269,367,038
COST OF SALES	15	211,150,138	192,048,531
		-----	-----
GROSS PROFIT		85,173,974	77,318,507
ADMINISTRATIVE EXPENSES	16	9,283,924	6,718,292
		-----	-----

OPERATING PROFIT		75,890,050	70,600,215
OTHER INCOME	17	12,577,426	309,262
		-----	-----
		88,467,476	70,909,477
OTHER CHARGES			
Financial- Net	18	12,750,070	3,946,748
Miscellaneous	19	5,847,824	5,353,091
		-----	-----
		18,597,894	9,299,839
PROFIT BEFORE TAXATION		69,869,582	61,609,638
TAXATION			
Prior years tax		2,589,154	-
		-----	-----
PROFIT AFTER TAXATION		67,280,428	61,609,638
UNAPPROPRIATED PROFIT			
- Brought forward		14,175,942	6,566,304
PROFIT AVAILABLE FOR APPROPRIATION		81,456,370	68,175,942
APPROPRIATION			
Proposed dividend @ 15% (1998: @ 15%)i.e. Rs. 1.50 per ordinary share of Rs. 10		54,000,000	54,000,000
UNAPPROPRIATED PROFIT			
- Carried to Balance Sheet		27,456,370	14,175,942
		=====	=====
EARNING PER SHARE	23	1.87	1.71
		=====	=====

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

Lahore, November 16, 1999

Shahzada Ellahi Shaikh
Director

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED JUNE 30

	1999	1998
	Rupees	Rupees
A. CASH FLOW OPERATING ACTIVITIES		
Profit before taxation	69,869,582	61,609,638
Adjustment for:		
Depreciation	36,205,022	39,211,001

Provision for gratuity	1,067,598	1,427,980
Deferred costs amortized	1,860,478	1,860,478
Finance charges-Net	12,750,070	3,946,748
Exchange gain	(11,470,578)	-
	-----	-----
	40,412,590	46,446,207
	-----	-----
Operating profit before changes in working capital	110,282,172	108,055,845
Changes in working capital		
(Increase)/decrease in current assets:		
Inventories	3,110,786	(22,776,300)
Trade debtors	2,273,865	(2,342,544)
Advances, deposits, prepayments and other receivables	(3,415,889)	2,126,136
	-----	-----
Increase/(decrease) in current liabilities:	1,968,762	(22,992,408)
Creditors, accrued and other liabilities	(825,651)	1,425,461
	-----	-----
Net (increase)/decrease in current assets	1,143,111	(21,566,947)
Financial charges paid	(11,270,275)	(4,220,378)
Advance Tax Paid	(380,929)	(3,862,546)
Gratuity paid	(111,322)	(140,528)
	-----	-----
NET CASH FLOW FROM OPERATING ACTIVITIES	99,662,757	78,265,446
	-----	-----
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(7,833,213)	(2,576,599)
Special US Dollar Bonds	(113,474,784)	-
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(121,307,997)	(2,576,599)
	-----	-----
C. CASH FLOW FROM FINANCING ACTIVITIES		
Lease finances repaid	(13,342,136)	(11,766,155)
Shod term finances obtained	21,212,692	9,997,660
Dividend paid	(54,436,423)	(51,051,264)
	-----	-----
Net Cash used in Financing Activities	(46,565,867)	(52,819,759)
	-----	-----
Net Increase/(decrease) in Cash and Bank Balances (A+B+C)	(68,211,107)	22,869,088
Cash and Bank Balances at the Beginning of the Year	75,196,767	52,327,679
	-----	-----
Cash and Bank Balances at the End of the Year	6,985,660	75,196,767
	=====	=====

Lahore, November 16, 1999

Shahzada Ellahi Shaikh
Director

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1999

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated on April 24, 1993 as a Private Company, It was converted into a Public Company on August 08, 1994. Its shares are quoted on Karachi and Lahore Stock Exchanges. The Company is principally engaged in generation and sale of electric power.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

These accounts have been prepared under the "Historical Cost Convention".

2.2 Staff Retirement Benefits

The Company Operates an un-funded gratuity scheme for all its eligible employees. Provision is made annually to cover obligation under the scheme.

2.3 Foreign Currency Translation

Transactions in foreign currencies are translated into Pak Rupees at rates of exchange prevailing on transactions' date. Assets and liabilities in foreign currencies are converted into Pak Rupees at exchange rates prevailing on the balance sheet date.

2.4 Investments

Investments in Special US Dollar Bonds are stated at revalued amount which is equivalent to market value as on the balance sheet date. Gains/Losses arising due to fluctuation in market value is recognized in the income statement.

2.5 Operating Fixed Assets and Depreciation thereon

Operating fixed assets, except freehold land, are stated at cost less accumulated depreciation. Freehold land and capital work-in-progress are stated at cost. Borrowing costs pertaining to erection/construction period are capitalized as part of the historical cost.

Depreciation is charged to income applying Reducing Balance Method to write-off the historical cost over estimated remaining useful life of assets. Current rates of depreciation are stated in note 7. No depreciation is provided on assets in the year of disposal whereas full year's depreciation is charged in the year of purchase.

Gain/loss on disposal of operating assets is included in income currently.

Major improvements and modifications are capitalized and assets replaced, if any, other than those kept as stand-by, are retired. Normal repairs and replacements are charged to income currently.

26. Assets Subject to Finance Lease

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the leases are accounted for as liabilities.

Cost of assets acquired under Finance lease is depreciated over estimated useful life of assets applying Reducing Balance Method at the rates stated in note 7.

Finance charges under the lease agreements are allocated to various periods during the lease terms so as to produce a constant periodic rate of financial cost on the remaining balance of principal liabilities for each such period.

2.7 Deferred Costs

Expenses, the benefit of which is expected to spread over several years, are deferred and amortized over a period of not more than five years.

2.8 Inventories

- Fuel and lubricants are valued at lower of annual average cost and net realizable value.
- Stores, spares and loose tools are valued at moving average cost.
- Items-in-transit are valued at cost accumulated to balance sheet date.

2.9 Revenue Recognition

Revenue from sale of electricity to Consumers is recognized on supply of electricity based on monthly meter readings.

2.10 Cash Equivalents

For the purpose of Cash Flow Statement, cash equivalents, include highly liquid investments with a maturity date or not more than three months and which are subject to insignificant risk of change in value. These also include bank balances which frequently convert from favourable to overdraft.

3. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The value of minimum lease payments has been discounted at interest rates ranging from 19.87% to 21.68% per annum to arrive at their present value. The amounts of future minimum lease payments and the periods during which these will become due are as follows:

	1998	1999
	Rupees	Rupees
Year ending 30 June, 1999	-	23,221,651
Year ending 30 June, 2000	23,555,176	23,146,216
Year ending 30 June, 2001	21,268,622	20,859,662
Year ending 30 June, 2002	408,960	-
Year ending 30 June, 2003	327,880	-
	-----	-----
	45,560,638	67,227,529
Less: Finance charges:		
Accrued during the year	1,421,356	2,008,469
Allocated to future periods	6,257,781	14,104,098
	-----	-----
	7,679,137	16,112,567
	-----	-----
	37,881,501	51,114,962
Less: Security deposits adjustable against residual value of leased assets	3,623,400	3,514,725

	-----	-----
	34,258,101	47,600,237
Less: Current portion shown under current liabilities	17,747,459	14,356,262
	-----	-----
	16,510,642	33,243,975
	=====	=====

The lease rentals are payable in quarterly installments. The lease terms are expiring on various dates by November, 2002

	1999	1998
	Rupees	Rupees
4. SHORT TERM FINANCE		
Secured		
Running finance (4.1)	32,061,534	9,997,660
Unsecured		
Temporary bank overdrafts (4.2)	53,845	905,027
	-----	-----
	32,115,379	10,902,687
	=====	=====

4.1 Short term running finance facilities were obtained from Bank Alfalah Limited and Askari Commercial Bank Limited amounting to Rs. 50.00 million (1998: NIL) and Rs. 10.00 million (1998: Rs. 10.00 million) respectively. Moreover, facilities are available for opening letters of credit amounting to Rs. 20.00 million (1998: Rs. 20.00 million) from Askari Commercial Bank Limited. These facilities are secured against first charge (ranking Parri Passu) on fixed and current assets of the Company by way of equitable mortgage over land & building, Hypothecation of plant & machinery, stocks and receivables, and personal guarantees of Sponsor directors. These finance carry mark-up ranging from 17.52% to 20.00% per annum.

Facilities available for letters of guarantee aggregate Rs. 46.172 million (1998: Rs. 46.172 million) which are secured against hypothecation charge over plant & machinery and banks' lien over deposit account. (Refer Note No. 13.1)

4.2 These represent cheques issued by the Company in excess of balance at bank which have been presented for payments in subsequent period.

5. CREDITORS, ACCRUALS AND OTHER LIABILITIES

Due to associated undertakings	-	144,169
Security deposits - interest free	20,000	20,000
Creditors for:		
Inventories	936,809	378,330
Tangible fixed assets	1,050,235	1,939,761
Accrued expenses	2,049,679	2,792,280

Accrued lease finance charges	1,421,357	2,008,469
Mark-up on short term finances	2,100,899	33,992
Electricity duty payable	84,094	79,885
Workers' (Profit) Participation Fund (5.1)	3,677,346	3,242,613
Income tax deducted at source	1,800	1,800
Provision for taxation	3,399	-
Others	118,570	165,346
	-----	-----
	11,464,188	10,806,645
	=====	=====
	1999	1998
	Rupees	Rupees

5.1 WORKER'S (PROFIT) PARTICIPATION FUND

Opening balance	3,242,613	3,270,169
Interest for the year (5.1.1)	296,499	272,140
	-----	-----
	3,539,112	3,542,309
Less: Payments during the year	3,539,112	3,542,309
	-----	-----
	--	--
Contribution for the year	3,677,346	3,242,613
	-----	-----
	3,677,346	3,242,613
	=====	=====

5.1.1 Interest on WPPF has been provided @ 12.50% per annum for a period of 267 days.

6. CONTINGENCIES AND COMMITMENTS

6.1 The Company has filed a Writ Petition with the Honorable Lahore High Court (Rawalpindi Bench) against imposition of Sales Tax, Customs and Regulatory Duties on imported Plant and Machinery. The Honorable Court by passing interim order has stayed recovery of the said levies. Plant and Machinery have been released against submission of Bank and Insurance Guarantees. The disputed amount of levies as at 30 June, 1999 worked-out Rs. 79.852 million.

As the Company has a good case in the said Writ Petition and it is expected that relief against the impugned levies would be granted by the Honorable Lahore High Court, therefore, no provision has been made for the said levies in these accounts. Had the provision been made, Profit for the year and Un-appropriated Profit, without taking effect of contribution to Workers' (Profit) Participation Fund as at 30 June, 1999 would have been lower by Rs. 6.360 million and Rs. 22.610 million respectively.

6.2 The Company has filed a writ petition with the Honourable Lahore High Court, Lahore Bench against imposition of Central Excise Duty on Lease Finances. The Honourable Court has stayed recovery of the said levy. Provision for the said levy aggregating Rs. 0.665 million approximately has not been made in these accounts as the Management is confident for a favourable outcome of

the Petition.

6.3 Refer contents of note 21.3

7. OPERATING ASSETS TANGIBLE

PARTICULARS	COST			DEPRECIATION				Rate
	As on 01-07-1998	Additions (Deletion)	As at 30-06-99	Accumulated Depreciation 01-07-1998	For the year	Accumulated Depreciation 30-06-1999	Written Down Value At 30-06-1999	
OWNED:								
Land- Freehold	2,597,052	--	2,597,052	--	--	--	2,597,052	--
Factory building on:								
- Freehold land	15,009,937	19,995	15,029,932	2,941,847	1,208,808	4,150,655	10,879,277	10%
- Leasehold land	28,569,132	241,052	28,810,184	5,685,462	2,312,472	7,997,934	20,812,250	10%
	43,579,069	261,047	43,840,116	8,627,309	3,521,280	12,148,589	31,691,527	
Non-factory buildings	11,674,561	139,355	11,813,916	1,359,860	1,045,406	2,405,266	9,408,650	10%
Plant and machinery	299,512,789	5,709,166	305,221,955	60,368,010	24,485,394	84,853,404	220,368,551	10%
Electric installations	10,807,393	--	10,807,393	2,147,723	865,967	3,013,690	7,793,703	10%
Fire extinguishing equipment	120,790	--	120,790	24,324	9,647	33,971	86,819	10%
Office equipment	437,977	68,898	506,875	84,453	42,242	126,695	380,180	10%
Arms and ammunition	6,708	--	6,708	1,818	489	2,307	4,401	10%
Furniture and fixtures	1,264,243	156,886	1,421,129	251,942	116,919	368,861	1,052,268	10%
Vehicles	1,932,969	613,211	2,546,180	1,069,291	295,378	1,364,669	1,181,511	20%
	371,933,551	6,948,563	378,882,114	73,934,730	30,382,722	104,317,452	274,564,662	
LEASED:								
Plant & Machinery	70,000,000	--	70,000,000	14,245,000	5,575,500	19,820,500	50,179,500	10%
	294,500	(294,500)	--	--	--	--	--	
	--	1,234,000	1,234,000	--	246,800	246,800	987,200	20%
	70,294,500	939,500	71,234,000	14,245,000	5,822,300	20,067,300	51,166,700	
Rupees	442,228,051	7,888,063	450,116,114	88,179,730	36,205,022	124,384,752	325,731,362	
1998 - Rupees	429,605,024	12,623,027	442,228,051	48,968,729	39,211,001	88,179,730	354,048,321	

7.1 Vehicle under lease amounting to Rs. 294,500 has been transferred to owned assets.

7.2 Non factory building amounting to Rs. 1,240,166 has been transferred to factory building on lease hold land along with respective accumulated depreciation in the current period.

7.3 Depreciation for the year has been apportioned as under:-

	1999	1998
	Rupees	Rupees
Cost of sales	35,503,194	38,769,155
Administrative expenses	701,828	441,846
	-----	-----
	36,205,022	39,211,001
	=====	=====

8. LONG TERM DEPOSITS AND DEFERRED COSTS

Long term deposits	900	900
Deferred costs		
Preliminary expenses	613,050	613,050
Share issue expenses	8,689,340	8,689,340
	-----	-----
	9,302,390	9,302,390
Less: Amortized till 30 June, 1999	5,891,514	4,031,036
	-----	-----
	3,410,876	5,271,354
	-----	-----
	3,411,776	5,272,254
	=====	=====

9. INVENTORIES

Fuel	13,747,555	14,339,017
Lubricants	2,153,120	987,490
Stores	376,565	984,341
Spares	15,389,794	18,462,324
Loose tools	100,346	104,994
	-----	-----
	31,767,380	34,878,166
	=====	=====

10. TRADE DEBTS - Unsecured

- Considered Good

These include Rs. 18.30 million (1998' Rs. 20.026 million) due from Associated Undertakings against supply of electricity which have been received subsequent to the balance sheet date.

11. SPECIAL US DOLLAR BONDS

Investments in Special US Dollar Bonds (US\$ 2,432,500/-). Bonds amounting to US\$ 2,429,500/- are under lien of United Bank Ltd. for availing short term facilities.

12. ADVANCES, DEPOSITS, PREPAYMENTS AND

OTHER RECEIVABLES

Advances to:

Employees - Considered good	19,186	59,487
Suppliers- Considered good	227,381	830,228
Margin deposits	1,747,800	1,747,800
Security deposit - interest free	403,000	-
Prepayments	1,397,557	1,252,299
Markup on special US Dollar bonds	3,487,777	-
Markup on term deposit certificates	225,265	195,557
Income Tax deducted at source	102,678	87,373
Income Tax paid under protest	1,802,451	4,022,582
Letter of credit	-	6,706
	-----	-----
	9,413,095	8,202,032
	=====	=====

13. CASH AND BANK BALANCES

Cheques in hand	-	70,654,284
Bank balances on:		
Current accounts	3,449,296	727,242
Deposit accounts (13.1)	3,495,800	3,740,800
Savings accounts	40,564	74,441
	-----	-----
	6,985,660	75,196,767
	=====	=====

13.1 These are under Banks' lien against guarantees issued by them as stated in note 6.1.

14. SALES

Electricity	297,060,860	270,010,215
Wastes	263,895	337,425
	-----	-----
	297,324,755	270,347,640
Less: Electricity duty	1,000,643	980,602
	-----	-----
	296,324,112	269,367,038
	=====	=====

15. COST OF SALES

Fuel consumed (15.1)	111,620,127	120,049,934
Salaries, wages and benefits	11,956,409	12,066,946
Stores consumed	47,638,336	17,133,344
Repair and maintenance	175,447	220,466
Rent, rates and taxes	440,000	470,386
Insurance	2,975,933	2,525,832
Depreciation (7.3)	35,503,194	38,769,155
Others	840,692	812,468
	-----	-----
	211,150,138	192,048,531

15.1 Fuel consumed

Opening stock	14,339,017	9,200,151
Purchases	1 09,457,687	123,722,494
Direct expenses	1,518,754	1,473,820
	-----	-----
	125,375,458	134,396,465
Less:		
Sales	7,776	7,514
Closing stock	13,747,555	14,339,017
	-----	-----
	13,755,331	14,346,531
	-----	-----
	111,620,127	120,049,934
	=====	=====

1999
Rupees

1998
Rupees

16. ADMINISTRATIVE EXPENSES

Directors' remuneration (20)	1,038,097	1,144,187
Salaries and benefits	4,642,381	2,871,928
Travelling and conveyance	183,638	209,055
Rent, rates and taxes	780,000	630,000
Utilities	197,603	159,594
Entertainment	13,532	10,585
Communication	64,900	122,472
Printing and stationery	104,785	216,245
Vehicles' running and maintenance	426,612	169,625
Insurance	94,308	44,850
Fees and subscription	263,354	174,058
Legal and professional charges (other than Auditors)	591,350	400,200
Depreciation (7.3)	701,828	441,846
Others	181,536	123,647
	-----	-----
	9,283,924	6,718,292
	=====	=====

17. OTHER INCOME

Exchange gain:		
Special US Dollar bonds	11,470,578	-
Sale of US Dollars	697,760	-
	-----	-----
	12,168,338	-
Miscellaneous income	409,088	309,262
	-----	-----
	12,577,426	309,262

**18. FINANCE CHARGES -
Net**

Lease finance charges	8,371,557	11,004,188
Mark-up on advance against lease	-	348,986
Commission on bank guarantees	817,810	830,182
Interest on Workers' (Profit) Participation Fund	296,499	272,140
Mark-up on short term finances	3,997,454	33,992
Mark-up on associated undertakings (18.1)	7,600,605	-
Bank charges	169,817	98,037
	-----	-----
	21,253,742	12,587,525
Less: Profit on Special US Dollar bonds	8,026,392	-
Profit on TDR and PLS account	477,280	398,484
Other income	-	3,500
Mark-up from associated undertakings	-	8,238,793
	-----	-----
	8,503,672	8,640,777
	-----	-----
	12,750,070	3,946,748
	=====	=====

18.1 Mark-up on associated undertakings has been paid @ 50 paisa per thousand per day.

1999
Rupees

1998
Rupees

19. MISCELLANEOUS CHARGES

Contribution to Worker's (Profit) Participation Fund	3,677,346	3,242,613
Auditorium remuneration		
Audit fee	55,000	50,000
Consultancy and certification charges	-	50,000
	-----	-----
	55,000	100,000
Deferred costs amortized	1,860,478	1,860,478
Donations (19.1)	255,000	150,000
	-----	-----
	5,847,824	5,353,091
	=====	=====

19.1 Recipients of donations do not include any donee in whom any director or his spouse had any interest.

20. REMUNERATION OF DIRECTOR AND EXECUTIVES

PARTICULARS	Director		Executive	
	1999	1998	1999	1998

	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	600,000	600,000	3,200,400	2,561,533
Allowances	438,097	544,187	1,600,200	1,280,767
Retirement benefits	-	-	502,619	338,464
	-----	-----	-----	-----
	1,038,097	1,144,187	5,303,219	4,180,764
	-----	-----	-----	-----
Number of persons	1	1	17	15
	=====	=====	=====	=====

20.1 The Director and Seven (1998: Seven) of the Company's Executives are provided with free use of Company's maintained cars. Further, some of the Executives are also provided with free housing.

20.2 The Mg. Director (Chief Executive) has foregone his remuneration and allowances. The Directors have foregone their meeting fee.

21. TAXATION

21.1 Profit and gains of the Company are exempt from levy of income tax under Clause 176 of the Second Schedule to the Income Tax Ordinance, 1979. Moreover, provisions of Section 80-D of the Income Tax Ordinance, 1979 are also not applicable under Clause 20 Part IV of the Second Schedule to the Income Tax Ordinance, 1979.

21.2 Income tax assessments of the Company have been completed upto the Income Year ended 30 June, 1997 (Assessment Year 1997-98).

21.3 While finalizing the assessments for the income years 1994-95 to 1996-97 (Assessment years 1995-96 to 1997-98) the assessing officer had taxed mark up income. The assessment under Section 62 of the Income Tax Ordinance, 1979 for the income years 1994-95 & 1995-96 (Assessment Years 1995-96 & 1996-97) were set aside by the Member, Income Tax (Judicial). Orders under Section 66A of the Income Tax Ordinance, 1979 for Assessment Year 1996-97 was set aside by the Income Tax Appellate Tribunal. Orders for levy of the penalties for the Assessment year 1996-97 under Sections 108 and 111 of the Income Tax Ordinance were deleted by the Commissioner of Income Tax (Appeals). Assessment under section 62 for the Assessment Year 1997-98 is sub-judice before the Commissioner of Income Tax (Appeals).

Reassessment have been completed for Assessment Years 1995-96 and 1996-97 and have created tax liability of Rs. 2,589,154/= Assessing Officer has taxed mark-up income earned. On the advise of Counsel, the Company disputes these assessments, however, tax levied has been provided, without admission of liability. Appeals have been preferred before Commissioner of Income Tax (Appeals).

Demands raised for Workers' Welfare Fund (WWF) for the Assessment Years 1995-96 and 1996-97 were set aside. Demand for WWF for Assessment Year 1997-98 is under appeal before Commissioner of Income Tax (Appeals).

21.4 There were no tax effects of timing differences as at June 30, 1999 (1998: NIL)

22. STATEMENT OF CHANGES IN EQUITY

The changes in the equity are as follows:

	Share Capital Rupees	Profit for the Year & Appropriation Rupees	Total Rupees
Balance as at July 1st 1997	360,000,000	6,566,304	366,566,304
Net profit for the year	-	61,609,638	61,609,638
Appropriations:			
Proposed dividend	-	(54,000,000)	(54,000,000)
	-----	-----	-----
Balance as at June 30, 1998	360,000,000	14,175,942	374,175,942
	-----	-----	-----
Net profit for the year	-	67,280,428	67,280,428
Appropriations:			
Proposed dividend	-	(54,000,000)	(54,000,000)
	-----	-----	-----
Balance as at June 30, 1999	360,000,000	27,456,370	387,456,370
	=====	=====	=====

23. EARNING PER SHARE

There is no dilutive effect on basic earning per share of the company which is based on:

	1999	1998
Profit after taxation (Rupees)	67,280,428	61,609,638
Weighted average number of ordinary shares	36,000,000	36,000,000
	-----	-----
	1.87	1.71
	=====	=====

24. FINANCIAL INSTRUMENTS & RELATED DISCLOSURE

Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company supplies electricity to its associated companies and other entities and all related income is promptly received in accordance with contractual arrangements. Accordingly company does not have significant exposure in this context.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The company is exposed to interest rate risk in respect of liability under finance lease, short term finances under mark-up arrangements, long term investments and cash and deposit accounts.

Fair values of financial instruments

The carrying value of all financial instruments reported in the financial statements approximate their fair value.

Exposure to Mark-up Rate Risk

The company's exposure to risk associated with mark-up rates on its financial assets and liabilities are summarized as follows:

Financial Assets	Note	Interest / Mark-up Bearing		Non Interest / Mark-up Bearing		Total Rupees
		Within one - year Rupees	One year to five years Rupees	Within one year Rupees	One year to five year Rupees	
Long Term Deposits	8	--	--	--	900	900
Trade Debts	10	--	--	22,322,026	--	22,322,026
Special Us Dollar Bonds	11	--	--	124,945,362	--	124,945,362
Advances, Deposits Prepayments and Other Receivables	12	--	--	9,413,095	--	9,413,095
Cash & Bank Balances	13	3,536,364	--	3,449,296	--	6,985,660
		-----	-----	-----	-----	-----
		3,536,364		160,129,779	900	163,667,043
		=====	=====	=====	=====	=====
Financial Liabilities						
Lease Liability	3	17,747,459	16,510,642	--	--	34,258,101
Short Term Finances	4	32,061,534	--	53,845	--	32,115,379
Creditors, Accrued & Other Lia	5	3,677,346	--	7,786,842	--	11,464,188
Unclaimed Dividend		--	--	2,512,313	--	2,512,313
		-----	-----	-----	-----	-----
		53,486,339	16,510,642	10,353,000	--	80,349,981
		-----	-----	-----	-----	-----
Net Financial Assets / (Liabilities)		'(49,949,975)	' (16,510,642)	149,776,779	900	83,317,062
		=====	=====	=====	=====	=====

Effective Mark-up Rate

Financial Assets:

Long Term Investments

7.47% to 8.47%

Bank Deposits

7.00% to 13.50%

Financial Liabilities

Lease Liabilities

19.87% to 21.68%

Short Term Finances

17.52% to 20.00%

W.P.P.F

12.50%

25. TRANSACTION WITH ASSOCIATED UNDERTAKINGS

a) Mark-up @ 50 paisa per thousand per day has been allowed / earned on the outstanding balances of Associated Undertakings.

b) The Company purchased from and sold to Associated Undertakings goods and services aggregating Rs. 9,319,999/-and Rs. 243,351,813 (1998' Rs. 3,146,645 and Rs. 232,606,286) respectively.

c) Maximum aggregate debit balance of Associated Undertakings at any month end during the year was Rs. 46,340,300 (1998: Rs. 61,777,939).

26. CAPACITY AND PRODUCTION

		1999	1998
Installed/actual capacity for the year at 100% efficiency (based on 8760 hrs)	Megawatt Hours	100,740	100,740
Power generated during the year	Megawatt Hours	85,995	83,289

Lower power generation was primarily caused by lesser demand of electricity by the customers and plant closures required for routine repairs and maintenance.

27. FIGURES

- of the prior year have been rearranged wherever necessary for the purposes of comparison
- Have been rounded off to nearest rupee.

Lahore, November 16, 1999	Shahzada Ellahi Shaikh Director	Shaukat Ellahi Shaikh Mg. Director (Chief Executive)
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PATTERN OF SHAREHOLDING AS AT 30TH JUNE, 1999

FORM -34
THE COMPANIES ORDINANCE, 1984
(SECTION 236)

No. of Shareholders	Shareholding		Total Shares held
	From	To	
21	1	100	1,900
801	101	500	390 700
143	501	1,000	142 300
213	1,001	5,000	632 200
56	5,001	10,000	463 232
18	10,001	15,000	237 264
11	15,001	20,000	217 000
6	20 001	25,000	140 000
4	25 001	30,000	112 053
2	30 001	35,000	66 000
4	35 001	40,000	149 959
1	40 001	45,000	43 600
6	45 001	50,000	293,500
1	50 001	55,000	50,500
1	55 001	60,000	58,500
0	60 001	75,000	--
2	75 001	80,000	152,800
0	80 001	85,000	--
1	85 001	90,000	87,500
0	90 001	95,000	--
3	95 001	100,000	300,000

1	100,001	105,000	104,877
0	105,001	110,000	--
2	110,001	115,000	221,600
0	115,001	145,000	--
1	145 001	150,000	150,000
0	150 001	155,000	--
1	155 001	160,000	156,499
1	160 001	165,000	163,100
0	165 001	195,000	--
1	195 001	200,000	200,000
0	200 001	220,000	--
1	220 001	225,000	221,600
0	225 001	255,000	--
1	255,001	260,000	256,000
0	260001	440,000	--
1	440 001	445,000	443,200
0	445,001	495,000	--
1	495,001	500,000	500,000
0	500 001	540,000	--
1	540,001	545,000	544,000
0	545,001	685,000	--
1	685,001	690,000	689,900
0	690,001	760,000	--
2	760,001	765,000	1,525,000
0	765,001	945,000	--
1	945,001	950,000	947,000
0	950,001	985,000	--
1	985,001	990,000	986,300
0	990,001	1,145,000	--
2	1,145,001	1,150,000	2,300,000
0	1,150,001	1,160,000	--
1	1,160,001	1,165,000	1,160,700
0	1,165,001	1,300,000	--
1	1,300,001	1,305,000	1,304,000
0	1,305,001	2,090,000	--
1	2,090,001	2,095,000	2,090,800
0	2,095,001	3,860,000	--
1	3,860,001	3,865,000	3,864,267
0	3,865,001	4,015,000	--
1	4,015,001	4,020,000	4,018,403
0	4,020,001	4,085,000	--
1	4,085,001	4,090,000	4,086,330
0	4,090,001	6,525,000	--
1	6,525,001	6,530,000	6,527,416

-----	-----	-----
1,320	TOTAL: 36,000,000	

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Individuals	1,279	3,642,284	10.12
Investment Companies	10	6,089,000	16.91
Insurance Company	1	6,000	0.02
Joint Stock Companies	23	23,462,216	65.17
Financial Institutions	6	1,639,800	4.56
Foreign Company	1	1,160,700	3.22
	-----	-----	-----
	-	-	-
	1,320	36,000,000	100.00