

# **Sitara Energy Limited**

## **Annual Report 1999**

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### **COMPANY INFORMATION**

#### **BOARD OF DIRECTOR**

Haji Bashir Ahmed

Chairman

Mr. Javed Iqbal

Chief Executive

Mr. Muhammad Adrees

Mr. Tariq Mahmood

Mr. Muhammad Anis

Mr. Imran Ghafoor

Mrs. Safia Begum

#### **SECRETARY**

Mr. Mazhar Ali Khan

#### **AUDITORS**

M/s. M. Yousuf Adil Saleem & Co.

Chartered Accountants

#### **BANKERS**

AI-Baraka Islamic Bank B.S.C. (E.C)

Bank AI-Falah Limited

Emirates Bank International PJSC

Faysal Bank Limited

Union Bank Limited

#### **REGISTERED OFFICE**

601-602 Business Centre,

Mumtaz Hasan Road,  
Karachi - 74000

**PLANT**

33 K.M. Faisalabad - Sheikhpura Road, Faisalabad.

**NOTICE OF MEETING**

Notice is hereby given that the Ninth Annual General Meeting of Sitara Energy Limited will be held at Hotel Beach Luxury, Karachi on Thursday, December 30, 1999 at 3.00 p.m. to transact the following business:

1. To confirm the minutes of the Eighth Annual General Meeting held on December 30, 1998.
2. To receive, consider and adopt the audited accounts of the Company for the year ended on June 30, 1999 together with the Reports of the Auditors and Directors.
3. To approve the payment of cash dividend at the rate of 60% (Rs. 6.00 per share) as recommended by the Directors.
4. To appoint auditors for the year ending on June 30, 2000 and to fix their remuneration.
5. To transact any other ordinary business of the Company with the permission of the Chair.

By Order of the Board

**Karachi:**  
November 25, 1999

**MAZHAR ALI KHAN**  
Company Secretary

**NOTES:**

- i. The share transfer books of the Company will be closed from December 21, 1999 to December 30, 1999 (both days inclusive).
- ii. A member entitled to attend and vote at this 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 Registered Office of the Company not less than 48 hours before the time of meeting.
- iii. The member whose name appears on the register at the close of business on December 20, 1999 will be entitled to cash dividend.
- iv. Shareholders who have deposited their shares into Central Depository Company are being advised to bring their National Identity Card alongwith their CDC account number at the meeting venue.

**CHAIRMAN'S REVIEW**

AI Salam Alaykom Wa Rahmotouh Allah Wa Barakatouh

I am pleased to welcome you to the Ninth Annual General Meeting of the Company to consider the results for the year ending June 30, 1999.

The audited accounts together with Directors' and Auditors' Report thereon for the period under review are already placed before you.

By the Grace of Allah, Fiscal 1999 was a year of exceptional activity and returns. Revenues, Profits and capacity

utilization were all better than ever before.

Capacity utilization of engines during the year was improved over the last year. The salient figures of power generation, oil consumption and sale and discount are given below:

## GENERATION

	1999		1998	
	<i>Mwh</i>	<i>%</i>	<i>Mwh</i>	<i>%</i>
Actual capacity (including standby generator)	417,677		417,677	
Operating capacity (excluding standby generator)	365,467		365,467	
Capacity utilization	82.48%		77.65%	
Actual generation	301,445	100.00	283,794	100.00
Units sold	286,407	95.01	269,534	94.98
Self consumption	9,499	3.15	9,082	3.20
Line losses	5,538	1.84	5,178	1.82

## CONSUMPTION

	1999		1998	
	<i>Quantity consumed</i>	<i>Per Mwh</i>	<i>Quantity consumed</i>	<i>Per Mwh</i>
Furnace Oil (M. Tons)	66,003	0.2190	62,538	0.2203
Lube Oil (Liters)	452,050	1.5000	379,750	1.3400
Diesel Oil (Liters)	413,565	1.3700	492,070	1.7300

## SALE

	1999		1998	
	<i>Rupees '000</i>	<i>Per Mwh</i>	<i>Rupees '000</i>	<i>Per Mwh</i>
Sale	1,071,249	3,740	952,565	3,534
Discount	36,189	126	29,445	109
Electricity duty	5,466	19	5,177	19
Net selling rate	1,029,594	3,595	918,003	3,406

## CHAIRMAN'S REVIEW

Generators utilization during the year has improved, resulting in an increase of 6.22% in actual generation of electricity. This is the fourth consecutive year that the generation of electricity has been rising and now has been reached near optimum utilization.

Sales revenue during the year increased by 12.16% and stood Rs. 1,029.594 Million against Rs. 918.002 Million in 1998. This boost was partly due to increase in generation of electricity and increase in selling rates.

The net profit was Rs. 272.502 Million, which represents an earning per share Rs. 14.27. Operational costs have been kept generally in check and remained in line with targets set for the year. Financial charges stood at Rs. 95.977 Million as compared with Rs. 111.139 Million in 1998.

As reported in last annual report installation of new facility of Waste heat economiser system is completed and started supply steam to Sitara Chemicals Industries Limited during the current year which will fetch additional revenue with out increasing any major input cost.

The management of your company has always been keen & desirous and working on improving the quality

system. Personnel work performance, which has been reflected by ISO 9002 Certification of the company, although the company is under no obligation to get ISO 9002 Certification.

Business conditions to get better results in the current year expected to be difficult due to increase in furnace oil prices from Rs. 5500.00 to Rs. 6070.50 per ton in May 1999 and on the other side decrease in selling rate of electricity by 11.58% in April 1999. However, directors will continue to focus to maintain a leading share in the market. I would like to express my appreciation for the continued interest and support of all the shareholders. I also express my appreciation for the team work discipline of the employees of the company.

Date: November 25, 1999

**HAI BASHIR AHMED**  
Chairman

## **DIRECTORS' REPORT**

**Gentlemen,**

The Directors have pleasure in submitting their report and audited accounts of the Company for the year ended June 30, 1999.

### **PROFIT AND LOSS ACCOUNT**

Rupees

Net profit for the year before Workers' Profit Participation Fund	286,904,213
Less: Provision for Workers' Profit Participation Fund	14,402,368.
	-----
Net Profit for the year	272,501,845
Add: Unappropriated profit brought forward	26,507,402
	-----
	299,009,247
	=====
<b>Appropriation:</b>	
Proposed dividend @ Rs. 6.00 per share	114,552,000
Transferred to General Reserve	140,000,000
Unappropriated profit carried forward	44,457,247
	-----
	299,009,247
	=====
Earning per share	Rs.14.27

### **PATTERN OF SHARE HOLDING**

A statement showing the pattern of shareholding as at June 30, 1999 is attached.

Your Company has adjusted its computers and equipments with the four (4) digit requirements connected with the 21 st century. The automated systems have been tested to ensure that the Company does not experience any difficulty due to what has been called the "Millennium Bug".

The present auditors of the Company retire and being eligible offer their services for the year 1999-2000

On behalf of the Board

**Faisalabad:**

**JAVED IQBAL**

November 25, 1999

Chief Executive

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Sitara 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.

**Faisalabad:**  
November 25, 1999

**M. YOUSUF ADIL SALEEM & CO.,**  
Chartered Accountants

## BALANCE SHEET AS AT JUNE 30, 1999

	<i>Note</i>	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
<b>Share Capital and Reserves</b>			
Authorised capital 30,000,000 ordinary shares of Rs. 10/= each		300,000,000	300,000,000
		=====	=====
Issued, subscribed and paid up capital 19,092,000 Ordinary Shares of Rs. 10/- each fully paid in cash		190,920,000	190,920,000

Capital reserve - share premium		143,190,000	143,190,000
General reserve	3	350,000,000	210,000,000
Unappropriated profit		44,451,241	26,507,402
		-----	-----
		728,567,247	570,617,402
<b>Long Term Loans</b>	4	225,872,856	285,506,330
<b>Liabilities Against Assets Subject to Finance Lease</b>	5	19,817,819	51,306,597
<b>Current Liabilities</b>			
Current portion of long term liabilities	6	91,122,252	86,960,682
Creditors, accrued and other liabilities	7	58,284,743	125,117,655
Dividends	8	116,078,044	68,032,922
		-----	-----
		265,485,039	280,111,259
<b>Contingencies and Commitments</b>	9	--	--
		-----	-----
		1,239,742,961	1,187,541,588
		=====	=====
<b>Fixed Capital Expenditure</b>			
Operating assets	10	653,866,955	696,025,194
Capital work in progress	11	66,803,848	11,687,823
		-----	-----
		720,670,803	707,713,017
<b>Long Term Deposits</b>		5,800,000	5,500,000
<b>Current Assets</b>			
Stores, spares and loose tools	12	12,563,449	29,722,670
Stock of oil and lubricants	13	38,790,399	22,102,425
Debtors	14	441,151,202	367,995,407
Advances, deposits prepayments and Other receivables	15	18,838,086	11,366,455
Cash and bank balances	16	1,929,022	43,141,614
		-----	-----
		513,272,158	474,328,571
		-----	-----
		1,239,742,961	1,187,541,588
		=====	=====

The annexed notes from 1 to 29 form an integral part of these accounts.

**JAVED IQBAL**  
Chief Executive

**TARIQ MEHMOOD**  
Director

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

	<i>1999</i>	<i>1998</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>

Sale of electric energy	17	1,029,593,566	918,002,823
Cost of generation	18	605,478,486	589,071,189
		-----	-----
Gross Profit		424,115,080	328,931,634
Operating expenses	19	56,449,331	20,687,711
		-----	-----
Operating Profit		367,665,749	308,243,923
Other income	20	813,368	902,799
		-----	-----
		368,479,117	309,146,722
<b>Other charges:</b>			
Financial	21	81,574,904	100,562,273
Workers' profit participation fund		14,402,368	10,445,912
		-----	-----
		95,977,272	111,008,185
		-----	-----
		272,501,845	198,138,537
Unappropriated profit brought forward		26,507,402	35,190,865
		-----	-----
Profit available for appropriation		299,009,247	233,329,402
<b>Appropriations:</b>			
Proposed cash dividend @ 60% (1998 @ 35%)		114,552,000	66,822,000
Transferred to general reserve		140,000,000	140,000,000
		-----	-----
Unappropriated profit carried forward		254,552,000	206,822,000
		-----	-----
		44,457,247	26,507,402
		=====	=====

The annexed notes from 1 to 29 form an integral part of these accounts.

**JAVED IQBAL**  
Chief Executive

**TARIQ MEHMOOD**  
Director

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

	<i>1999</i> <i>Rupees</i>	<i>1098</i> <i>Rupees</i>
<b>a) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year	272,501,845	198,138,537
Depreciation	67,977,062	73,510,596
Financial charges	81,574,904	100,562,273
(Gain) / Loss on disposal of fixed assets	(25,064)	8,612
	-----	-----
<b>Operating profit before working capital changes</b>	422,028,747	372,220,018
	-----	-----
<b>Changes in working capital</b>		
<b>(Increase)/Decrease in current assets</b>		
Stores, spares and loose tools	17,159,221	(24,331,227)

Stock of oil and lubricants	(16,687,974)	(12,527,361)
Debtors	(73,155,795)	(66,512,705)
Advances, deposits and prepayments other receivables	(7,471,631)	4,872,372

**(Decrease) / Increase in current liabilities**

Creditors, accrued and other liabilities	(65,086,729)	44,130,503
	-----	-----
	(145,242,908)	(54,368,418)

<b>Cash generated from operations</b>	276,785,839	317,851,600
Financial charges paid	(83,321,087)	(106,969,937)

<b>Net cash generated from operating activities</b>	-----	-----
	193,464,752	210,881,663
	=====	=====

**b) CASH FLOW FROM INVESTING ACTIVITIES**

Fixed capital expenditure	(81,104,284)	(36,545,006)
Proceeds from disposal of fixed asset	194,500	6,000
Long term deposit	(300,000)	--

Net cash used in investing activities	-----	-----
	(81,209,784)	(36,539,006)
	=====	=====

**c) CASH FLOW FROM FINANCING ACTIVITIES**

Repayment of Long term loans	(59,633,474)	(59,633,474)
Lease liabilities	(27,327,208)	(22,973,766)
Decrease in short term bank borrowings - net	--	(15,000,000)
Payment of dividends	(66,506,878)	(47,511,598)

<b>Net cash used in financing activities</b>	-----	-----
	(153,467,560)	(145,118,838)
	-----	-----

Net (decrease) / increase in cash and bank balances (a + b + c)	(41,212,592)	29,223,819
--	--------------	------------

Cash and bank balances at the beginning of the year	43,141,614	13,917,795
	-----	-----

Cash and bank balances at the end of the year	1,929,022	43,141,614
--	-----------	------------

**JAVED IQBAL**  
Chief Executive

**TARIQ MEHMOOD**  
Director

## NOTES TO THE ACCOUNTS

### JUNE 30, 1999

**1. STATUS AND ACTIVITIES**



The Company was incorporated on November 07, 1991 under the Companies Ordinance, 1984 and quoted on 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 approved Provident Fund Scheme covering all its employees on the basis of equal contribution by the employer and employees.

### **2.3 Taxation**

The profits and gains derived by the company are exempt from income tax.

### **2.4 Operating assets**

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

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

Depreciation on additions is charged on the basis of whole 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.

### **2.5 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 rates specified in the related note to write off the asset over its estimated useful life in view of the certainty of ownership of the asset at the end of lease period.

### **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**

This is valued at lower of cost and net realisable value using the moving average method except items in transit which are valued at cost comprising invoice value and other charges incurred thereon.

### **2.8 Debtors**

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

### **2.9 Rates of exchange**

Assets and liabilities in foreign currencies are translated into pak Rupees at the rates of exchange

prevailing at the balance sheet date except those covered against exchange risk cover scheme which are stated at cover rates and foreign bills payable which are translated at the rate of exchange on the date of maturity.

### 2.10 Revenue recognition

Revenue is recognised as the services are rendered.

	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
<b>3. General Reserve</b>		
Opening balance	210,000,000	70,000,000
Transferred from profit and loss appropriation account	140,000,000	140,000,000
	-----	-----
	350,000,000	210,000,000
	=====	=====

### 4. Long term loans - Secured

Description	FOREIGN CURRENCY Suppliers' Credit		<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
	I	II		
Opening balance	139,271,386	205,868,418	345,139,804	404,773,278
Paid during the year	(25,322,070)	(34,311,404)	(59,633,474)	(59,633,474)
	-----	-----	-----	-----
	113,949,316	171,557,014	285,506,330	345,139,804
Payable within one year shown under current liabilities	(25,322,070)	(34,311,404)	(59,633,414)	(59,633,474)
	-----	-----	-----	-----
	88,627,246	137,245,610	225,872,856	285,506,330
	=====	=====	=====	=====

Foreign currency	Japanese Yen	Japanese Yen
Foreign currency amount	636,444,000	848,592,000
Exchange rate fixed for Pak. Rs. 100/-	335.12	329.76
Rate of exchange risk cover fee per annum	9.70%	9.70%
No. of half yearly equal instalments	15	15
Date of first instalment	November 13, 1996	January 31, 1997
Interest rate per annum	6.2%	6.2%

### Interest rate per annum

Repayment of loans is guaranteed by banks. The guarantees are counter secured against first equitable mortgage a e on present and future fixed assets of the Company ranking pari passu with each other. These are further secured against personal guarantee of directors of the Company.

<i>1999</i>	<i>1998</i>
-------------	-------------

### 5. Liabilities against assets subject to finance lease

	<i>Rupees</i>	<i>Rupees</i>
Opening balance	78,633,805	101,653,321
Instalments paid	(27,327,208)	(23,010,516)
	-----	-----
	51,306,597	78,633,805
Instalments due within one year shown under current liabilities	(31,488,778)	(27,327,208)
	-----	-----
	19,817,819	51,306,597
	=====	=====

This represent finance obtained against plant and machinery and electric installations under two separate lease agreements.

The purchase option is available to the Company on payment of residual value alongwith the last instalment.

The cost plus financial charges are payable in 17 equal quarterly instalments of Rs. 6,932,308/- and 16 equal quarterly instalments of Rs. 3,068,000/-

The liabilities represents total minimum lease payments discounted @ 20% and 22% per annum respectively being the Company's effective rate of borrowings. In case of default the Company is liable to pay additional rental @ 3% and 2% per month respectively.

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

Year ending June 30,	Rupees
2000	38,683,232
2001	21,364,616
	-----
	60,047,848
<b>Less:</b>	
Financial charges allocated to future periods	8,741,251
	-----
	51,306,597
	=====

### 6. Current portion of long term liabilities

	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
Long term loans (Note 4)	59,633,474	59,633,474
Liabilities against assets subject to finance lease (Note 5)	31,488,778	27,327,208
	-----	-----
	91,122,252	86,960,682
	=====	=====

### 7. Creditors, accrued and other liabilities

Creditors (7.1)	3,006,061	3,423,286
Foreign bills payable	10,042,491	69,876,412
Advance against sale of land	2,500,000	2,500,000
Accrued charges	10,038,316	10,231,893
Interest/mark up on secured		

Long term loans	10,564,829	7,213,007
Lease finances	1,560,481	2,330,049
Exchange risk cover fee	4,845,356	9,983,144
Withholding taxes	12,128	39,281
Zakat	--	3,598,525
Workers' profit participation fund-(7.2)	15,545,519	15,734,429
Other	169,562	187,629
	-----	-----
	58,284,743	125,117,655
	=====	=====

7.1 It includes Rs. 1,440,782/= (1998 Rs. 380,216/=) payable to associated undertakings.

#### 7.2 Workers' profit participation fund

Opening balance	15,734,429	11,852,002
Interest on fund utilised in the company's business	1,143,151	333,800
	-----	-----
	16,877,580	12,185,802
Payments to workers on behalf of the fund	(864,822)	(1,386,009)
Amount deposited into worker's welfare fund	(14,869,607)	(5,511,276)
	-----	-----
	1,143,151	5,288,517
Allocation for the year	14,402,368	10,445,912
	-----	-----
	15,545,519	15,734,429
	=====	=====

#### 8. Dividends

Proposed	114,552,000	66,822,000
Unclaimed	1,526,044	1,210,922
	-----	-----
	116,078,044	68,032,922
	=====	=====

#### 9. Contingencies and commitments

##### Contingencies

Bank guarantees issued to State Bank of Pakistan to cover the payment of exchange risk cover fee	63,295,923	95,585,486
--	------------	------------

##### Commitments

Contracts for purchase of plant and machinery	4,000,000	54,880,000
Under letters of credit	9,123,666	11,112,778

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#### 10. OPERATING ASSETS

*Accumulated*

<b>Particulars</b>	<b>Cost at July 01, 1998</b>	<b>Additions/ (Disposals)</b>	<b>Cost at June 30, 1999</b>	<b>Depreciation at June 30, 1999</b>	<b>Down Value at June 30, 1999</b>	<b>Depreciation for the year</b>	<b>Rate %</b>
Freehold land	38,153,909	10,897,941	49,051,850	--	49,051,850	--	
Building on freehold land	108,640,390	1,577,533	110,217,923	34,805,018	75,412,905	8,379,212	10
Plant and machinery	641,447,044	644,842	642,091,886	220,268,927	421,822,959	46,869,218	10
Electric installations	18,107,785	6,009,600	24,117,385	5,746,945	18,370,440	2,041,160	10
Factory equipment	1,459,899	679,567	2,139,466	439,192	1,700,274	188,919	10
Electric appliances	1,369,186	787,024	2,156,210	369,393	1,786,817	198,535	10
Furniture and fixture	1,686,714	178,519	1,865,233	410,046	1,455,187	161,687	10
Office equipment	4,787,808	1,090,173	5,816,261	1,308,254	4,508,007	500,890	10
Vehicles	6,565,708	4,123,060 (525,000)	10,163,768	4,581,002	5,582,766	1,395,691	20
	822,218,443	25,988,259 (586,720)	847,619,982	267,928,777	579,691,205	59,735,312	
Under lease							
Plant and machinery	90,000,000	--	90,000,000	29,310,750	60,689,250	6,743,250	10
Electric installations	20,000,000	--	20,000,000	6,513,500	13,486,500	1,498,500	10
	110,000,000	--	110,000,000	35,824,250	74,175,750	8,241,750	
Rupees	932,218,443	25,988,259 (586,720)	957,619,982	303,753,027	653,866,955	67,977,062	
1998 Rupees	906,172,419	26,067,124 (21,100)	932,218,443	236,193,249	696,025,194	73,510,596	

10.1 Depreciation for the year has been allocated as under:

	<b>1999 Rupees</b>	<b>1998 Rupees</b>
Cost of generation	65,720,259	72,032,339
Operating expenses	2,256,803	1,478,257
	67,977,062	73,510,596

10.2 Disposal of fixed assets (by negotiation)

	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Written down value</b>	<b>Sale proceeds</b>	<b>Purchaser</b>
Printer	28,720	9,877	18,843	8,000	Computer Concern, Ist Floor, 113 Gulshan Market, Railway Road, Faisalabad
	33,000	6,270	26,730	11,500	-do-
	525,000	401,137	123,863	175,000	Mr. Mahmood Saeed P-15, Near Nadir Cinema Faisalabad

1999 Rupees	586,720	417,284	169,436	194,500
1998 Rupees	21,100	6,488	14,612	6,000

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

**11. Capital work in progress**

Advance for purchase of Land	--	6,567,823
Machinery	66,803,848	5,120,000
	-----	-----
	66,803,848	11,687,823
	=====	=====

**12. Stores, spares and loose tools**

Stores	5,258,030	9,577,723
Spares	7,177,434	19,880,777
Loose tools	127,985	264,170
	-----	-----
	12,563,449	29,722,670
	=====	=====

**13. Stock of oil and lubricants**

Furnace oil	34,588,663	17,650,002
Diesel oil	1,001,722	1,407,695
Lube oil	2,661,044	1,795,558
Waste oil	538,970	1,249,170
	-----	-----
	38,790,399	22,102,425
	=====	=====

**14. Debtors**

Unsecured red		
Considered good (14.1 )	367,995,407	441,151,202

14.1 This includes Rs.439,882,983/= (1998 - Rs.349,173,207/=) due from associated undertakings.

Maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs.561,612,826/= (1998- Rs.416,239,389/=).

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

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

Considered good		
Advances		
Suppliers	8,695,485	8,830,796
Employees	485,233	380,181
Income tax	22,900	--
Expenses	754,674	301,702
Letters of credit fee, margin and expenses	7,200,345	882,784
Security deposit	1,450	1,450
Prepayments	877,437	967,031
Sales tax	800,562	--
Other (15.1)	--	2,511
	-----	-----

18,838,086	11,366,455
=====	=====

15.1 This include Rs. Nil (1998-Rs. 2,511/=) due from an associated undertaking.

	<b>1999</b>	<b>1998</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>16. Cash and bank balances</b>		
Cash in hand	341,090	1,839,418
Cash at banks		
In current accounts	1,587,932	37,822,646
Local currency	--	3,479,550
Foreign currency	-----	-----
	1,587,932	41,302,196
	-----	-----
	1,929,022	43,141,614
	=====	=====
<b>17. Sale of electric energy</b>		
Sales	1,071,249,041	952,564,573
Less:		
Discount	36,188,986	29,444,758
Electricity duty	5,466,489	5,116,992
	-----	-----
	41,655,475	34,561,750
	-----	-----
	1,029,593,566	918,002,823
	=====	=====
<b>18. Cost of generation</b>		
Cost of fuel, oil and lubricants	417,057,314	434,081,724
Salaries, wages and benefits	16,037,534	16,419,255
Stores and spares	95,576,951	54,266,348
Insurance	5,850,096	7,362,526
Repairs and maintenance	1,759,493	2,192,421
Depreciation	65,720,259	72,032,339
Other	3,476,839	2,716,576
	-----	-----
	605,478,486	589,071,189
	=====	=====
<b>19. Operating expenses</b>		
Director's remuneration	720,000	660,000
Salaries and benefits	4,214,469	3,520,945
Postage and telephone	793,257	963,021
Vehicles running and maintenance	1,406,308	1,058,473
Travelling and conveyance	850,926	954,660
Printing and stationery	798,601	596,463
Entertainment	481,954	404,390
Legal and professional	234,756	39,400
Fees, subscription and periodicals	286,920	241,028
Advertisement	508,572	925,016
Insurance	545,104	573,960
Auditors' remuneration (19.1)	115,000	145,000
Repairs and maintenance	2,030,205	393,439
Donation s (19.2)	38,487,202	6,609,169
Depreciation	2,256,803	1,478,257

Other-	2,719,254	2,124,490
	-----	-----
	56,449,331	20,687,711
	=====	=====

## 19.1 Auditors' remuneration

Audit fee	60,000	60,000
Tax services	15,000	80,000
Consultancy	40,000	5,000
	-----	-----
	115,000	145,000
	=====	=====

19.2 Six directors of the company including Chief Executive are the trustees of the Aziz Fatima Trust to whom Rs. 37,023,000/= (1998 - Rs. 6,209,543/=) have been donated.

	<b>1999</b>	<b>1998</b>
	<b>Rupees</b>	<b>Rupees</b>
20. Other Income		
Scrap Sale	784,138	797,294
Gain / (Loss) on disposal of fixed assets	25,064	(8,612)
Balances written back	--	82,851
Other	4,166	31,266
	-----	-----
	813,368	902,799
	=====	=====

**21. Financial charges**

Interest / mark up on		
Long term loans	24,250,591	23,085,364
Lease finances	11,904,456	16,559,237
Shod term borrowings	1,743,030	12,588,038
Worker's profit participation fund	1,143,151	333,800
Exchange risk cover fee	32,494,080	36,225,280
Bank guarantee commission	8,366,210	9,677,910
Bank charges, excise duty and other	1,673,386	2,092,644
	-----	-----
	81,574,904	100,562,273
	=====	=====

**22. 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 turnover tax under clause 20 part IV of the Second Schedule to the Income Tax Ordinance, 1979.

**23. Remuneration to Director and Executives**

	<b>1999</b>		<b>1998</b>	
	<b>Rupees</b>		<b>Rupees</b>	
	<b>Chief</b>		<b>Chief</b>	
	<b>Executive</b>	<b>Executives</b>	<b>Executive</b>	<b>Executives</b>
Remuneration	480,000	2,668,000	440,000	2,235,800
House rent allowance	216,000	1,200,600	198,000	1,006,110
Utilities	24,000	133,400	22,000	111,790



Bonus	--	515,109	--	328,285
	-----	-----	-----	-----
	720,000	4,517,109	660,000	3,681,985
	-----	-----	-----	-----
Number of persons	1	15	1	15
	-----	-----	-----	-----

23.1 The Chief Executive is entitled to free use of Company maintained car, telephones at residence and other perquisites. Two executives are entitled to free use of Company maintained car. The monetary values are approximately Rs.2,087,114/-- (1998 - Rs.1,955,826). The Directors have waived their meeting fee.

#### 24. Aggregate transactions with associated undertakings

Sale of electric energy	834,970,123	782,028,104
Fixed assets purchased	--	1,489,158
	<b>1999</b>	<b>1998</b>

#### 25. Plant. capacity and actual production

Number of generators installed	8	8
Number of generators worked	7	7
Installed capacity (Mega watt hour)	417,677	417,677
Actual generation (Mega watt hour)	301,445	283,794

Reasons for low generation: Installed generators include one standby generator

Extra capacity for future growth.

#### 26. Earning per share

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

	1999	1998
Net profit for the year Rs.	272,501,845	198,138,537
Weighted average number of Ordinary share	19,092,000	19,092,000
Earning per share Rs.	14.27	10.38

#### 27. 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.

## 28. Owners' Equity

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

## 29. General

Figures have been rounded off to the nearest Rupee.

Corresponding figures have been re-arranged and regrouped wherever necessary for the purpose of comparison.

The Company employed 213 (1998-206) employees at the end of the year.

**JAVED IQBAL**

Chief Executive

**TARIQ MEHMOOD**

Director

## PATTERN OF SHAREHOLDINGS AS AT JUNE 30, 1999

Number of Share holders	Shareholding		Total Share Held	
55	1	--	100	5,500
1281	101	--	500	634,100
186	501	--	1000	184,600
236	1001	--	5000	707,400
69	5001	--	10000	573,300
38	10001	--	15000	520,500
11	15001	--	20000	199,000
16	20001	--	25000	387,000
23	25001	--	30000	669,000
4	30001	--	35000	139,000
2	35001	--	40000	76,000
4	40001	--	45000	173,500
9	45001	--	50000	441,500
1	50001	--	55000	53,000
2	65001	--	70000	138,750
1	70001	--	75000	74,500
1	75001	--	80000	76,000
1	85001	--	90000	90,000
2	90001	--	95000	189,000
2	95001	--	100000	200,000
1	105001	--	110000	106,000
1	115001	--	120000	119,000
1	120001	--	125000	123,000
1	125001	--	130000	128,000
1	145001	--	150000	147,500
1	160001	--	165000	164,500
2	185001	--	190000	370,500
9	195001	--	200000	1,800,000
1	200001	--	205000	202,000
2	220001	--	225000	447,000
1	225001	--	230000	225,500

1	255001	--	260000	258,161
1	300001	--	305000	303,500
1	315001	--	320000	318,000
1	395001	--	400000	400,000
1	460001	--	465000	460,937
1	515001	--	520000	519,939
1	520001	--	525000	525,000
1	645001	--	650000	650,000
1	730001	--	735000	734,500
1	1025001	--	1030000	1,025,500
	1035001	--	1040000	1,037,000
2	1130001	--	1135000	2,268,313
1	1225001	--	1230000	1,226,500
-----				-----
1979				19,092,000
=====				=====

### CATEGORIES OF SHAREHOLDERS

CATEGORIES OF SHAREHOLDERS	<i>NUMBER OF SHARES</i>		
	<i>SHAREHOLDER</i>	<i>HELD</i>	<i>PERCENTAGE</i>
Individual	1933	15,075,600	78.96
Investment Company	10	468,900	2.46
Insurance Company	3	241,000	1.26
Joint Stock Company	11	493,661	2.59
Financial Institution	11	2,675,039	14.01
Modaraba Company	7	130,500	0.68
Foreign Company	4	7,300	0.04
-----			
	1979	19,092,000	100.00
=====			