

## C COMPANY INFORMATION

Board of Directors	Mrs. Sughra Mahmood Mr. Klaus Triendl Ms. Hermance Bernier Mr. Taj ud Deen Kurji Mr. Anthony Rustin Mr. Stephane Mailhot Syed Akbar Kazim Mr. Mumtaz H. Syed Mr. Imtiaz Hizkil
Chief Executive	Mr. Ali Mahmood
Company Secretary	Mr. Riaz Pesnani
Auditors	Taseer Hadi Khalid & Co Chartered Accountants
Bankers of the Company	ABN Amro Bank N. V. Allied Bank of Pakistan Al-Faysal Investment Bank ANZ Bank Askari Commercial Bank Limited Crescent Investment Bank Limited Habib Bank AZ Zurich Muslim Commercial Bank Limited National Bank of Pakistan (formerly National Development Finance Corporation) Prime Commercial Bank Limited Saudi Pak Commercial Bank Limited United Bank Limited UFJ Bank Limited (formerly Sanwa Bank Limited) Standard Chartered Bank
<b>Registered Office</b>	6th Floor, 90-West Razia Sharif Plaza, Blue Area Islamabad - 44000, Pakistan Tel: (92-51) 227 8118, 227 9230-1 Fax: (92-51) 282 5465
Share Department	6th Floor, 90-West Razia Sharif Plaza, Blue Area Islamabad - 44000, Pakistan Tel: (92-51) 227 8118, 227 9230-1 Fax: (92-51) 282 5465

Plant

Raiwind near Lahore

---

[Top](#)

[Co. Info](#) | [Corp. Governance](#) | [Director's Report](#) | [Auditors' Report](#) | [Balance Sheet](#) | [P & L Accounts](#) | [Cash Flow Statement](#) | [Statement of Change in Equity](#)

---

## CORPORATE GOVERNANCE

### Statement of Compliance with Best Practices of Corporate Governance

The Company is in process of implementing all facts of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan. The Board is pleased to state that provision of the code, relaevant to the year ended June 30, 2002, have been substantially complied with.

---

### Auditors' Review Report to the Members on Statement of Compliance with best Practices of Code of Corporate Governance

We have review the Stateemnt of the Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of the Southern Electric Power Company Limited to comply with the listing Regulations Nos. 36, 37 and 40 of the Islamabad, Karachi and Lahore Stock Exchanges respectively where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the code of Corpoarte Governance and report if it does not. A review is limited primarily to inquires of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statemens we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

Islamabad  
September 28, 2002

Taseer Hadi Khalid &  
Co.  
Chartered  
Accountants

[Top](#)

[Co. Info](#) | [Corp. Governance](#) | [Director's Report](#) | [Auditors' Report](#) | [Balance Sheet](#) | [P & L Accounts](#) | [Cash Flow Statement](#) | [Statement of Change in Equity](#)

## DIRECTOR'S REPORT

Your directors are pleased to present before you the 8th annual report of the Company, the audited annual accounts, and annexed notes for the year ended June 30, 2002. The Company made a profit of Rs. 342.154 million for the year as compared to RS 295.868 million last year. The earning per share is RS 3.67 as compared to RS 3.17 last year:

The Company has incurred the following expenditures as of:

	June 30, 2002 Rupees '000	June 30, 2001 Rupee '000
Fixed Assets (at cost)	7,762,656	8,119,074

## THE YEAR IN REVIEW:

The gross generation of electricity based on the dispatch required by WAPDA was 31.6% of installed capacity as compared to 17.5% last year. The Plant utilization this year was significantly more than last year and this pattern is expected to continue as WAPDA places increasingly greater emphasis on power from the thermal units, including IPPs.

## FINANCIAL RESTRUCTURING

The directors are pleased to inform you that documentation relating to the Financial Restructuring has been finalized and the formal signing ceremony shall take place on or before 20th October, 2002.

## FINANCIAL STATEMENTS AND INTERNAL CONTROL

The directors are pleased to state that:

- (a) the financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and charges in equity;
- (b) proper books of account have been maintained;
- (c) appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement;
- (d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed;
- (e) the system of internal control is sound in design and has been effectively implemented and monitored;
- (f) there are no significant doubts upon the company's ability to continue as a going concern;
- (g) there has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;

## APPROPRIATIONS:

The Board of Directors is pleased to recommend payment of 15% final dividend to the shareholders for the year ended June 30, 2002 subject to lenders' approval.

## RIGHTS ISSUE

In the upcoming year, the Company is planning to make a Rights Issue of 30

million ordinary shares as per value of Rs. 10.00 each, the proceeds of which will be used to repay the Sponsors advance of Rs. 300 million currently carrying an interest rate of 18% per annum, which will further reduce the debt:equity ratio.

#### AUDITORS:

The present auditors Messrs. Taseer Hadi Khalid & Company, Chartered Accountants, retire and bring eligible, offer themselves for re-appointment.

#### BOARD OF DIRECTORS MEETING HELD DURING THE YEAR

Seven Board of Directors Meetings were held during the year from July 1st, 2001 to June 30th, 2002. Following is the attendance of each Directors in Board meetings.

<u>Name</u>	<u>Meetings Attended</u>
Mrs. Sughra Mahmood	6
Mr. Kalus Triendl	3
Ms. Hermance Bernier	7
Mr. Anthony Rustin	3
Mr. Stephane Mailhot	7
Mr. Sultan Kurji	7
Syed Akbar KAzim	7
Mr. Mumtaz H. Syed	4
Mr. Imtiaz Hizkil	4

#### PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding as of June 30, 2002 is attached.

FOR AND ON THE BEHALF OF THE BOARD

Islamabad  
September 28, 2002

Ali Mahmood  
Chief Executive

---

[Top](#)

[Co. Info](#) | [Corp. Governance](#) | [Director's Report](#) | [Auditors' Report](#) | [Balance Sheet](#) | [P & L Accounts](#) | [Cash Flow Statement](#) | [Statement of Change in Equity](#)

---

## AUDITORS' REPORT TO THE MEMBERS



Taseer Hadi Khalid & Co.  
Chartered Accountants

We have audited the annexed balance sheet of Southern Electric Power Company Limited as at 30 June 2002 and the related profit and loss account, cash flow statement and statement of changes in equity 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 purpose 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 statements 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 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 accounts 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, cash flow statement and statement of changes in equity 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 30 June 2002 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Islamabad  
September 28, 2002

Taseer Hadi Khalid & Co.  
Chartered  
Accountants

[Top](#)

[Co. Info](#) | [Corp. Governance](#) | [Director's Report](#) | [Auditors' Report](#) | [Balance Sheet](#) | [P & L Accounts](#) | [Cash Flow Statement](#) | [Statement of Change in Equity](#)

## BALANCE SHEET AS AT JUNE 30, 2002

	2002 Rupees '000	2001 Rupees '000
SHARE CAPITAL	931,880	931,880
UNAPPROPRIATED PROFIT	779,624	577,252
	<u>1,711,504</u>	<u>1,509,132</u>

TERM FINANCE CERTIFICATES/ SPONSORS' SUPPORT	300,000	314,143
LONG TERM LOANS - SECURED	4,572,150	5,419,127
DEFERRED LIABILITY-for staff gratuity	14,662	10,737

## CURRENT LIABILITIES

Current portion of long term loans and overdue installments	515,891	546,573
Short term borrowing - secured	277,837	28,754
Creditors, accrued and other liabilities	689,072	506,824
Proposed dividend	139,782	-----
	<b>1,622,582</b>	1,082,151

CONTINGENCIES AND  
COMMITMENTS

	—	—
	<b>8,220,898</b>	8,335,290

These accounts were authorised for issue on September 28, 2002 by Board of Directors of the company.

2002	2001
Rupees '000	Rupees '000

## FIXED CAPITAL EXPENDITURE

Operating fixed assets	7,025,656	7,644,067
Capital work in progress	30,423	5,957

## CURRENT ASSETS

Stores, spares and tools	103,087	117,385
Stock in trade	36,410	81,666
Trade debtor - secured	805,926	331,380
Advances, deposits, prepayments and other receivable	175,997	104,180
Cash and bank balances	43,399	50,655
	1,164,819	685,266
	<b>8,220,898</b>	8,335,290

Islamabad



September 28, 2002

Chief  
Executive

Director

[Top](#)[Co. Info](#) | [Corp. Governance](#) | [Director's Report](#) | [Auditors' Report](#) | [Balance Sheet](#) | [P & L Accounts](#) | [Cash Flow Statement](#) | [Statement of Change in Equity](#)

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2002

	2002 Rupees '000	2001 Rupees '000
Turnover	2,194,513	1,687,464
Operating Costs	<u>1,232,515</u>	<u>827,714</u>
<b>Gross profit</b>	961,998	859,750
Administration and general expenses	<u>76,468</u>	<u>64,403</u>
Financial Charges	<u>561,937</u>	<u>519,681</u>
	638,405	584,084
<b>Operating Profit</b>	<u>323,593</u>	<u>275,666</u>
Loss on sale of fixed assets	—	(99)
Other income	<u>18,561</u>	<u>20,301</u>
Profit for the year	342,154	295,868
Unappropriated profit brought forward	<u>577,252</u>	<u>281,384</u>
Profit available for appropriation	919,406	577,252
Proposed final dividend @ 15%	<u>139,782</u>	<u>—</u>

**Unappropriated profit carried to balance sheet**

	779,624	577,252
Earnings per share	3.67	3.17

Islamabad  
September 28, 2002

Chief Executive

Director

[Top](#)

[Co. Info](#) | [Corp. Governance](#) | [Director's Report](#) | [Auditors' Report](#) | [Balance Sheet](#) | [P & L Accounts](#) | [Cash Flow Statement](#) | [Statement of Change in Equity](#)

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2002

	2002 Rupees '000	2001 Rupees '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year	342,154	295,868
Adjustments for non cash charges/(credits) and other items		
Depreciation	237,527	250,871
Provision for gratuity	4,332	4662
Interest income	(18,011)	(20,301)
Exchange Difference	(550)	5,586
Financial Charges	<u>561,937</u>	<u>514,095</u>
	<u>1,127,389</u>	<u>1,050,781</u>
Working capital charges (Increase)/decrease in current assets		

Store, spares and tools	14,298	(5,658)
Stock in trade	45,256	(43,626)
Trade debtor	(474,546)	57,733
Advances, deposits, prepayments and other receivables	(71,817)	(25,914)
Decrease in current liabilities	<u>(61,022)</u>	<u>15,930</u>
	(547,831)	(1,535)
Gratuity paid	(407)	(323)
	<hr/>	<hr/>
Net cash generated from operations	579,151	1,048,923

#### CASH FLOW FROM INVESTING ACTIVITIES

Operating fixed assets	(13,691)	(21,113)
Capital work in progress	(24,465)	(5,957)
Interest received	18,011	20,301
Net cash used in investing activities	(20,145)	(6,769)

#### CASH FLOW FROM FINANCING ACTIVITIES

Sponsor's support	(10,334)	18,026
Long term loans	(519,726)	(450,435)
Financial charges paid	(285,835)	(381,020)
Net cash generated from financing activities	(815,895)	813,429
	<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents	(256,889)	228,725
Cash and cash equivalents at the beginning of the year	<u>22,451</u>	<u>(206,824)</u>
Cash and cash equivalents at the end of year	<u>(234,438)</u>	<u>21,901</u>

Islamabad  
September 28, 2002

Chief Executive

Director

[Top](#)

[Co. Info](#) | [Corp. Governance](#) | [Director's Report](#) | [Auditors' Report](#) | [Balance](#)

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2002

	Share Capital	Accumulated	Total
	<b>Profit</b>		
	Rupees '000	Rupees '000	Rupees '000
Balance as at 30 June 2000	931,880	281,384	1,213,264
Net profit for the year	—	295,868	295,868
	_____	_____	_____
Balance as at 30 June 2001	931,880	577,252	1,509,132
Net profit for the year	—	342,154	342,154
Proposed final dividend @ 15%	—	(139,782)	(139,782)
	_____	_____	_____
Balance as at 30 June 2003	931,880	779,624	1,711,504
	_____	_____	_____