

Japan Power Generation Limited
Annual Report 1999

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COMPANY INFORMATION

BOARD OF DIRECTORS

MR. ZAFAR MAHMOOD
SHEIKH NIZAZ ALI
MR. AKHTAR ALI UPPAL
MR. ASAD ALI UPPAL
MR. FAISAL QAMMAR UPPAL
MR. SAITO YOSHIHIRO
SHEIKH MAHMOOD ALI
MR. MUHAMMAD ALI
MR. HASEEB KHAN
SYED ZAFAR HAIDER
MR. SHAHARYAR AHMED
MR. MAHMOOD AHMED
MR. HAMAYUN SADIQ
MRS. SAMINA ZAFAR

CHIEF EXECUTIVE

COMPANY SECRETARY

SYED ZAFAR HAIDER

AUDITORS

COOPERS & LYBRAND
CHARTERED ACCOUNTANTS
&
JAVAID TARIQ & CO.
CHARTERED ACCOUNTANTS

LEGAL ADVISOR

SYED RASHID RAHIM

BANKERS

PRIME COMMERCIAL BANK LTD.
ASKARI COMMERCIAL BANK LTD.
ALLIED BANK OF PAKISTAN LTD.
FAYSAL BANK LTD.

REGISTERED OFFICE
26, PESHAWAR BLOCK,
FORTRESS STADIUM,
LAHORE CANTT.

PLANT LOCATION
JIA BAGGA RAILWAY STATION,
RAIWIND ROAD, DISTRICT LAHORE.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 5th Annual General Meeting of the members of Japan Power Generation Limited will be held on Friday the 31st December, 1999 at 10:00 a.m. at plant site located at Khan-Nepal Road near Jia Bagga Railway Station, Raiwind Road, District Lahore to transact the following business:

1. To confirm the minutes of last Annual General Meeting held on December 31, 1998.
2. To receive, consider and adopt the audited accounts of the Company for the financial year ended June 30, 1999 together with the Auditors' and Directors' Reports thereon.
3. To appoint Auditors for the financial year 1999-2000 and fix their remuneration.
4. To transact any other business that may be placed before the meeting with the permission of the Chair

For and on behalf of the
Board of Directors

Lahore
Date: December 09, 1999

(SYED ZAFAR HAIDER)
Company Secretary

Notes:

- i) The Share Transfer Book of the Company will remain closed from December 21, 1999 to December 31, 1999 (both days inclusive)
- ii) A member entitled to attend and vote at the above meeting may appoint another person as proxy. Proxies, in order to be effective, must be received at 26-Peshawar Block, Fortress Stadium, Lahore Cantt, the registered office of the Company not later than forty-eight hours before the time of the meeting and must be duly stamped, signed and witnessed.

iii) Members are requested to immediately notify the change in address, if any.

DIRECTORS' REPORT

Your Directors feel pleasure in presenting the 5th Annual Report and Audited Accounts for the Year ended June 30, 1999.

PRESENT STATUS

With Allah's blessings your project is 100% complete. On successful internal commissioning and then 10.2 tests as per PPA the Complex is undergoing final test under section 10.3 of PPA. After successful completion of these tests, WAPDA will declare Commercial Operation Date (COD) and your Company will Inshallah start generating revenues.

REASONS FOR DELAY IN COD

The original COD as per last year's Annual Report was March, 1999 which is now Inshallah expected in December, 1999. The main causes for delay in achieving COD are briefly summarized as follows:

1. Delay in plant synchronization with WAPDA which was eventually done in October, 1999.
2. Persistent uncertainty prevailing viz-a-viz government's policy towards the IPPs'.

GENERAL

1. As reported in last year's Annual Report, the Company's negotiations with GOP/WAPDA for reduction in tariff, successfully culminated with signing of a Memorandum of Understanding with WAPDA on July 29, 1999 which is subsequently to be incorporated in Power Purchase Agreement (PPA). The salient features of the package deal are as follow:

a) Tariff

Average (1-10 years)	US\$ 0.0481 per kwh
Levelised	US\$ 0.0430 per kwh

- b) The term of the project shall be extended from 22 to 30 years.
- c) RCOD shall be extended up to actual COD without liquidated damages, and N.O.I.T. will be withdrawn by WAPDA.
- d) WAPDA will allow synchronization of the plant without any delay.
- e) The Company commits to provide RTU within 9 months of the date of signing of the agreement. SCADA system will be provided as per Interim Agreement signed separately.
- f) Minimum load of the Complex has been agreed to be 8 MW.
- g) Reactive Capacity Test will be carded out at minimum possible loading instead of 8 MW.
- h) Engine Governor Operation Tests will be demonstrated over the range of 2% to 8% with droop being adjusted to 2% to 8%.
- i) During full load rejection test, at least 50%, Diesel Generating Sets shall remain in operation.

2. As reported last year, O&M contract with Toyota Tsusho Corporation (Japan) / Mitsubishi Heavy Industries

(Japan), has been effectuated.

3. In spite of its best efforts, the company was not able to get the non-funded facility rescheduled with the result that the first three installments were funded by the Banks' Syndicate, however, your management is confident in getting this funded facility rescheduled by the Syndicate.

Y2K COMPLIANCE

The technical and mechanical equipment of your company is based on highly sophisticated digital systems vulnerable to Y2K bug. Your company's management, being quite conscious of this matter, has taken necessary safety measures at the time of its installation. It is satisfying to inform you that the equipment suppliers have confirmed that they have not found any conformance hurdles for the Year 2000 with respect to machinery and equipment supplied to JPGL.

AUDITORS

Retiring auditors M/s Coopers & Lybrand, Chartered Accountants and Javaid Tariq & Co., Chartered Accountants, being eligible, offer themselves for reappointment.

PATTERN OF SHAREHOLDING

Statement reflecting the pattern of shareholding is attached to the Annual Report.

Lahore

Date: December 04, 1999

ON BEHALF OF THE BOARD OF DIRECTORS

CHIEF EXECUTIVE

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Japan Power Generation Limited as at June 30, 1999 and the related 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 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 the cash flow statement, together with the notes forming part thereof, give the informa-

tion 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 the cash flows for the year then ended.

Without qualifying our opinion we would like to draw the attention of the members to the information captioned as "Reasons for delay in COD" and "General" in the Directors' Report; and

(d) In our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Coopers & Lybrand
Chartered Accountants

Javaid Tariq & Co.
Chartered Accountants

Lahore:

Date: December 06, 1999.

BALANCE SHEET
AS AT JUNE 30, 1999

	Note	1999 Rupees	1998 Rupees
Fixed capital expenditure			
Fixed assets	3	37,584,697	41,982,285
Capital work-in-progress	4	4,768,975,471	3,916,378,017
Pre-operational cost	5	639,297,175	181,944,309
		-----	-----
		5,445,857,343	4,140,304,611
Deferred cost		64,935,957	64,935,957
Current assets			
Stocks and stores		59,807,370	20,158,387
Advances, deposits, prepayments and other receivables	6	11,074,353	7,218,459
Cash and bank balances	7	59,964,909	90,005,173
		-----	-----
		130,846,632	117,382,019
		-----	-----
		5,641,639,932	4,322,622,587
		=====	=====
Share capital			
Authorized			
150,000,000 Ordinary shares of Rs. 10/- each		1,500,000,000	1,500,000,000
		=====	=====
Issued, subscribed and paid-up			
133,200,000 Ordinary shares of Rs. 10/- each		1,332,000,000	1,332,000,000
Long term loans			
Sponsors' interest free loan - unsecured	8	3,068,423,961	2,270,718,965
		108,585,226	--

Liabilities against assets subject to finance lease	9	2,427,755	3,960,148
Deferred liabilities - gratuity		1,851,300	1,438,900
Current liabilities			
Finance Against Dishonoured Bill (FADB)	10	18,492,787 I	-
Current portion of long term liabilities	11	7,059,024,011	500,283,500
Creditors, accrued and other liabilities	12	403,956,502	214,221,074
		-----	-----
		1,128,351,690	714,504,574
Contingencies and commitments	13	--	--
		-----	-----
		5,641,639,932	4,322,622,587
		=====	=====

The annexed notes form an integral part of this balance sheet.

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

	Note	1999 Rupees	1998 Rupees
CASH FLOW STATEMENT			
FOR THE YEAR ENDED JUNE 30, 1999			
CASH FLOW FROM INVESTING ACTIVITIES			
(Increase)/decrease in current assets			
Advances, deposits, prepayments and other receivables		(3,855,894)	6,406,435
Stocks and stores		(39,648,983)	(20,158,387)
Increase/(decrease) in current liabilities			
Finance Against Dishonored Bill (FADB)		18,492,787	-
Current portion of long term liabilities		205,618,901	499,470,583
Creditors, accrued and other liabilities		189,735,428	173,642,070
		-----	-----
		370,342,239	659,360,701
Fixed capital expenditure		(1,305,552,732)	(351,380,264)
		-----	-----
Net cash inflow/(outflow) from investing activities	A	(935,210,493)	307,980,437
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loans		797,704,996	(370,467,765)
Sponsors' interest free loan		108,585,226	--

Lease finance		(1,532,393)	(947,425)
Gratuity		412,400	827,900
		-----	-----
Net cash inflow/(outflow) from financing activities	B	905,170,229	(370,587,290)
		-----	-----
Net increase/(decrease) in cash and cash equivalents (A+B)		(30,040,264)	(62,606,853)
Cash and cash equivalents at the beginning of the year		90,005,173	152,612,026
		-----	-----
Cash and cash equivalents at the end of the year		59,964,909	90,005,173
		=====	=====

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

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

1. STATUS AND ACTIVITIES

Japan Power Generation Limited is a Public Company, incorporated on September 29, 1994 under the Companies Ordinance, 1984 and its shares are quoted on Lahore and Karachi Stock Exchanges. The principal business of the company is to generate and supply electric power to WAPDA.

The company's original Required Commercial Operation Date "RCOD" was January 23, 1998 but due to certain unavoidable circumstances it was delayed. On July 29, 1999 a MOU was signed between WAPDA and the company which stipulates that the RCOD will now be extended to actual Commercial Operation Date.

In the absence of any operational activity during the year under review, no profit and loss account has been prepared.

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 unfunded gratuity scheme covering all its permanent employees. Provision is made annually to cover the liability under the scheme.

2.3 Taxation

The company's profit and gains from Power Generation are exempted from tax under clause 176 of Part 1 of the Second Schedule of the Income Tax Ordinance, 1979. The company is also exempted from minimum tax on turnover under clause 20 of Part IV of the Second Schedule of the Income Tax Ordinance, 1979. Tax on income from sources not covered under the above clauses is determined in accordance with the normal provisions of the Income Tax Ordinance, 1979.

2.4 Fixed assets

All fixed assets are stated at cost and no depreciation has been charged as yet. Depreciation will be provided on commencement of the company's commercial operations.

2.5 Capital work-in-progress

All costs/expenditure related to specific assets incurred during the project implementation period are carried under this head including foreign exchange rate variances. These costs will be transferred to specific assets as and when these assets are available for use.

2.6 Stocks and stores

These are valued at the lower of cost and net realizable value. Cost is determined on average basis.

2.7 Pre-operational cost

All costs/expenditure not directly related to specific assets incurred before the commencement of operational activities are charged under this head. These will be allocated to building and plant and machinery at the time of commencement of commercial operation.

2.8 Deferred cost

Deferred cost consists of expenses incurred in connection with the company's formation and public issue of shares including brokerage and commission etc. These will be amortized over a period of five years starting from the year of commercial operations.

2.9 Foreign currency translation

Foreign currency transactions are converted into Pak Rupees at the rates prevailing on the date of transaction. Assets and liabilities in foreign currencies at the year-end are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Since the company has not yet commenced commercial operations, exchange gains and losses on conversion are accounted for in pre-operational cost. Exchange differences on translation of foreign currency loans utilized for the acquisition of fixed assets are capitalized and incorporated in the cost of such assets.

2.10 Accounting for leases

The company accounts for assets acquired under finance lease by recording the assets and related liability. The amounts are determined on the basis of discounted value of total minimum lease payments and residual value of the assets at the end of the lease period in a manner so as to provide a constant periodic charge on the outstanding liabilities. Financial charges are allocated to pre-operational cost in a manner so as to provide a constant periodic rate of charge on the outstanding liability. No depreciation has been charged on leased assets as the company has not yet commenced its operational activities.

	Note	1999 Rupees	1998 Rupees
3. Fixed assets			
Freehold land		16,046,645	16,046,645
Furniture & fixtures		1,938,326	2,454,459
Office equipment		1,410,450	1,347,905

Tubewell at site		1,723,760	1,723,760
Railway sidings		6,650,000	6,650,000
		-----	-----
Motor vehicles		6,940,516	6,940,516
Less: disposals	3.1	(2,600,000)	--
		-----	-----
		4,340,516	6,940,516
Leasehold			
Office premises		775,000	775,000
Vehicles		6,044,000	6,044,000
Less: disposals	3.2	(1,344,000)	--
		-----	-----
		4,700,000	6,044,000
		-----	-----
		37,584,697	41,982,285
		=====	=====

3.1 A Land Cruiser with registration No. LOW 3355 model 1991 was totally damaged in an accident and was sold for Rs. 150,000 by negotiation as scrap, on 16 January 1999, to Mr. Khalid Mahmood Chohan s/o M. Sharif Chohan r/o 370-B Tajpura Scheme, Mughalpur, Lahore.

3.2 Two vehicles bearing registration Nos. LXA 2021 (Toyota Corolla) and LXB 5019 (Suzuki Margalla) were repossessed by the leasing company due to non-payment of lease rentals.

4. Capital work-in-progress

Building

Civil works		281,090,908	241,126,570
Advances to contractors		1,869,228	3,013,723

Machinery

Advances to contractors		4,483,464,993	3,669,564,213
Letters of credit		1,137,608	1,320,586
		340,234	280,425

Advance for land

		1,072,500	1,072,500
		-----	-----
		4,768,975,471	3,916,378,017
		=====	=====

5. Pre-operational cost

Directors' remuneration		1,140,000	1,140,000
Travelling and conveyance		14,596,671	14,139,263
Staff salaries and benefits		32,348,305	22,215,879
Rent, rates and taxes		4,817,930	2,428,689
Postage and telegrams		361,523	279,618
Telephone and telex		4,792,016	4,038,539
Printing and stationery.		1,408,475	1,114,851

Newspapers and periodicals		40,523	30,099
Independent engineer fee		3,599,413	--
Financial charges	5.1	613,315,212	179,559,847
Auditors' remuneration	5.2	910,700	615,700
Fee and subscription		681,736	438,556
Insurance		1,520,702	1,237,271
Vehicle running expenses		2,979,764	2,356,289
Entertainment		1,408,494	1,206,947
Charity and donation	5.3	182,784	182,784
Legal, professional and consultancy charges	5.4	33,462,666	30,187,499
Utilities		1,430,339	765,122
Repair and maintenance		984,287	991,342
Publicity and advertisement		832,675	792,775
Loss on disposal of fixed assets		2,450,000	--
Taxation on interest income		9,794,018	--
Loss on repossession of leased vehicles		465,705	--
Miscellaneous expenses		443,970	392,598
		-----	-----
		733,967,908	264,113,668
Less: Interest received on saving accounts		53,586,039	50,591,761
Exchange gain		33,520,280	27,940,917
Scrap sale		7,564,414	3,636,681
		-----	-----
		94,670,733	82,169,359
		-----	-----
		639,297,175	181,944,309
		=====	=====

5.1 Financial charges

Bank charges and excise duty		381,870	369,620
Interest on long term loans		523,572,914	100,399,106
Guarantee commission		7,109,687	4,476,046
Bank fees and other charges		78,615,001	72,281,673
Lease finance		3,635,740	2,033,402
		-----	-----
		613,315,212	179,559,847
		=====	=====

5.2 Auditors' remuneration

	1999 Rupees		1998 Rupees	
	Coopers & Lybrand	Javaid Tariq & Co.	Coopers & Lybrand	Javaid Tariq & Co.
Audit fee	150,000	95,000	130,000	75,000
Out of pocket expenses	30,000	20,000	25,000	15,000
	-----	-----	-----	-----
	180,000	115,000	155,000	90,000

5.3 None of the directors or their spouses have any interest in the donations paid.

5.4 It includes a retainership fee of Rs. 150,000 per month payable to Haseeb Khan & Co, Chartered Accountants, the proprietor of which is also a director in the company.

	Note	1999 Rupees	1998 Rupees
6. Advances, deposits, prepayments and other receivables			
Advances :			
Employees		28,000	1,810,500
Expenses		289,165	18,752
Income tax		4,210,229	3,113,764
Others		4,008,212	1,012,359
		-----	-----
		8,535,606	5,955,375
Deposits:			
Leasing companies		470,000	604,400
Rented property		32,023	383,356
CDC		800,000	--
Others		116,105	72,738
		-----	-----
		1,418,128	1,060,494
Prepayments:			
Insurance		269,148	64,340
Rent		--	50,500
Others		--	87,750
		-----	-----
		269,148	202,590
Other receivables:			
		851,471	--
		-----	-----
		11,074,353	7,218,459
7. Cash and bank balances			
Cash in hand		39,472	17,071
Cash with banks:			
in current accounts		270,912	59,133
in saving accounts		59,654,525	89,928,969
		-----	-----
		59,964,909	90,005,173
8. Long term loans			
Secured			

Supplier's credit			
Plant and machinery	8.1	2,642,093,019	2,454,870,013
Syndicated Loan I	8.2		
Prime Commercial Bank Limited		51,920,000	51,920,000
National Development Finance Corporation		40,000,000	40,000,000
Askari Commercial Bank Limited		49,230,000	49,230,000
Allied Bank of Pakistan Limited		24,600,000	24,600,000
Al-Faysal Investment Bank Limited		20,490,000	20,490,000
Faysal Bank Limited		20,490,000	20,490,000
Gulf Commercial Bank Limited		18,460,000	18,460,000
Prudential Commercial Bank Limited		10,250,000	10,250,000
Prudential Investment Bank Limited		10,250,000	10,250,000
Crescent Investment Bank Limited		8,210,000	8,210,000
		-----	-----
		253,900,000	253,900,000
Syndicated Loan II	8.3		
Prime Commercial Bank Limited		147,354,333	-
National Development Finance Corporation		116,379,190	-
Askari Commercial Bank Limited		139,671,203	-
Allied Bank of Pakistan Limited		97,050,054	-
Al-Faysal Investment Bank Limited		58,149,157	-
Faysal Bank Limited		58,149,157	-
Gulf Commercial Bank Limited		52,407,030	-
Prudential Commercial Bank Limited		29,034,141	-
Prudential Investment Bank Limited		29,034,141	-
Crescent Investment Bank Limited		23,372,888	-
Fidelity Investment Bank Limited		58,149,157	-
		-----	-----
		808,750,451	-
Un-secured			
Supplier's credit			
Power cable	8.4	67,978,191	61,021,243
		-----	-----
		3,772,721,661	2,769,791,256
Less: Overdue installments	8a	91,666,538	--
Current maturity	8b	612,631,162	499,072,291
		-----	-----
	11	704,297,700	499,072,291
		-----	-----
		3,068,423,961	2,270,718,965
		=====	=====
8.a Overdue installments			
Syndicated loan I		74,671,990	-
Supplier's credit-power cable		16,994,548	-
		-----	-----

	91,666,538	-
	=====	=====
8.b Current maturity		
Supplier's credit-plant and machinery	528,418,604	409,145,002
Syndicated loan I	67,218,010	74,671,990
Supplier's credit-power cable	16,994,548	15,255,299
	-----	-----
	612,631,162	499,072,291
	=====	=====

8.1 Supplier's credit - plant and machinery

The supplier's credit was obtained in Japanese Yen from Toyota Tsushu (Singapore) PTE Limited amounting to Japanese Yen 7,428,600,000 representing 90% of the total value of the plant and machinery as 10% of the total value amounting to Japanese Yen 825,400,000 was paid in advance as down payment. The credit carries an interest at the rate of 7.9% per annum and is repayable in twelve equal half yearly installments alongwith interest commencing from September 26, 1998.

In addition to the supplier's credit, a financing fee amounting to Japanese Yen 735,535,552 will be paid in twelve equal half yearly installments commencing from September 26, 1998.

This credit facility is secured by an irrevocable Letter of Credit established with Allied Bank of Pakistan Limited (ABL) in favour of TTC. The letter of credit is further secured by a counter guarantee issued by a Syndicate of twelve banks.

The syndicated counter guarantee is secured by a first equitable mortgage charge on all the present and future assets including equipment, inventories and receivables of the company, personal guarantees of the directors and pledge of sponsors' shares.

8.2 Syndicated loan I

This loan is secured by a first charge ranking pari passu on all present and future assets including equipment, inventories and receivables of the company, assignment of performance guarantee of Toyota Tsusho (Singapore) PTE Limited and personal guarantees of the directors. It carries markup at the rate of 20% per annum extendable to 30 % per annum in case an installment is not paid on due date. The markup is payable on quarterly basis while the principal is payable in three annual installments commencing from March 12, 1999. All the installments for principal and markup payable upto 304 June 1999 except the first installment of markup are outstanding.

8.3 Syndicated loan II

This is a forced loan which has been created due to the non-payment by the company of first two installments of supplier's credit and supplier's credit financing fee of Japanese Yen 619,050,000 and 61,461,296 respectively, paid by the Syndicate. This syndicated loan is secured by a first charge ranking pari passu on all present and future assets including equipment, inventories and receivables of the company, assignment of performance guarantee of Toyota Tsusho (Singapore) PTE Limited and personal guarantees of the directors. It carries markup at the rate of 15% per annum extendable to 20 % per annum in case an installment is not paid on due date. The markup is payable on quarterly basis in 49 installments commencing from December 12, 1999 while the principal is payable in three annual installments commencing from 12a' December 2009. The syndicated loan agreement has been signed by the

Syndicate leader, Prime Commercial Bank Limited and is in the process of being signed by the other Syndicate members.

8.4 Supplier's Credit - Power cable

This credit has been obtained from Toyota Tsusho Corporation, Japan amounting to US \$ 1,315,113 against the import of cables. It is unsecured and carries an interest at the rate of 7% per annum with additional interest at the rate of 7% on delayed payments, and is repayable in eight equal consecutive semi-annual installments commencing from July 08, 1998.

	Note	1999 Rupees	1998 Rupees
9. Liabilities against assets subject to finance lease			
Opening balance		5,171,357	5,720,490
Less: paid/adjusted during the year		1,138,901	549,133
		-----	-----
		4,032,456	5,171,357
Less: Overdue installments		744,355	263,784
Current maturity-payable within next financial year		860,346	947,425
		-----	-----
	11	1,604,701	1,211,209
		-----	-----
		2,427,755	3,960,148
		=====	=====

This represents finance obtained against vehicles under lease agreement with First Crescent Modaraba. The purchase option is available to the company on payment / adjustment of residual value alongwith the last installment. Other significant terms and conditions are as follows:

Lease amount	Rs.	4,700,000
Installment amount	Rs.	128,762
No. of monthly installments		60
Implicit rate of return		28.03%
Deposit		10%
Penalty		Rs.100 per day for delay in payment of installment

The future minimum lease payments to which the company has committed under the lease agreement are as follows:

Year ending June 30	Rupees
2000	2,289,499
2001	1,545,144

2002	1,371,334

	5,205,977
Less:	
Financial charges allocated to future periods	1,173,521

	4,032,456
	=====
10. Finance Against Dishonoured Bill (FADB)	18,492,787
	=====

The FADB has resulted from the company's failure to meet its commitments against an import letter of credit opened by Allied Bank of Pakistan Limited in favour of lube oil supplier. It is secured by pledge of lube oil and carries a markup at the rate of 20.75% per annum.

	Note	1999 Rupees	1998 Rupees
11. Current portion of long term liabilities			
Long term loans	8	704,297,700	499,072,291
Liabilities against assets subject to finance lease	9	1,604,701	1,211,209
		-----	-----
		705,902,401	500,283,500
		=====	=====
12. Creditors, accrued and other liabilities			
Sundry creditors		3,384,593	1,186,279
Accrued liabilities		11,871,696	6,986,487
Capital expenditure payable		139,384,374	80,993,190
Interest payable on long term loans		171,269,170	83,493,172
Penalty for delay on payment of long-term loans		44,290,220	--
Bank fee and charges payable		4,128,664	--
Penalty for delay on payment of guarantee commission		9,385,697	--
Financial charges on FADB'		2,145,000	--
Payable against imported merchandise		--	32,601,304
Retention money		7,446,990	8,626,284
Income tax payable		9,794,018	--
Withholding tax		1,190	--
Other liabilities		854,890	334,358
		-----	-----
		403,956,502	214,221,074
		=====	=====

13. Contingencies and commitments

Contingencies:

13.1 The company has filed a legal suit with Sindh High Court against the levy of 0.20 % Sindh Govt.

Infrastructure Tax on import of machinery. The court has awarded a stay order against the levy of tax. On the court's order the company has provided a bank guarantee in favor of the Sindh Government issued by Prime Commercial Bank Limited amounting to Rs. 4,396,800.

13.2 The company has filed a legal suit with Lahore High Court against a decision of Deputy Commissioner of Income Tax for the levy of tax of Rs. 7,022,406 under sections 52/86 of the Income Tax Ordinance, 1979 for the assessment year 1997-98. The case has been admitted for regular hearing.

Commitments:

13.3 The company has arranged a letter of guarantee from Allied Bank of Pakistan Limited in favour of WAPDA for US \$ 2.675 million against company's commitment to achieve Commercial Operation Date (COD) and for liquidated damages in the event of default as per items 4.7, 9.4 or any other relevant Articles/Sections of the Power Purchase Agreement (PPA). During the year 1997-98, WAPDA invoiced the company for liquidated damages and further intimated vide its letter of October 03, 1998 to encash the letter of guarantee. However, as a result of a MOU dated July 29, 1999 between WAPDA and the company, the claim for liquidated damages will be withdrawn.

13.4 In 1997 the company has arranged an inland letter of credit from Prime Commercial Bank Limited in favor of Siemens Pakistan Engineering Company Limited for Rs. 17,672,418 against payments for grid station, its erection and commissioning. The capital work is still in progress.

	1999	1998
	Rupees	Rupees
	Executive(s)	Executive(s)
14. Management remuneration		
Managerial remuneration	5,773,779	6,522,581
House rent and utilities	599,989	1,226,710
	-----	-----
	6,373,768	7,749,291
	=====	=====
No. of persons	8	10

- No remuneration, house rent and utilities were paid to Chief Executive and Directors.
- No Board meeting fee was paid to Directors.
- Company maintained vehicles are provided in the Chief Executive and a Director.

15. Changes in equity

There was no transaction effecting change in the equity during the year.

16. Figures

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

PATTERN OF SHAREHOLDINGS AS AT JUNE 30, 1999

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD
	FROM	TO	
1	1	100	50
513	101	500	256,500
70	501	1,000	70000
79	1,001	5,000	254,654
45	5,001	10,000	391,600
6	10,001	15,000	74.68
2	15,000	20,000	38500
4	20,001	25,000	93500
2	25,001	30,000	2220
3	30,001	35,000	98500
2	35,001	40,000	74,000
1	45,001	50,000	50.00
2	50,001	55,000	106,500
2	55,001	60,000	115,500
1	85,001	90,000	89.00
1	95,001	100,000	100,000
1	100,001	105,000	104,000
1	110,001	115,000	114.50
2	135,000	140,000	277.00
1	150,001	155,000	152,000
1	165,001	170,000	169,000
2	170,000	175,000	342,158
1	175,001	180,000	179,525
1	195,001	200,000	200.00
1	225,000	230,000	227.00
1	240,001	245,000	244.50
1	270,001	275,000	273.50
1	295,000	300,000	300.00
1	310,001	315,000	310,500
1	315,001	320,000	319,500
1	325,001	330,000	327,500
1	335,001	340,000	340,000
8	340,001	345,000	2,742.95
1	365,000	370,000	366.80
1	370,001	375,000	375,000
1	460,001	465,000	465.00
1	525,000	530,000	527,500
1	575,001	580,000	577,500
1	625,000	630,000	629.00
1	835,001	840,000	837,000
1	850,001	855,000	851,000
1	855,000	860,000	855,395
5	930,001	935,000	4,660,000
2	995,001	1,000,000	2,000,000

1	1,010.00	1,015,000	1,012.50
1	1,025,001	1,030,000	1,026,409
1	1,050,001	1,055,000	1,055,000
1	1,270,001	1,275,000	1,271,200
7	1,660,001	1,665,000	11,650.00
1	1,665,001	1,670,000	1,669,600
1	1,710,001	1,715,000	1,710,790
1	2,950,001	2,955,000	2,951,000
1	3,250,001	3,255.00	3,250,500
2	3,395.00	3,400,000	6,800,000
3	3,880,001	3,885,000	11,650,000
1	5,140,001	5,145.00	5,143,600
1	18,635,001	18,640.00	18,640,000
1	46,515,001	46,520,000	44,736,371

799	TOTAL		133,200,000
=====			

CATEGORIES OF SHAREHOLDERS

CATEGORY	DESCRIPTION	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE
1.	Individuals	756	52,019,730	40.06
2.	Investment Companies	28	21,543,200	16.17
3.	Insurance Company	1	300,000	0.23
4.	Joint Stock Companies	10	58,043,070	43.58
5.	Modaraba Company	1	138,000	0.10
6.	Foreign Companies	3	1,156,000	0.87

Total		799	133,200,000	100.00