



**Sitara
Energy
Limited**



**Quarterly Report March 31, 2020
(Un-Audited)**



Sitara Energy Limited

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(Sitara Energy Ltd and Its Subsidiary Company)

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Board of Directors

Ms. Noreen Javed (Chairperson)
Mr. Javed Iqbal (Chief Executive Officer)
Mr. Abdullah Javed
Mr. Shahid Hameed Sheikh
Ms. Naseem Akhtar
Ms. Haniah Javed
Mr. Mubashir Ahmed Zareen

Chief Financial Officer

Mr. Ijaz A. Babar - FCA

Company Secretary

Mr. Mazhar Ali Khan

Legal Advisor

Sahibzada Muhammad Arif

Share Registrar

THK Associates (Private) Limited
1st Floor, 40-C, Block-6,
P.E.C.H.S, Karachi - 75400.
UAN : +92 (21) 111-000-322
Ph: +92 (21) 34168270
Fax: +92 (21) 34168271
E-mail: aa@thk.com.pk

Registered Office

601-602 Business Centre, Mumtaz Hassan Road, Habib Bank Limited
Karachi – 74000

Plant

33 K.M., Sheikhupura Road, Faisalabad

Audit Committee

Mr. Shahid Hameed Sheikh (Chairman)
Mr. Abdullah Javed
Mr. Mubashir Ahmed Zareen

Human Resource & Remuneration Committee

Mr. Mubashir Ahmed Zareen (Chairman)
Mr. Javed Iqbal
Mr. Abdullah Javed

Auditors

M/s. RSM Avais Hyder Liaquat Nauman
(Chartered Accountants)

Bankers

Standrad Chartered Bank (Pak) Limited
Albaraka Bank (Pakistan) Limited
National Bank of Pakistan
First Women Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
The Bank of Punjab
MCB Bank Limited
United Bank Limited
Meezan Bank Limited
Allied Bank Limited
Silk Bank Limited
Askari Bank Limited
Summit Bank Limited

Website

<http://www.sitara.pk>

DIRECTORS' REVIEW

The Board of Directors of Sitara Energy Limited (the Company) is pleased to present their report together with the Condensed Interim Financial Information and its subsidiary for the 3rd quarter ended on March 31, 2020.

Operational Financial Results:

The financial results for the nine (9) months of the current financial year as compared with the nine (9) months of the last financial year are as under:-

Financial Highlights	July – March 2020	July – March 2019
	Rupees in thousand	Rupees in thousand
Sales – net	865,891	960,829
Cost of generation	768,480	963,401
Gross profit / (loss)	97,411	(2,572)
Gross profit /(loss) ratio to revenue	11.25%	(0.27)%
(Loss) after tax	(65,338)	(127,716)
(Loss) per share – Basic & diluted (Rupees)	(3.42)	(6.69)

Although the sales of the Company during nine (9) months of current financial year decreased to Rs. 865.891 Million in comparison with Rs. 960.829 Million during corresponding period of last financial year, yet the Company earned reasonable Gross Profit due to availability of furnace oil at viable rates during 3rd quarter, austerity measures taken by the management in manufacturing overheads and reasonable increase in electricity tariff. System gas is still not available since December 2018. RLNG price was not viable during the 3rd quarter as well. However, RLNG price is expected to come down at workable level in future months keeping in view a sharp decline in the price of crude oil in the international market and a recent reduction in RLNG price announced by the government in April 2020 accordingly.

Power plant generated 50,337 MWh of electricity during period of nine (9) months of current financial year on furnace oil and very nominal units on RLNG as compared with 65,832 MWh generated during corresponding period of the last financial year on system gas, RLNG and furnace oil.

The net loss for nine months of current financial year decreased to Rs. 65.338 Million in comparison with Rs 127.716 Million during corresponding period of the last financial year due to improvement in Gross Margin and reduction in operating expenses. However, finance cost remained a major challenge for the Company as a result of very high SBP policy rate of 13.25% p.a. with effect mid of July 2019 till mid of March 2020 when first time it was slashed down by SBP to mitigate the adverse effects of COVID-19 on the economic activities, to provide a relief to the industries for financial stability and to avoid unemployment in the country.

The profitable of the Company during quarter will mainly depends upon viable prices of furnace oil, RLNG, system gas (alongwith its availability), further reduction in SBP Policy rate coupled with lowering of banks' spread, maintaining existing level of electricity tariff and conducive power sector regulatory frame work etc. Most of these factors are expected to be favorable in the foreseeable future.

We take this opportunity to extend our heartiest gratitude to our all business partners and stakeholders, specially our banks and suppliers, who stood with our management in all difficult times and continuous support. We also appreciate dedication and passion of the employees in the larger interest of the Company under all circumstances

By order of the board



Javed Iqbal
Chief Executive Officer

Faisalabad:
April 24, 2020

ستارہ انرجی لمیٹڈ اور اسکی ذیلی کمپنی کا بورڈ آف ڈائریکٹرز، کمپنی کی تیسری ششماہی 31 مارچ 2020ء کی رپورٹ بمطابق عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

عملیاتی مالی نتائج:-

گزشتہ سال کے نومبر کے مقابلے میں رواں مالی سال کے نومبر کے مالیاتی نتائج حسب ذیل ہیں۔

مالیاتی اعداد و شمار	جولائی - مارچ 2020ء	جولائی - مارچ 2019ء
	پاکستانی روپے ہزاروں میں	پاکستانی روپے ہزاروں میں
فروخت آمدنی	865,891	960,829
پیداواری لاگت	768,480	963,401
مجموعی منافع	97,411	(2,572)
آمدنی میں مجموعی منافع کا تناسب	11.25%	(0.27)%
ٹیکسیشن کے بعد (نقصان)	(65,338)	(127,716)
ٹیکس (نقصان) / آمدنی Basic & diluted (Rs.)	(3.42)	(6.69)


اگرچہ رواں مالی سال کے نومبروں کی فروخت آمدنی گزشتہ مالی سال کی فروخت آمدن 960,829 ملین روپے سے کم ہو کر 865,891 ملین روپے ہو گئی ہے۔ پھر بھی کمپنی کے تیسرے کوارٹر میں مجموعی منافع کی وجہ فرانس آئل کی مناسب قیمت پر دستیابی، انتظامیہ کی طرف سے پیداواری لاگت میں مناسب اقدامات اور بجلی کے ٹیرف میں اضافہ کی وجہ سے ہے، سسٹم گیس دسمبر 2018ء سے دستیاب نہیں ہے۔ اس کے ساتھ ساتھ مائع قدرتی گیس کی قیمت قابل عمل نہیں تھی۔ تاہم انٹرنیشنل مارکیٹ میں خام تیل کی قیمتوں میں تیزی سے کمی کا ہونا، آنے والے مہینوں میں RLNG کی قیمت ورک اپیل پوزیشن پر آنے کی امید ہے۔ اور اس کے مطابق گورنمنٹ نے اپریل 2020ء میں RLNG کی قیمتوں میں کمی کرنے کا اعلان کیا ہے۔

پاور پلانٹ نے موجودہ مالی سال کے نومبروں کے دوران 50,337 MWH فرانس آئل پر اور قدرتی مائع گیس پر تھوڑے سے پونٹ بنائے۔ اور اس کے برعکس گزشتہ سال میں 65,832 MWH سسٹم گیس و قدرتی مائع گیس اور فرانس آئل پر بنائے تھے۔

موجودہ مالی سال کے پہلے نومبروں میں صافی نقصان 65,338 ملین روپے، جبکہ گزشتہ مالی سال کے نومبروں میں صافی نقصان 127,716 ملین روپے تھا۔ جسکی وجہ مجموعی منافع میں بہتری اور آپریشنل لاگت میں کمی ہے۔ تاہم فرانس آئل کی قیمتوں کے لئے ایک بڑا چیلنج رہا۔ جس کی وجہ SBP کے بہت اونچا پالیسی ریٹ 13.25% رہا جو کہ جولائی 2019ء کے وسط سے ابھی تک مارچ 2020ء کے وسط تک تھا۔ Covid-19 کے منفی اثرات کی وجہ سے پہلی دفعہ معاشی سرگرمیوں پر SBP کے ریٹ میں کمی ہوئی ہے۔ جو کہ ملک میں معاشی سرگرمیوں میں اضافہ اور بے روزگاری میں کمی کا باعث بنے گا۔

کوارٹر کے دوران کمپنی کا منافع بہت حد تک فرانس آئل، مائع قدرتی گیس / RLNG کی مناسب قیمتوں پر ساتھ ساتھ دستیابی اور مزید SBP کے پالیسی ریٹ میں کمی اور بجلی کے ٹیرف اور پاور سیکٹر کے سازگار ماحول پر ہے۔ آنے والے وقت میں ان میں سے زیادہ تر عوامل کمپنی کے لئے سازگار ہوں گے۔

ہم اس موقع پر اپنے تمام فرض و ہند، سپلائرز کی مشکل وقت میں اور عمل کی ادارے کے مفاد میں سخت محنت اور لگن پر ان کے مشکور ہیں۔

بجک بورڈ

 جاوید اقبال
 چیف ایگزیکٹو آفیسر

فیصل آباد
 24 اپریل 2020ء

SITARA ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2020

	(Un-audited) March 31, 2020	(Audited) June 30, 2019		(Un-audited) March 31, 2020	(Audited) June 30, 2019	
Note	Rupees in '000'		Note	Rupees in '000'		
EQUITY AND LIABILITIES			ASSETS			
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS			
Authorised capital			Property, plant and equipment	4	838,095	902,345
30,000,000 ordinary shares			Investment property	5	411,716	439,313
of Rs. 10/- each	300,000	300,000	Investment in subsidiary		49,995	49,995
			Long term loan		1,000	1,000
Issued, subscribed			Long term deposits		1,511	511
and paid up capital	190,920	190,920			1,302,317	1,393,164
Reserves						
Capital reserve - Share premium	143,190	143,190				
Revenue reserves						
General reserve	970,000	970,000				
Unappropriated profit	311,794	377,132				
	1,615,904	1,681,242				
NON-CURRENT LIABILITIES						
Long term financing	8,334	20,833				
CURRENT LIABILITIES			CURRENT ASSETS			
Trade and other payables	562,205	632,337	Stores, spares and loose tools		275,516	276,563
Unclaimed dividend	3,696	3,703	Stocks of oil and lubricants		80,945	22,157
Interest / mark up payable	188,003	75,876	Trade debts		556,654	561,033
Short term bank borrowings	1,020,755	982,314	Loans and advances	6	689,965	631,525
Current portion of			Deposits and prepayments		37,574	33,264
Long term financing	20,833	20,833	Other receivables		252,532	101,647
Provision for taxation - income tax 10	269	544	Tax refunds due from			
			Government		153,144	183,959
	1,795,761	1,715,607	Cash and bank balances	9	71,352	214,370
					2,117,682	2,024,518
CONTINGENCIES AND COMMITMENTS						
	3	-				
	3,419,999	3,417,682			3,419,999	3,417,682

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER

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DIRECTOR



CHIEF FINANCIAL OFFICER

SITARA ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

		Nine months ended March 31,		Quarter ended March 31,	
		2020	2019	2020	2019
Note		Rupees in 000			
Sales - net	8	865,891	960,829	527,725	229,192
Cost of generation	9	768,480	963,401	473,132	235,738
Gross profit / (loss)		97,411	(2,572)	54,593	(6,546)
Other income		21,375	46,434	10,681	27,232
		118,786	43,862	65,274	20,686
Operating expenses		50,687	60,180	17,602	18,667
Finance cost		133,325	108,731	42,081	41,566
		184,012	168,911	59,683	60,233
(Loss) / profit for the period before taxation		(65,226)	(125,049)	5,591	(39,547)
Provision for taxation	10	112	2,667	224	113
(Loss) / profit for the period		(65,338)	(127,716)	5,367	(39,660)
(Loss) / profit per share - Basic and diluted (Rupees)		(3.42)	(6.69)	0.28	(2.08)

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

SITARA ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Nine months ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
	Rupees in 000			
(Loss) / profit for the period	(65,338)	(127,716)	5,367	(39,660)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / profit for the period	(65,388)	(127,716)	5,367	(39,660)

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

SITARA ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Nine months ended March 31, 2020 2019	
	Rupees in 000	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) for the period before taxation	(65,226)	(125,049)
Adjustments for :		
Depreciation of property, plant and equipment	12,754	22,593
Depreciation of investment property	2,190	2,183
Provision for staff retirement benefits	766	1,545
(Gain) on disposal of operating assets	(8,334)	(43,856)
(Gain) on disposal of investment property	(11,435)	-
Finance cost	133,325	108,731
Operating cash flows before working capital changes	64,040	(33,853)
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	1,047	2,538
Stock of oil and lubricants	(58,788)	18,927
Trade debts	4,379	(163,676)
Loans and advances	(58,359)	106,959
Deposits and prepayments	(1,506)	(352)
Other receivables	(154,682)	(178,223)
Tax refunds due from government - sales tax	30,815	(23,355)
Increase in current liabilities		
Trade and other payables	(68,137)	(48,807)
	(305,231)	(285,989)
Cash (used in) operating activities	(241,191)	(319,842)
Staff retirement benefits paid	(960)	(1,475)
Finance cost paid	(21,198)	(95,009)
Income tax paid	(75)	(1,747)
Net cash (used in) operating activities	(263,424)	(418,073)
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	-	(83,224)
Proceeds from disposal of:		
Operating assets	59,829	120,000
Non Operating land	-	131,320
Investment property	36,842	-
Advance for purchase of land	(1,200)	-
long term deposits	(1,000)	-
Net cash generated from investing activities	94,471	168,096
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Liabilities against assets subject to finance lease	-	(1,761)
Long term financing	(12,499)	-
Increase in long term financing - net	-	145,833
Increase in short term bank borrowings - net	38,441	93,274
Dividend paid	(7)	(6)
Net cash generated from financing activities	25,935	237,340
Net (decrease) in cash and cash equivalents (a+b+c)	(143,018)	(12,637)
Cash and cash equivalents at the beginning of the period	214,370	20,594
Cash and cash equivalents at the end of the period	71,352	7,957

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

SITARA ENERGY LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Issued, subscribed and paid up capital	Capital reserve Share premium	Revenue reserve			Total
			General reserve	Unappropriated profit	Sub total	
Rupees in 000						
Balance as at July 01, 2018 - (Audited)	190,920	143,190	970,000	568,943	1,538,943	1,873,053
Total comprehensive (loss) for the period						
(Loss) for the period	-	-	-	(127,716)	(127,716)	(127,716)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(127,716)	(127,716)	(127,716)
Balance as at March 31, 2019 - (Un-audited)	190,920	143,190	970,000	441,227	1,411,227	1,745,337
Total comprehensive (loss) for the period						
(Loss) for the period	-	-	-	(64,095)	(64,095)	(64,095)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(64,095)	(64,095)	(64,095)
Balance as at June 30, 2019 - (Audited)	190,920	143,190	970,000	377,132	1,347,132	1,681,242
Total comprehensive (loss) for the period						
(Loss) for the period	-	-	-	(65,338)	(65,338)	(65,338)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(65,338)	(65,338)	(65,338)
Balance as at March 31, 2020 - (Un-audited)	190,920	143,190	970,000	311,794	1,281,794	1,615,904

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

SITARA ENERGY LIMITED
NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

1. STATUS AND ACTIVITIES

- 1.1** Sitara Energy Limited (the Company) is incorporated in Pakistan as a public limited Company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017 on May 30, 2017) and is listed on Pakistan stock exchange. The main object of the Company is generation and distribution of electricity. The registered office of the Company is situated at 601-602 Business Centre, Mumtaz Hasan Road, Karachi in the province of Sindh. The project is located at Tehsil Jaranwala, District Faisalabad in the province of Punjab.
- 1.2** These condensed interim financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

- 2.1.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017
- 2.1.2** Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.1.3** These condensed interim financial statements are unaudited as required under section 237 of Companies Act, 2017 and should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2019

2.2 Application of new and revised International Financial Reporting Standards

2.2.1 Standards, amendments to standards and interpretations becoming effective in current period

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

IFRS 16 – Leases

This standard replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The changes laid down by this standard do not have any impact on these condensed interim financial statements of the company.

2.2.2 Standards, amendments to standards and interpretations becoming effective in future periods

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2020 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2019.

2.3 Basis of preparation

These condensed interim consolidated financial statements have been prepared under the "historical cost convention".

2.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2019.

2.5 Estimates, judgments and risk management policies

- 2.5.1** The preparation of these financial statements are in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in these condensed interim financial statements are the same as those disclosed in the published audited financial statements for the year ended June 30, 2019.

- 2.5.2** Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2019.

3. CONTINGENCIES

There are no significant changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2019, except the following :

	(Un-Audited) March 31, 2019	(Audited) June 30, 2019
	----- Rupees in '000' -----	
Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas	154,809	155,809
Demand of late payment surcharge charged by SNGPL on non payment of gas Infrastructure development cess has not been acknowledged. The charge is challenged before The Sindh High Court on October 13, 2015 . The management is of the view that surcharge can only be levied on willful default, non payment of principal amount of GIDC is due to stay order granted by court of competent jurisdiction therefore LPS could not be charged. No provision of late payment surcharge has been made as the appeals against levy of GIDC are pending before the court of law.	293,014	208,501
The Company had executed Power Purchase Agreement (PPA) with Faisalabad Electric Supply Company (FESCO) which was expired in 2011, and was due for regularisation as per NEPRA rules. FESCO filed Power Acquisition Request (PAR) in 2011. NEPRA approved reduced fuel cost in 2017 and ordered to recover excess amount. Being aggrieved by the orders Company filed review petition before NEPRA which was dismissed by the Authority. The Company intends to file appeal before Islamabad High Court. The quantum of liability cannot be determined at this stage. The management believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.	-	-

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
Note		Rupees in '000'	
4. Property, plant and equipment			
Operating assets	4.1	813,123	877,373
Advance for purchase of property		24,972	24,972
		<u>838,095</u>	<u>902,345</u>
4.1 Operating assets			
Book value at beginning of period / year		877,373	906,297
Transfer from Capital work in progress during the period / year		-	141,607
Disposals during the period / year		(51,495)	(142,148)
Depreciation charged during the period / year		(12,755)	(28,383)
		<u>813,123</u>	<u>877,373</u>
5. Investment property			
Cost		430,110	455,517
Accumulated depreciation		(18,394)	(16,204)
Net book value		<u>411,716</u>	<u>439,313</u>
5.1 Reconciliation of written down value for the period / year			
Book value at beginning of period / year		439,313	29,107
Additions during the period / year		-	15,601
Transferred to investment property during the period/year		-	463,374
Disposals during the period / year		(25,407)	(65,858)
Depreciation charged during the period / year		(2,190)	(2,911)
		<u>411,716</u>	<u>439,313</u>
6. Loans and advances			
Considered good			
Loans to staff		646	1,102
Loan to subsidiary	6.1	620,734	620,704
Advances			
Suppliers		18,233	7,220
Income tax		75	1,809
For purchases / expenses		42,621	690
For purchases / expenses		7,656	-
		<u>689,965</u>	<u>631,525</u>

6.1 It represents the loan to subsidiary M/s Sitara International (Private) Limited. This Loan is interest free.

	(Un Audited) March 31, 2020	(Audited) June 30, 2019
	----- Rupees in '000' -----	
7. Cash and bank balances		
Cash in hand	31,357	15,987
Cash at banks		
In current accounts	39,995	198,383
	<u>71,352</u>	<u>214,370</u>

	Nine Months ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
	----- (Rupees in '000') -----			
8. Sales - net				

Electricity	1,012,365	1,966,793	614,571	1,164,198
Steam	10,298	12,060	8,613	931
	1,022,664	1,978,853	623,185	1,165,129
Less: Sales tax	(148,592)	(1,013,168)	(90,209)	(934,621)
	874,072	965,685	532,976	230,508
Less: Electricity duty	(8,181)	(4,856)	(5,251)	(1,316)
	<u>865,891</u>	<u>960,829</u>	<u>527,725</u>	<u>229,192</u>

9. Cost of generation

Cost of gas, oil and lubricants	9.1	725,133	866,971	455,718	209,984
Salaries, wages and benefits		20,832	35,674	7,477	9,648
Retirement benefits		485	1,020	146	284
Stores, spares and loose tools		5,603	24,847	3,659	6,276
Insurance		2,508	2,969	824	1,008
Repairs and maintenance		1,853	4,456	1,058	1,426
Depreciation		8,501	17,297	2,981	4,438
Other		3,565	10,167	1,269	2,674
		<u>768,480</u>	<u>963,401</u>	<u>473,132</u>	<u>235,738</u>

9.1 Cost of gas, oil and lubricants

Gas	7,589	374,468	165	65,174
Oil and lubricants	717,544	492,503	455,553	144,810
	<u>725,133</u>	<u>866,971</u>	<u>455,718</u>	<u>209,984</u>

10. Provision for taxation

Current					
For the period	10.1	269	874	224	113
For prior period		(157)	1,793	-	-
		<u>112</u>	<u>2,667</u>	<u>224</u>	<u>113</u>

- 10.1** The profits and gains derived by the Company from electric power generation project are exempt from levy of income tax under clause (132) of Part-I and clause 11A (v) of Part-IV of the Second Schedule to the Income Tax Ordinance, 2001 except rental income which is subject to tax under normal tax regime.

11. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of subsidiary, associated undertakings, key management personnel and post employment benefit plan. Significant transactions with related parties are as follows:-

Name of the related party	Relationship and Percentage	Transactions during the year	Nine Months ended 31, March	
			2020	2019
			Rupees in '000'	
Sitara Fabrics Limited	Associated company by virtue of common directorship	Sale of Electricity & steam	10,299	97,748
Sitara Fabrics Limited	Associated company by virtue of common directorship	Disposal of Machinery	59,829	-
Sitara Chemtek (Private) Limited	Associated company by virtue of common directorship	Sale of Electricity	-	2,982
Sitara Energy Limited Staff Provident Fund Trust	Other related party	Contribution for the period	766	1,545

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 24, 2020 by the Board of Directors of the Company.

13. GENERAL

- 13.1** Provisions for taxation made in these condensed interim financial statements are subject to adjustment in annual financial statements.

- 13.2** There is no unusual item included in these condensed interim financial statements which is affecting equity, liabilities, assets, (loss), comprehensive (loss) or cash flows of the Company.

- 13.3** Figures have been rounded off to the nearest thousand of Rupees except (loss) per share which is in Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

The annexed notes form an integral part of these condensed interim consolidated financial statements.

CHIEF FINANCIAL OFFICER

SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

		Nine months ended March 31,		Quarter ended March 31,	
		2020	2019	2020	2019
Note		Rupees in 000			
Sales - net	10	865,891	960,829	527,725	229,192
Cost of generation	11	768,480	963,401	473,132	235,738
Gross profit / (loss)		97,411	(2,572)	54,593	(6,546)
Other income		23,161	46,434	10,681	27,232
		120,572	43,862	65,274	20,686
Operating expenses		50,723	60,358	17,603	18,792
Finance cost		133,325	108,731	42,081	41,566
		184,048	169,089	59,684	60,358
(Loss) / profit for the period before taxation	12	(63,476)	(125,227)	5,590	(39,672)
Provision for taxation		112	2,667	224	113
(Loss) / profit for the period		(63,588)	(127,894)	5,366	(39,785)
Attributable to:					
Shareholders of the Parent		(63,588)	(127,893)	5,366	(39,784)
Non-controlling interest		-	(1)		(1)
		(63,588)	(127,894)	5,366	(39,785)
(Loss) / profit per share - Basic and diluted					
Attributable to shareholders of the Parent (Rupees)		(3.33)	(6.70)	0.28	(2.08)

The annexed notes form an integral part of these condensed interim consolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Statement of other Comprehensive Income

SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2020	2019	2020	2019
	Rupees in 000			
(Loss) / profit for the period	(63,588)	(127,894)	5,366	(39,785)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / profit for the period	(63,588)	(127,894)	5,366	(39,785)
Attributable to:				
Shareholders of the Parent	(63,588)	(127,893)	5,366	(39,784)
Non-controlling interest	-	(1)	-	(1)
	(63,588)	(127,894)	5,366	(39,785)

The annexed notes form an integral part of these condensed interim consolidated financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Statement of Cash Flows

SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Nine Month ended March 31,	
	2020	2019
	Rupees in 000	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) for the period before taxation	(63,476)	(125,227)
Adjustments for :		
Depreciation of property, plant and equipment	12,756	22,595
Depreciation of investment property	2,190	2,183
Provision for staff retirement benefits	766	1,545
(Gain) on disposal of operating assets	(8,334)	(43,856)
(Gain) on disposal of investment property	(11,435)	-
(Gain) arising from change in fair value of investment property	(1,786)	-
Finance cost	133,325	108,731
Operating cash flows before working capital changes	64,006	(34,029)
Changes in working capital		
Decrease / (increase) in current assets		
Stores, spares and loose tools	1,047	(4,784)
Stock	(58,788)	118,874
Trade debts	4,379	(156,904)
Loans and advances	(57,029)	(78,306)
Deposits and prepayments	(1,506)	(6,237)
Other receivables	(154,682)	(2,465)
Tax refunds due from Government	30,092	(65,654)
Increase in current liabilities		
Trade and other payables	(68,106)	217,865
	(304,593)	22,389
Cash (used in) operating activities	(240,587)	(11,640)
Staff retirement benefits paid	(960)	(1,966)
Finance cost paid	(21,198)	(93,361)
Income tax paid	(732)	(2,325)
Net cash (used in) operating activities	(263,477)	(109,292)
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in Property, Plant and equipment	-	(15,900)
Proceeds from disposal of:		
Operating assets	59,829	-
Non operating land	36,842	12,900
Advance for purchase of land	(1,200)	
Long term deposits	(1,000)	
Net cash generated from (used in) from investing activities	94,471	(3,000)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Liabilities against assets subject to finance lease	-	(1,925)
Long term financing	(12,499)	-
Increase in short term bank borrowings - net	38,441	115,431
Dividend paid	(7)	(60)
Net cash generated from financing activities	25,935	113,446
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(143,071)	1,154
Cash and cash equivalents at the beginning of the period	222,092	66,328
Cash and cash equivalents at the end of the period	79,021	67,482

The annexed notes form an integral part of these condensed interim consolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Statement of Changes in Equity

SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserve			Total	Non controlling interest
		Share premium	General reserve	Unappropriated profit	Sub total		
Rupees in 000							
Balance as at July 01, 2018 - (Audited)	190,920	143,190	970,000	567,998	1,537,998	1,872,108	7
Total comprehensive income for the period							
(Loss) for the period	-	-	-	(127,894)	(127,894)	(127,894)	-
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	(127,894)	(127,894)	(127,894)	-
Balance as at March 31, 2019 - (Un-audited)	190,920	143,190	970,000	440,104	1,410,104	1,744,214	7
Total comprehensive income for the period							
(Loss) for the period	-	-	-	(62,309)	(62,309)	(62,309)	-
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	(62,309)	(62,309)	(62,309)	-
Balance as at June 30, 2019 - (Audited)	190,920	143,190	970,000	377,795	1,347,795	1,681,905	7
Total comprehensive income for the period							
(Loss) for the period	-	-	-	(63,588)	(63,588)	(63,588)	-
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	(63,588)	(63,588)	(63,588)	-
Balance as at March 31, 2020 - (Un-audited)	190,920	143,190	970,000	314,207	1,284,207	1,618,317	7

The annexed notes form an integral part of these condensed interim consolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY
NOTES TO THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

1. GROUP STATUS AND ACTIVITIES

- 1.1** The Group consists of Sitara Energy Limited (the Parent) and Sitara International (Private) Limited (the Subsidiary).

The Parent is incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017 on May 30, 2017) and is listed on Pakistan stock exchange. The main object of the Parent is generation and distribution of electricity. The registered office of the Parent is situated at 601-602 Business Centre, Mumtaz Hasan Road, Karachi, in the province of Sindh. The project is located at Tehsil Jaranwala, District Faisalabad in the province of Punjab.

The Subsidiary is incorporated in Pakistan as a private limited company under the Companies Ordinance, 1984 (the Repealed Ordinance). The principal activity of the Subsidiary is trading in textile goods / machinery and real estate business. The registered office of the Subsidiary is situated at 601-602 Business Centre, Mumtaz Hasan Road, Karachi, in the province of Sindh.

- 1.2** These consolidated condensed interim financial statements are presented in Pak Rupee, which is the Group's functional and presentation currency.

2. BASIS OF CONSOLIDATION

These condensed interim consolidated financial statements includes the condensed interim financial statements of Sitara Energy Limited and its Subsidiary Sitara International (Private) Limited. The condensed interim consolidated financial statements of the Parent and Subsidiary are combined on a line by line basis.

All intra-company balances, transactions and resulting unrealised profits, if any, are eliminated.

Non-controlling is that part of the net results of the operations and net assets of the Subsidiary attributable to interest which are not owned by the Parent.

3. SIGNIFICATION ACCOUNTING POLICIES

3.1 Statement of compliance

- 3.1.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

- 3.1.2** Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 3.1.3** These condensed interim financial statements are unaudited as required under section 237 of Companies Act, 2017 and should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2019

- 3.1.4** These condensed interim consolidated financial statements do not include all the information required for complete set of consolidated financial statements, and should be read in conjunction with the Group's published audited consolidated financial statements for the year ended June 30, 2019.

3.2 Application of new and revised International Financial Reporting Standards (IFRSs)**3.2.1 Standards, amendments to standards and interpretations becoming effective in current period**

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

IFRS 16 – Leases

This standard replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The changes laid down by this standard do not have any impact on these condensed interim consolidated financial statements of the company.

3.2.2 Standards, amendments to standards and interpretations becoming effective in future periods

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2020 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2019.

3.3 Basis of preparation

This condensed interim consolidated financial information has been prepared under the "historical cost convention" except investment property and available for sale investments which are stated at their fair value.

3.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the published audited consolidated financial statements for the year ended June 30, 2019.

3.5 Estimates, judgments and risk management policies

3.5.1 The preparation of consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in this condensed interim consolidated financial statements are the same as those disclosed in the published audited consolidated financial statements for the year ended June 30, 2019.

3.5.2 Risk management policies and procedures are consistent with those disclosed in the published audited consolidated financial statements for the year ended June 30, 2019.

4. CONTINGENCIES & COMMITMENTS**4.1 Contingencies**

There are no significant changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2019, except the following :

	(Un-Audited) March 31, 2020	(Audited) June 30, 2019
	----- Rupees in '000' -----	
Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas	154,809	155,809
Demand of late payment surcharge charged by SNGPL on non payment of gas Infrastructure development cess has not been acknowledged. The charge is challenged before The Sindh High Court on October 13, 2015 . The management is of the view that surcharge can only be levied on willful default, non payment of principal amount of GIDC is due to stay order granted by court of competent jurisdiction therefore LPS could not be charged. No provision of late payment surcharge has been made as the appeals against levy of GIDC are pending before the court of law.	293,014	208,501
The Parent had executed Power Purchase Agreement (PPA) with Faisalabad Electric Supply Company (FESCO) which was expired in 2011, and was due for regularisation as per NEPRA rules. FESCO filed Power Acquisition Request (PAR) in 2011. NEPRA approved reduced fuel cost in 2017 and ordered to recover excess amount. Being aggrieved by the orders Parent filed review petition before NEPRA which was dismissed by the Authority. The Parent intends to file appeal before Islamabad High Court. The quantum of liability cannot be determined at this stage. The management believes that there is reasonable probability that the matter will be decided in favor of the Parent. Pending the outcome of the matter, no provision has been made in these financial statements.	-	-
4.2 Commitments		
Under agreement for purchase of land	69,000	69,000

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
Note		Rupees in '000'	
5. Property, plant and equipment			
Operating assets	5.1	813,147	877,398
Advance for purchase of land		24,972	24,972
		838,119	902,370
5.1 Operating fixed assets			
Book value at beginning of period / year		877,398	906,325
Transfer from Capital work in progress during the period / year		-	141,607
Disposals during the period / year		(51,495)	(142,148)
Depreciation charged during the period / year		(12,756)	(28,386)
		813,147	877,398
6. Investment property			
Cost		430,110	455,517
Accumulated depreciation		(18,394)	(16,204)
Net book value		411,716	439,313
6.1 Reconciliation of written down value for the period / year			
Book value at beginning of period / year		439,313	29,107
Additions during the period / year		-	15,601
Transferred from non-operating land during the period / year		-	463,374
Disposals during the period / year		(25,407)	(65,858)
Depreciation charged during the period / year		(2,190)	(2,911)
		411,716	439,313
7. Investment property			
Cost		25,145	25,145
Increase in fair value of investment property		40,044	38,258
		65,189	63,403

7.1 The investment property comprises of 89 Kanals and 6 Marlas of land situated at Chak # 198 R.B, District Faisalabad and was held for capital appreciation.

7.2 The fair value of the investment property has been determined on the basis of market value by an independent valuer as at March 31, 2020.

7.3 The forced sale value of investment property is approximately Rs. 55.41 million as at March 31, 2020.

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
Note		Rupees in '000'	
8. Loans and advances			
	8.1	258,575	201,472

8.1 It includes advance of Rs. 147.7 million for purchase of land through associated undertakings for development project under joint venture arrangement.

	(Un Audited) March 31, 2020	(Audited) June 30, 2019
----- Rupees in '000' -----		
9. Cash and bank balances		
Cash in hand	37,910	22,593
Cash at banks		
In current accounts	41,111	199,499
	<u>79,021</u>	<u>222,092</u>

	Nine Months ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
Note (Rupees in '000')				
10 Sales - net				
Electricity	1,012,366	1,966,793	614,572	1,164,198
Steam	10,298	12,060	8,613	931
	1,022,664	1,978,853	623,185	1,165,129
Less: Sales tax	(148,592)	(1,013,168)	(90,209)	(934,621)
	874,072	965,685	532,976	230,508
Less: Electricity duty	(8,181)	(4,856)	(5,251)	(1,316)
	<u>865,891</u>	<u>960,829</u>	<u>527,725</u>	<u>229,192</u>
11. Cost of generation				
Cost of gas, oil and lubricants 11.1	725,133	866,971	455,718	209,984
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Insurance	2,508	2,969	824	1,008
Repairs and maintenance	1,853	4,456	1,058	1,426
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Other	3,565	10,167	1,269	2,674
	<u>768,480</u>	<u>963,401</u>	<u>473,132</u>	<u>235,738</u>
11.1 Cost of gas, oil and lubricants				
Gas	7,589	374,468	165	65,174
Oil and lubricants	717,544	492,503	455,553	144,810
	<u>725,133</u>	<u>866,971</u>	<u>455,718</u>	<u>209,984</u>
12. Provision for taxation				
Current				
For the period 12.1	269	874	224	113
For prior period	(157)	1,793	-	-
	<u>112</u>	<u>2,667</u>	<u>224</u>	<u>113</u>

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Name of the related party	Relationship and Percentage	Transactions during the year	Nine Months ended 31, March	
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			Rupees in '000'	
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Sitara Energy Limited Staff Provident Fund Trust	Other related party	Contribution for the period	766	1,545

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on April 24, 2020 by the Board of Directors of the Parent.

15. GENERAL

- 15.1** Provisions for taxation made in these condensed interim financial statements are subject to adjustment in annual financial statements.

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- 15.3** Figures have been rounded off to the nearest thousand of Rupees except (loss) per share which is in Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



If undelivered please return to:

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