



## **Sitara Energy Limited**

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## **Consolidated Accounts**

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### **Board of Directors**

Ms. Noreen Javed (Chairperson)  
Mr. Javed Iqbal (Chief Executive Officer)  
Mr. Abdullah Javed  
Mr. Shahid Hameed Sheikh  
Mst. 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,  
Karachi – 74000

### **Plant**

33 K.M., Sheikhpura 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**

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  
Habib 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 first quarter ended September 30, 2020.

### Financial Results:

The Financial results for the first quarter of the current financial year, in comparison with the first quarter of the last year, are as under:-

Financial Highlights	July - September 2020	July - September 2019
	Rupees in thousand	Rupees in thousand
Sales - net	205,508	78,588
Cost of generation	177,989	76,430
Gross profit	27,519	2,158
Gross profit ratio to revenue	13.39%	2.75%
(Loss) after tax	(22,863)	(51,362)
(Loss) per share - Basic & diluted (Rs.)	(1.20)	(2.69)

The Sales of the Company is Rs. 205.508 Million during the first quarter of the current financial year in comparison with Rs. 78.588 Million during the first quarter of the last financial year. The reason for increase in sales is comparatively higher load demand by Bulk Power Consumer (BPCs) depending upon viability of our tariff as a result of workable prices of fuels.

The gross profit of the company increased to Rs. 27.519 Mln during the first quarter of the current financial year in comparison with Rs. 2.158 Mln during the first quarter of the last financial year due to the substantial decrease in fuel prices and resultant reduction in cost of generation. Accordingly, the net loss for the first quarter of the current financial year also reduced to Rs. 22.863 Million in comparison with Rs. 51.362 Mln during the first quarter of the last financial year due to reduction in finance cost on account of cut in SBP Policy Rate/KIBOR and reduction in financing facilities.

During the first quarter of the current financial year, the Company generated 16,525 MWh of electricity as compared with 3,701 MWh generated during the first quarter of the last financial year.

The profitability of the Company during the financial year 2020-21 will largely depends upon viable prices of fuels (RLNG & RFO) and increase in the consumer end tariff by NEPRA/DISCOs.

We extend our heartfelt gratitude to all our lenders and suppliers for their continuous support in difficult time and dedicated work by the management and all the employees in larger interest of the company.

By order of the board

Faisalabad:  
October 29, 2020

Javed Iqbal  
CHIEF EXECUTIVE OFFICER



ستارہ انرجی لمیٹڈ کا بورڈ آف ڈائریکٹرز اور اس کے ذیلی ادارے کی پہلی سہ ماہی 30 ستمبر 2020ء کی ملخص عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہا ہیں۔

مالی نتائج:

گزشتہ سال کی پہلی سہ ماہی کے مقابلے میں رواں مالی سال کی پہلی سہ ماہی کے مالیاتی نتائج حسب ذیل ہیں۔

مالیاتی اعداد و شمار	جولائی - ستمبر 2020	جولائی - ستمبر 2019
	پاکستانی روپے ہزاروں میں	پاکستانی روپے ہزاروں میں
فروخت آمدنی	<b>205,508</b>	78,588
پیداواری لاگت	<b>177,989</b>	76,430
مجموعی منافع	<b>27,519</b>	2,158
آمدنی میں مجموعی منافع کا تناسب	<b>13.39%</b>	2.75%
ٹیکسیشن کے بعد (نقصان)	<b>(22,863)</b>	(51,362)
فی شیئر (نقصان) Basic & diluted (Rs.)	<b>(1.20)</b>	(2.69)

رواں مالی سال کی پہلی سہ ماہی کی فروخت آمدنی 205,508 ملین روپے ہے۔ جبکہ گزشتہ مالی سال کی فروخت آمدنی 78,588 ملین روپے تھی۔ اسکی بڑی وجہ بلک پاور کنزیومر (BPCs) کی طرف سے طلب میں اضافہ اور فیول کی مناسب قیمتوں کے ساتھ نتیجتاً ہمارے ٹیرف (Tariff) کا مناسب ہونا ہے۔ پہلی سہ ماہی کے اختتام پر مجموعی منافع 27,519 ملین روپے ہیں۔ جبکہ ستمبر 2019ء میں مقابلہ 2,158 ملین روپے تھا۔ اس کی وجہ فیول کی لاگت اور نتیجتاً پیداواری لاگت میں کمی ہوئی ہے۔ اس کے مطابق پہلی سہ ماہی کے اختتام پر صاف نقصان کم ہو کر 22,863 ملین روپے ہو گیا ہے۔ جبکہ اس کے مقابلہ میں ستمبر 2019ء میں 51,362 ملین روپے تھا۔ اسکی بڑی وجہ (SBP) پالیسی ریٹ/کانٹریس کمی، فنانس کی لاگت کا کم ہونا اور فنانسنگ کی سہولیات میں کمی ہے۔

گزشتہ مالی سال کی پہلی سہ ماہی میں پیدا ہونے والے 3,701 میگا واٹ آورز کی نسبتاً 16,525 میگا واٹ آورز پیدا کیے۔

مالی سال 2020-21ء میں کئی کامیاب منافع بہت حد تک ایک طرف تو مناسب قیمتوں پر فیول کی فراہمی (فرنس آئل اور سسٹم گیس/مائع گیس) اور پمپ/ڈسکوز کی طرف سے ٹیرف (Tariff) میں اضافے پر ہے۔

ہم اپنے تمام قرض دہندہ سپلائرز کی مشکل وقت میں انتظامیہ اور عملہ کی ادارے کے مفاد میں دلچسپی، دلچسپی اور سخت محنت پر ان کے دل و جان سے مشکور ہیں

بحکم بورڈ

جاوید اقبال

چیف ایگزیکٹو آفیسر

فیصل آباد

29 اکتوبر 2020ء

## Statement of Financial Position



**Sitara Energy Limited**

Unaudited First Quarter  
Accounts 2020



### Condensed Interim Statement of Financial Position (Unaudited) As at September 30, 2020

	Un-audited September 30, 2020	(Audited) June 30, 2020		Un-audited September 30, 2020	(Audited) June 30, 2020	
Note		Rupees in '000'		Note		
<b>SHARE CAPITAL AND RESERVES</b>			<b>NON-CURRENT ASSETS</b>			
Authorised capital			Property, plant and equipment	5	702,273	786,566
30,000,000 ordinary shares			Investment property	6	410,697	411,287
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	1,511
and paid up capital	190,920	190,920			1,165,476	1,250,359
Capital reserve - share premium	143,190	143,190				
Revenue reserves	1,188,640	1,211,503				
	3					
	1,522,750	1,545,613				
<b>NON-CURRENT LIABILITIES</b>						
Long term financing	4,167	4,167				
<b>CURRENT LIABILITIES</b>			<b>CURRENT ASSETS</b>			
Trade and other payables	576,630	548,961	Stores, spares and loose tools		275,767	273,129
Unclaimed dividend	3,703	3,703	Stock of oil and lubricants		27,403	19,385
Interest / mark up payable	244,445	221,382	Trade debts		627,403	516,750
Short term bank borrowings	1,007,751	1,013,751	Loans and advances		630,109	639,671
Current portion of:			Deposits and prepayments		39,029	35,222
Long term financing	25,000	25,000	Other receivables		299,117	221,984
Provision for taxation - income tax	2,006	1,614	Tax refunds due from Government		106,045	133,049
	1,859,535	1,814,411	Cash and bank balances	7	216,103	274,642
					2,220,976	2,113,832
<b>CONTINGENCIES AND COMMITMENTS</b>						
	4					
	-	-				
	3,386,452	3,364,191				
	3,386,452	3,364,191				

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**Condensed Interim Statement of Profit or Loss Account (Unaudited)  
For the First Quarter ended September 30, 2020**

		Quarter ended September 30, 2020	Quarter ended September 30, 2019
	Note	----- Rupees in '000' -----	
Sales - net	8	205,508	78,588
Cost of generation	9	177,989	76,430
Gross profit		27,519	2,158
Other operating income		1,448	10,528
		28,967	12,686
Operating expenses		14,660	16,910
Other Operating expenses		11,921	-
Finance cost		24,857	47,138
		51,438	64,048
(Loss) for the period before taxation		(22,471)	(51,362)
Provision for taxation		392	-
(Loss) for the period		(22,863)	(51,362)
(Loss) per share - Basic and diluted		(1.20)	(2.69)

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**Condensed Interim Statement of Comprehensive Income (Unaudited)  
For the First Quarter ended September 30, 2020**

	Quarter ended September 30, 2020	Quarter ended September 30, 2019
	----- Rupees in '000' -----	
(Loss) for the period	(22,863)	(51,362)
Other comprehensive income for the period	-	-
Total comprehensive (loss) for the period	(22,863)	(51,362)

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**Condensed Interim Statement of Cash Flow Statement (Unaudited)  
For the First Quarter ended September 30, 2020**

	Quarter ended September 30, 2020	Quarter ended September 30, 2019
----- Rupees in '000' -----		
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) for the period before taxation	(22,471)	(51,362)
Adjustments for:		
Depreciation of property, plant and equipment	6,373	4,334
Depreciation of investment property	589	730
Provision for staff retirement benefits	230	327
Loss / (Gain) on disposal of:		
Property, plant and equipment	11,921	(8,334)
Investment Property	-	(2,167)
Finance cost	24,857	47,138
Operating cash flows before working capital changes	21,499	(9,334)
Changes in working capital		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(2,638)	691
Stock of oil and lubricants	(8,018)	(5,344)
Trade debts	(110,653)	24,139
Loans and advances	8,891	(95)
Deposits and prepayments	(3,808)	(13,376)
Other receivables	(77,131)	(153,193)
Sales Tax refund due from government	27,004	11,309
Increase in current liabilities		
Trade and other payables	28,952	8,682
	(137,401)	(127,187)
Cash (used in) operating activities	(115,902)	(136,521)
Income tax paid	(670)	(87)
Staff retirement benefits paid	(173)	(438)
Finance cost paid	(1,794)	(12,809)
Net cash (used in) operating activities	(118,539)	(149,855)
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of:		
Property, plant and equipment	66,000	70,000
Investment Property	-	2,800
Net cash generated from investing activities	66,000	72,800
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of:		
(Decrease) / Increase in short term bank borrowings - net	(6,000)	16,730
Net cash (use in) / generated from financing activities	(6,000)	16,730
Net (decrease) in cash and cash equivalents (a+b+c)	(58,539)	(60,325)
Cash and cash equivalents at the beginning of the period	274,642	214,370
Cash and cash equivalents at the end of the period	216,103	154,045

The annexed notes form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



## Statement of Changes in Equity



**Sitara Energy Limited**

Unaudited First Quarter  
Accounts 2020



### Condensed Interim Statement of Changes in Equity (Unaudited) For the First Quarter ended September 30, 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, 2019	190,920	143,190	970,000	377,132	1,347,132	1,681,242
<b>Total comprehensive (loss) for the period</b>						
(Loss) for the period	-	-	-	(51,362)	(51,362)	(51,362)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(51,362)	(51,362)	(51,362)
Balance as at September 30, 2019	190,920	143,190	970,000	325,770	1,295,770	1,629,880
<b>Total comprehensive (loss) for the period</b>						
(Loss) for the period	-	-	-	(84,267)	(84,267)	(84,267)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(84,267)	(84,267)	(84,267)
Balance as at June 30, 2020	190,920	143,190	970,000	241,503	1,211,503	1,545,613
<b>Total comprehensive (loss) for the period</b>						
(Loss) for the period	-	-	-	(22,863)	(22,863)	(22,863)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(22,863)	(22,863)	(22,863)
Balance as at September 30, 2020	190,920	143,190	970,000	218,640	1,188,640	1,522,750

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



## **Selected Explanatory Notes to the Condensed Interim Financial Information (Unaudited) For The First Quarter Ended September 30, 2020**

### **1. STATUS AND ACTIVITIES**

**1.1** Sitara Energy Limited (the Company) is incorporated in Pakistan as a public limited Company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017 on May 30, 2017) and is listed on Pakistan Stock Exchange Limited. 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 generation plant is located at 33-K.M. Sheikhpura Road, Tehsil Jaranwala, District Faisalabad in the province of Punjab.

**1.2** The 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 financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS's) 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.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS's, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.1.2** 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, 2020

#### **2.2 Application of new and revised International Financial Reporting Standards (IFRSs)**

##### **2.2.1 Standards, amendments to standards and interpretations becoming effective in current year**

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2020 and therefore, have been applied in preparing these financial statements.

##### **Amendments to IFRS 9 Prepayment Features with Negative Compensation**



The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

The application of amendments has no material impact on the financial statements of the company.

#### **2.2.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant**

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2020 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

#### **2.3 Basis of preparation**

This condensed interim financial information has 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 this condensed interim financial information are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2020.

#### **2.5 Critical accounting estimates and judgments**

**2.5.1** The preparation of financial statements in conformity with International Accounting Standards / International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the impairment of investments in subsidiary, contingencies, investment property valuation, useful life of depreciable assets, provision for taxation, doubtful receivables and slow moving inventory. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

**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, 2020.



3. REVENUE RESERVES	Note	(Un Audited)	(Audited)
		September 30, 2020	June 30, 2020
Rupees in '000'			
General reserve	3.1	970,000	970,000
Unappropriated profit			
Opening balance		241,503	377,132
Total comprehensive loss for the period		(22,863)	(135,629)
		218,640	241,503
		1,188,640	1,211,503

3.1 The general reserve is an appropriation from accumulated profits and transferred to unappropriated profit for distribution as and when required.

#### 4. CONTINGENCIES AND COMMITMENTS

There are no significant changes in contingent and commitments liabilities since the date of published audited financial statements for the year ended June 30, 2020

5. Property, plant and equipment	Note	(Un Audited)	(Audited)
		September 30, 2020	June 30, 2020
Rupees in '000'			
Operating assets	5.1	678,773	763,066
Advance for purchase of land		23,500	23,500
		702,273	786,566
<b>5.1 Operating fixed assets</b>			
Book value at beginning of period / year		763,066	877,373
Add: Transfer/addition during the period/year	5.1.1	-	108
Less: Transfer / disposal during the period / year		(77,920)	(96,900)
Depreciation charge during the period / year		(6,372)	(17,515)
		678,773	763,066
<b>5.1.1 Additions to operating fixed assets, during the period / year were as follow</b>			
Office Equipment		-	108
		-	108

## Notes to the Financial Statements



## Sitara Energy Limited

Unaudited First Quarter  
Accounts 2020



	(Un Audited) September 30, 2020	(Audited) June 30, 2020
Note	----- Rupees in '000' -----	
<b>6. Investment property</b>		
Cost	42,400	42,400
Accumulated depreciation	(19,413)	(18,824)
	22,987	23,576
Freehold land	387,710	387,710
	<u>410,697</u>	<u>411,286</u>
<b>6.1 Reconciliation of written down value for the period / year</b>		
Book value at beginning of period / year	23,576	26,196
Depreciation charged during the period / year	(589)	(2,620)
	<u>22,987</u>	<u>23,576</u>
<b>7. Cash and bank balances</b>		
Cash in hand	104,236	35,333
Cash at banks		
In current accounts	111,867	12,312
In CDC account - Refund bonds	-	106,400
	<u>216,103</u>	<u>154,045</u>
	<b>Quarter ended September 30, 2020</b>	<b>Quarter ended September 30, 2019</b>
Note	----- Rupees in '000' -----	
<b>8. Sales - net</b>		
Electricity	237,044	92,377
Steam	5,754	-
	242,798	92,377
Less: Sales tax	(35,278)	(13,422)
	207,520	78,955
Less: Electricity duty	(2,012)	(367)
	<u>205,508</u>	<u>78,588</u>
<b>9. Cost of generation</b>		
Cost of gas, oil and lubricants	152,010	63,165
Salaries and wages and benefits	8,094	6,883
Staff retirement benefits	155	192
Stores, spares and loose tools	10,293	992
Insurance	719	842
Repairs and maintenance	352	460
Depreciation	5,267	2,917
Other	1,099	979
	<u>177,989</u>	<u>76,430</u>



Quarter ended September 30, 2020	Quarter ended September 30, 2019
----- Rupees in '000' -----	

**9.1 Cost of gas, oil and lubricants**

Gas	123,747	7,380
Oil and lubricants	28,263	55,785
	<u>152,010</u>	<u>63,165</u>

**10. 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	Transaction during the year	Quarter ended September 30, 2020	Quarter ended September 30, 2019
----- Rupees in '000' -----				
Sitara Fabrics Limited	Associated company by virtue of common directorship	Sale of Electricity & Steam	18,679	-
Sitara Energy Limited Staff Provident Fund Trust	Other related party	Contribution for the period	230	327

**11. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial report was authorised for issue on October 29, 2020 by the Board of Directors of the Company.

**12. GENERAL**

- 12.1** No provision for taxation has been made in this condensed Interim financial report as the profits and gains derived by the Company from electric power generation project are exempt from levy of Income tax.
- 12.2** There is no unusual item included in this condensed interim financial report which is affecting equity, liabilities, assets, (loss), comprehensive (loss) or cash flows of the Company.
- 12.3** 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

## Consolidated Statement of Financial Position


Sitara Energy Limited & Its Subsidiary  
Unaudited First Quarter  
Accounts 2020



### Condensed Interim Consolidated Statement of Financial Position (Unaudited) As at September 30, 2020

	Un-audited September 30, 2020	(Audited) June 30, 2020		Un-audited September 30, 2020	(Audited) June 30, 2020
		Note			
		Rupees in '000'			
<b>SHARE CAPITAL AND RESERVES</b>			<b>NON-CURRENT ASSETS</b>		
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each	300,000	300,000	Property, plant and equipment	6 702,294	786,589
Issued, subscribed and paid up capital	190,920	190,920	Investment property	7 410,697	411,287
Capital reserve - share premium	143,190	143,190	Long term loan	1,000	1,000
Revenue reserves	4 1,192,712	1,215,576	Long term deposits	1,511	1,511
	1,526,822	1,549,686		1,115,502	1,200,387
Non-controlling interest	7	7			
	1,526,829	1,549,693			
<b>NON-CURRENT LIABILITIES</b>					
Long term financing	4,167	4,167			
<b>CURRENT LIABILITIES</b>			<b>CURRENT ASSETS</b>		
Trade and other payables	577,797	550,129	Stores, spares and loose tools	275,767	273,129
Unclaimed dividend	3,703	3,703	Stock	437,540	429,522
Interest / mark up payable	244,445	221,382	Investment Property	66,975	66,975
Short term bank borrowings	1,007,751	1,013,751	Trade debts	627,403	516,749
Current portion of:			Loans and advances	198,674	208,237
Long term financing	25,000	25,000	Deposits and prepayments	39,030	35,222
Provision for taxation - income tax	2,006	1,614	Other receivables	299,117	221,984
	1,860,702	1,815,579	Tax refunds due from Government	107,918	134,923
			Cash and bank balances	8 223,772	282,311
				2,276,196	2,169,052
<b>CONTINGENCIES AND COMMITMENTS</b>					
	5 -	-			
	3,391,698	3,369,439			
				3,391,698	3,369,439

The annexed notes form an integral part of this condensed interim consolidated financial information.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**Condensed Interim Consolidated Statement of Profit or Loss Account (Unaudited)**  
**For the First Quarter ended September 30, 2020**

		Quarter ended September 30, 2020	Quarter ended September 30, 2019
	Note	----- Rupees in '000' -----	
Sales - net	9	205,508	78,588
Cost of generation and sales	10	177,989	76,430
Gross profit		27,519	2,158
Other operating income		1,448	10,528
		28,967	12,686
Operating expenses		14,661	16,961
Other Operating expenses		11,921	-
Finance cost		24,857	47,138
		51,439	64,099
(Loss) for the period before taxation		(22,472)	(51,413)
Provision for taxation		392	-
(Loss) for the period		(22,864)	(51,413)
Attributable to:			
Shareholders of the Parent		(22,864)	(51,413)
Non-controlling interest		-	-
		(22,864)	(51,413)
(Loss) per share - Basic and diluted		(1.20)	(2.69)

The annexed notes form an integral part of this condensed interim consolidated financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER





**Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)  
For the First Quarter ended September 30, 2020**

	Quarter ended September 30, 2020	Quarter ended September 30, 2019
----- Rupees in '000' -----		
(Loss) for the period	(22,864)	(51,413)
Other comprehensive income for the period	-	-
Total comprehensive (loss) for the period	(22,864)	(51,413)
Attributable to:		
Shareholders of the Parent	(22,864)	(51,413)
Non-controlling interest	-	-
	(22,864)	(51,413)

The annexed notes form an integral part of this condensed interim consolidated financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**Condensed Interim Consolidated Statement of Cash Flow Statement (Unaudited)  
For the First Quarter ended September 30, 2020**

	Quarter ended September 30, 2020	Quarter ended September 30, 2019
----- Rupees in '000' -----		
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) for the period before taxation	(22,472)	(51,413)
Adjustments for:		
Depreciation of property, plant and equipment	6,374	4,335
Depreciation of investment property	589	730
Provision for staff retirement benefits	230	327
Loss / (Gain) on disposal of:		
Property, plant and equipment	11,921	(8,334)
Investment Property	-	(2,167)
Finance cost	24,857	47,138
Operating cash flows before working capital changes	21,499	(9,384)
Changes in working capital		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(2,638)	691
Stock of oil and lubricants	(8,018)	(5,344)
Trade debts	(110,653)	24,139
Loans and advances	8,891	(95)
Deposits and prepayments	(3,808)	(13,376)
Other receivables	(77,131)	(153,193)
Sales Tax refund due from government	27,004	11,309
Increase in current liabilities		
Trade and other payables	28,952	8,682
	(137,401)	(127,187)
Cash (used in) operating activities	(115,902)	(136,571)
Income tax paid	(670)	(87)
Staff retirement benefits paid	(173)	(438)
Finance cost paid	(1,794)	(12,809)
Net cash (used in) operating activities	(118,539)	(149,905)
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of:		
Property, plant and equipment	66,000	70,000
Investment Property	-	2,800
Net cash generated from investing activities	66,000	72,800
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of:		
(Decrease) / Increase in short term bank borrowings - net	(6,000)	16,730
Net cash (use in) / generated from financing activities	(6,000)	16,730
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(58,539)	(60,375)
Cash and cash equivalents at the beginning of the period	282,311	222,092
Cash and cash equivalents at the end of the period	223,772	161,717

The annexed notes form an integral part of this condensed interim consolidated financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

## Consolidated Statement of Changes In Equity

Sitara Energy Limited & Its Subsidiary  
Unaudited First Quarter  
Accounts 2020



### Condensed Interim Consolidated Statement of Changes in Equity (Unaudited) For the First Quarter ended September 30, 2020

	Issued, subscribed and paid up capital	Capital Reserve		Revenue Reserves		Total	Non- Controlling Interest
		Share Premium	General Reserve	Unappropriated profit	Sub total		
----- Rupees in '000' -----							
Balance as at July 01, 2019	190,920	143,190	970,000	377,795	1,347,795	1,681,905	7
<b>Total comprehensive (loss) for the period</b>							
(Loss) for the period	-	-	-	(51,413)	(51,413)	(51,413)	-
Other comprehensive income	-	-	-	-	-	-	-
Balance as at September 30, 2019	190,920	143,190	970,000	326,382	1,296,382	1,630,492	7
<b>Total comprehensive (loss) for the period</b>							
(Loss) for the period	-	-	-	(80,806)	(80,806)	(80,806)	-
Other comprehensive income	-	-	-	-	-	-	-
Balance as at June 30, 2020	190,920	143,190	970,000	245,576	1,215,576	1,549,686	7
<b>Total comprehensive (loss) for the period</b>							
(Loss) for the period	-	-	-	(22,864)	(22,864)	(22,864)	-
Other comprehensive income	-	-	-	-	-	-	-
Balance as at September 30, 2020	190,920	143,190	970,000	222,712	1,192,712	1,526,822	7

The annexed notes form an integral part of this condensed interim consolidated financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



## Selected Explanatory Notes to the Condensed Interim Financial Report (Unaudited) For The First Quarter Ended September 30, 2020

### 1. GROUP STATUS AND ACTIVITIES

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

1.2 The Parent is incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017 on May 30, 2017) and is listed on Pakistan Stock Exchange Limited. 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 generation plant is located at 33-K.M. Sheikhpura Road, Tehsil Jaranwala, District Faisalabad in the province of Punjab.

The Subsidiary is incorporated in Pakistan as a private limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017 on May 30, 2017). The principal activities of the Subsidiary are trading in 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.

1.3 The financial statements are presented in Pak Rupee, which is the Group's functional and presentation currency.

### 2. BASIS OF CONSOLIDATION

The financial statements of the Parent and Subsidiary are combined on a line by line basis. The financial statements of the Subsidiary are consolidated from the date on which more than 50% voting rights are transferred to or power to control the Subsidiary is established and are excluded from consolidation from the date of disposal or reduction of control.

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

Non-controlling interest 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. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard (IFRS's) 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

Where provision of and directives issued under the Companies Act, 2017 differ from IFRS's the provisions of and directives issued under the Companies Act, 2017 have been followed.



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, 2020.

### **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 year**

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Group for the periods beginning on or after July 01, 2020 and therefore, have been applied in preparing these financial statements.

##### **- Amendments to IFRS 9 Prepayment Features with Negative Compensation**

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

The application of amendments has no material impact on the group's financial statements.

#### **3.2.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant**

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Group beginning on or after July 01, 2019 but are considered not to be relevant to the Group's operations and are, therefore, not disclosed in these financial statements.

### **3.3 Basis of preparation**

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

### **3.4 Accounting policies and methods of computation**

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the published audited consolidated financial statements for the year ended June 30, 2020.

### **3.5 Critical accounting estimates and judgments.**

**3.5.1** The preparation of financial statements in conformity with International Accounting Standards / International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the impairment of investments in subsidiary, contingencies, investment property valuation, useful life of depreciable assets, provision for taxation, doubtful receivables and slow moving inventory. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

**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, 2020.

	Note	(Un Audited)	(Audited)
		September 30, 2020	June 30, 2020
----- Rupees in '000' -----			
<b>4. REVENUE RESERVES</b>			
General ressrve	4.1	970,000	970,000
Unappropriated profit			
Opening balance		245,576	377,795
Total comprehensive loss for the period		(22,864)	(132,219)
		222,712	245,576
		<u>1,192,712</u>	<u>1,215,576</u>

**4.1** The general reserve is an appropriation from accumulated profits and transferred to unappropriated profit for distribution as and when required.

**5. CONTINGENCIES AND COMMITMENTS**

There are no significant changes in contingent and commitments liabilities since the date of published audited financial statements for the year ended June 30, 2020

	Note	(Un Audited)	(Audited)
		September 30, 2020	June 30, 2020
----- Rupees in '000' -----			
<b>6. Property, plant and equipment</b>			
Operating assets	6.1	678,794	877,398
Advance for purchase of land / vehicle		23,500	24,972
		<u>702,294</u>	<u>902,370</u>
<b>6.1 Operating Fixed assets</b>			
Book value at beginning of period / year		763,088	877,398
Add: Transfer / addition during the period / year	6.1.1	-	108
Less: Transfer / disposal during the period / year		(77,920)	(96,900)
Depreciation charge during the period / year		(6,373)	(17,518)
		<u>678,794</u>	<u>763,088</u>
<b>6.1.1 Additions to operating fixed assets, during the period / year were as follow</b>			
Office equipment		-	108
		<u>-</u>	<u>108</u>

## Notes to the Financial Statements

Sitara Energy Limited & Its Subsidiaries  
Unaudited First Quarter  
Accounts 2019



		(Un Audited) September 30, 2020	(Audited) June 30, 2020
	Note	----- Rupees in '000' -----	
<b>7. Investment property</b>			
Cost		42,400	42,400
Accumulated depreciation		(19,413)	(18,824)
	7.1	22,987	23,576
Freehold land		387,710	387,710
		<u>410,697</u>	<u>411,286</u>
<b>7.1 Reconciliation of written down value for the period / year</b>			
Book value at beginning of period / year		23,576	26,196
Depreciation charged during the period / year		(589)	(2,620)
		<u>22,987</u>	<u>23,576</u>
<b>8. Cash and bank balances</b>			
Cash in hand		110,788	41,889
Cash at banks			
In current accounts		112,984	13,428
In CDC account - Refund bonds		-	106,400
		<u>223,772</u>	<u>161,717</u>
		<b>Quarter ended September 30, 2020</b>	<b>Quarter ended September 30, 2019</b>
	Note	----- Rupees in '000' -----	
<b>9. Sales - net</b>			
Electricity		237,044	92,377
Steam		5,754	-
		242,798	92,377
Less: Sales tax		(35,278)	(13,422)
		207,520	78,955
Less: Electricity duty		(2,012)	(367)
		<u>205,508</u>	<u>78,588</u>
<b>10. Cost of generation</b>			
Cost of gas, oil and lubricants	10.1	152,010	63,165
Salaries and wages and benefits		8,094	6,883
Staff retirement benefits		155	192
Stores, spares and loose tools		10,293	992
Insurance		719	842
Repairs and maintenance		352	460
Depreciation		5,267	2,917
Other		1,099	979
<b>10.1 Cost of gas, oil and lubricants</b>		<u>177,989</u>	<u>76,430</u>
Gas		123,747	7,380
Oil and lubricants		28,263	55,785
		<u>152,010</u>	<u>63,165</u>



#### 11. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Group 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	Transaction during the year	Quarter ended	Quarter ended
			September 30, 2020	September 30, 2019
			----- Rupees in '000' -----	
Sitara Fabrics Limited	Associated company by virtue of common directorship	Sale of Electricity & Steam	18,679	-
Sitara Energy Limited Staff Provident Fund Trust	Other related party	Contribution for the period	230	327

#### 12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on October 29, 2020 by the Board of Directors of the Group.

#### 13. GENERAL

**13.1** No provision for taxation has been made in this condensed interim consolidated financial information as the profits and gains derived by the Parent 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. Provision for taxation of subsidiary is nil due to current loss during the period.

**13.2** There is no unusual item included in this condensed interim consolidated financial information which is affecting equity, liabilities, assets, (loss), comprehensive (loss) or cash flows of the Group.

**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