

**ARSHAD ENERGY LIMITED**



**ARSHAD GROUP**

**QUARTER ENDED ACCOUNTS  
MARCH 31, 2021  
UNAUDITED**

# ARSHAD ENERGY LIMITED

## COMPANY INFORMATION

CHAIRMAN  
CHIEF EXECUTIVE  
DIRECTORS

MR. NISAR AHMAD SHEIKH  
MR. MUHAMMAD ARSHAD  
MR. SHAHZAD AHMED SHEIKH  
MR. SHEHRYAR ARSHAD  
MS. RESHAM SHAHZAD  
MR. WASEEM ASHFAQ

AUDIT COMMITTEE  
CHAIRMAN  
MEMBER  
MEMBER

MR. WASEEM ASHFAQ  
MR. SHAHZAD AHMED SHEIKH  
MR. SHEHRYAR ARSHAD

HR & REMUNERATION COMMITTEE  
CHAIRMAN  
MEMBER  
MEMBER

MR. WASEEM ASHFAQ  
MR. SHAHZAD AHMED SHEIKH  
MS. RESHAM SHAHZAD

CHIEF FINANCIAL OFFICER

MR. NASIR MAHMOOD

COMPANY SECRETARY

HEAD OF INTERNAL AUDIT

MR. SHAFQAT BAIG

AUDITORS

M/S RIAZ AHMAD & CO  
CHARTERED ACCOUNTANTS

BANKERS

HABIB METROPOLITAN BANK  
BANK AL HABIB LIMITED

LEGAL ADVISOR

RANA IFTIKHAR AHMAD

REGISTERED OFFICE

404-405, 4<sup>TH</sup> FLOOR, BUSINESS  
CENTRE, MUMTAZ HASSAN ROAD,  
KARACHI. TEL. 021-32412814  
WEB: [WWW.ARSHADENERGY.COM](http://WWW.ARSHADENERGY.COM)

SHARES REGISTRAR

F.D. REGISTRAR SERVICES (SMC-PVT)  
LIMITED 17<sup>TH</sup> FLOOR, SAIMA TRADE  
TOWER-A, I.I CHUNDRIGAR ROAD,  
KARACHI.

PLANT

35-K.M., SHEIKHUPORA ROAD, TEHSIL  
JARANWALA, DISTRICT FAISALABAD

## **Vision statement:**

To become the most cost effective power generation company, committed to empowering Pakistan growth by not only maximizing energy outputs from the existing plant through sustained excellence in performance and innovation.

## **Mission statement:**

Support the power purchaser to cope with the energy shortfalls in the country. Become the most efficient and economical plant while protecting commercial interests of the stakeholders. Create a work environment for employees that meets international standards of environment, health and safety.

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## DIRECTOR'S REVIEW TO THE SHARE HOLDERS

The Board of Directors is presenting the financial results of the Company for the 3<sup>rd</sup> Quarter ended March 31, 2021.

### FINANCIAL RESULTS

	Nine Months Ended	
	31 March 2021	31 March 2020
	-----RUPEES-----	
OTHER INCOME	89,339	-
ADMINISTRATIVE EXPENSES	(5,974,264)	(3,625,018)
OTHER EXPENSES	(7,788,110)	(8,375,088)
FINANCE COST	(741)	(1923)
LOSS BEFORE TAXATION	<u>(12,673,776)</u>	<u>(12,002,029)</u>
TAXATION	-	-
LOSS AFTER TAXATION	<u><u>(12,673,776)</u></u>	<u><u>(12,002,029)</u></u>
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	<u><u>(1.58)</u></u>	<u><u>(1.50)</u></u>

### PERFORMANCE REVIEW:

Net sales for the period and comparative period were Nil and net loss is Rs.12.674 million as compared to net loss Rs.12.002 million of corresponding period. The Operations of the Company remain closed during the quarter due to non-viability of sale prices in contrast with operating cost.

### FUTURE PROSPECTS:

The management is continuously monitoring the fuel price and sales rate to restart Operations.

### ACKNOWLEDGEMENT:

The Board places on record its appreciation for the loyalty and devotion to work by staff and workers of the Company.

On behalf of the Board



(Muhammad Arshad)

Chief Executive Officer

LAHORE

DATED: April 29, 2021

# ڈائریکٹرز رپورٹ شیئر ہولڈرز کیلئے

کمپنی ڈائریکٹرز 31 مارچ 2021 کو ختم ہونے والی تیسری سہ ماہی مالیاتی کارکردگی پیش کر رہے ہیں۔  
ختم شدہ تیسری سہ ماہی

31-03-2020	31-03-2021	مالیاتی نتائج:
روپے	روپے	
---	89,339	دیگر آمدنی
(3,625,018)	(5,974,264)	انتظامی اخراجات
(8,375,088)	(7,788,110)	دیگر اخراجات
(1923)	(741)	مالیات کاسٹ
<u>(12,002,029)</u>	<u>(12,673,776)</u>	نقصان محصولات سے پہلے
---	---	محصولات
<u><u>(12,002,029)</u></u>	<u><u>(12,673,776)</u></u>	نقصان بعد از محصولات
<u>(1.50)</u>	<u>(1.58) Diluted</u>	نقصان فی شیئر (روپے فی شیئر) بنیادی اور Diluted

کارکردگی کا جائزہ:

اس مدت میں نیٹ سیلز صفر رہی ہے اور خالص نقصان 12.674 ملین روپے ہے جبکہ خالص نقصان سچھلی مدت میں 12.002 ملین روپے ہے۔ آپریٹنگ کی لاگت کے برعکس فروخت کی غیر مستحکم قیمتوں کی وجہ سے سہ ماہی کے دوران کمپنی کی آپریٹنگ بند رہے۔ مستقبل کی نوید:

آپریٹنگ کو دوبارہ شروع کرنے کیلئے انتظامیہ مسلسل ایندھن کی قیمت اور فروخت کی شرح کی نگرانی کر رہا ہے۔

اعتراف:

بورڈ نے کمپنی کے عملے اور کارکنوں کی طرف سے کام کرنے کے وفاداری اور عقیدت کیلئے ان کی تعریف کی ہے۔

منجانب بورڈ آف ڈائریکٹرز

محمد ارشد

چیف ایگزیکٹو آفیسر

لاہور

مورخہ 29 اپریل 2021ء

**ARSHAD ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021**

NOTE	Un-audited	Audited	NOTE	Un-audited	Audited
	31 March 2021	30 June 2020		31 March 2021	30 June 2020
	RUPEES	RUPEES		RUPEES	RUPEES
<b>EQUITY AND LIABILITIES</b>			<b>ASSETS</b>		
<b>SHARE CAPITAL AND RESERVES</b>			<b>NON-CURRENT ASSETS</b>		
<b>Authorized share capital</b>			Property, plant and equipment		
10 000 000 (30 June 2020: 10 000 000) ordinary shares of Rupees 10 each	100,000,000	100,000,000	4	139,297,896	143,445,720
				4,000	-
				10,550	10,550
				139,312,446	143,456,270
<b>Issued, subscribed and paid up share capital</b>			Long term security deposit		
8 000 000 (30 June 2020: 8 000 000) ordinary shares of Rupees 10 each	80,000,000	80,000,000			
<b>Capital reserves</b>					
Premium on issue of right shares	80,000,000	80,000,000			
Surplus on revaluation of property, plant and equipment	44,382,106	44,748,233			
<b>Revenue reserve</b>					
General reserve	14,408,600	14,408,600			
<b>Accumulated loss</b>					
	(134,213,700)	(121,906,043)			
<b>TOTAL EQUITY</b>	84,577,006	97,250,790			
<b>LIABILITIES</b>			<b>CURRENT ASSETS</b>		
<b>NON-CURRENT LIABILITY</b>			Stores, spare parts and loose tools		
Staff retirement gratuity	8,281,363	7,635,280		11,640,000	11,640,000
<b>CURRENT LIABILITIES</b>			Stock of oil and lubricants		
Trade and other payables	14,935,762	11,800,415		11,203,567	11,203,567
Unclaimed dividend	31,348	31,348			
Short term borrowings	63,310,000	58,010,000		2,088,543	2,044,543
	78,277,110	69,841,763			
				5,870,355	5,862,800
<b>TOTAL LIABILITIES</b>	86,558,473	77,477,043		1,020,568	520,653
				31,823,033	31,271,563
<b>CONTINGENCIES AND COMMITMENTS</b>					
				171,135,479	174,727,833
<b>TOTAL EQUITY AND LIABILITIES</b>	171,135,479	174,727,833	<b>TOTAL ASSETS</b>	171,135,479	174,727,833

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**ARSHAD ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)**  
**FOR THE QUARTER ENDED 31 MARCH 2021**

NOTE	Nine Months ended		Quarter ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	-----RUPEES-----			
OTHER INCOME	89,339	-	-	-
ADMINISTRATIVE EXPENSES	(5,974,264)	(3,625,018)	(1,642,795)	(1,029,667)
OTHER EXPENSES	(6,788,110)	(8,375,088)	(2,762,195)	(2,876,361)
FINANCE COST	(741)	(1,923)	(241)	(176)
LOSS BEFORE TAXATION	<u>(12,673,776)</u>	<u>(12,002,029)</u>	<u>(4,405,231)</u>	<u>(3,906,204)</u>
TAXATION	5	-	-	-
LOSS AFTER TAXATION	<u>(12,673,776)</u>	<u>(12,002,029)</u>	<u>(4,405,231)</u>	<u>(3,906,204)</u>
LOSS PER SHARE - BASIC AND DILUTED - RUPEES	<u>(1.58)</u>	<u>(1.50)</u>	<u>(0.55)</u>	<u>(0.49)</u>

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

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

  
 CHIEF FINANCIAL OFFICER



**ARSHAD ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)**  
**FOR THE QUARTER ENDED 31 MARCH 2021**

	Half year ended		Quarter ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
-----RUPEES-----				
LOSS AFTER TAXATION	(12,673,776)	(12,002,029)	(4,405,231)	(3,906,204)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><u>(12,673,776)</u></u>	<u><u>(12,002,029)</u></u>	<u><u>(4,405,231)</u></u>	<u><u>(3,906,204)</u></u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**ARSHAD ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)**  
**FOR THE QUARTER ENDED 31 MARCH 2021**

SHARE CAPITAL	RESERVES				TOTAL	ACCUMULATED LOSS	TOTAL EQUITY	
	CAPITAL RESERVES			REVENUE RESERVE				
	Premium on issue of right shares	Surplus on revaluation of property, plant and equipment	Sub total	General				
-----RUPEES-----								
<b>Balance as at 30 June 2019 - (Audited)</b>	80,000,000	80,000,000	45,710,492	125,710,492	14,408,600	140,119,092	(95,862,536)	124,256,556
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(603,318)	(603,318)	-	(603,318)	603,318	-
Loss for the period	-	-	-	-	-	-	(12,002,029)	(12,002,029)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(12,002,029)	(12,002,029)
<b>Balance as at 31 March 2020 - (Un-audited)</b>	80,000,000	80,000,000	45,107,174	125,107,174	14,408,600	139,515,774	(107,261,247)	112,254,527
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(201,106)	(201,106)	-	(201,106)	201,106	-
Loss for the period	-	-	-	-	-	-	(13,857,182)	(13,857,182)
Other comprehensive loss for the period	-	-	(157,835)	(157,835)	-	(157,835)	(988,728)	(1,146,563)
Total comprehensive loss for the period	-	-	(157,835)	(157,835)	-	(157,835)	(14,845,910)	(15,003,745)
<b>Balance as at 30 June 2020 - (Audited)</b>	80,000,000	80,000,000	44,748,233	124,748,233	14,408,600	139,156,833	(121,906,051)	97,250,782
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(366,127)	(366,127)	-	(366,127)	366,127	-
Loss for the period	-	-	-	-	-	-	(12,673,776)	(12,673,776)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(12,673,776)	(12,673,776)
<b>Balance as at 31 March 2021 - (Un-audited)</b>	80,000,000	80,000,000	44,382,106	124,382,106	14,408,600	138,790,706	(134,213,700)	84,577,006

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

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

  
 CHIEF FINANCIAL OFFICER

**ARSHAD ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)**  
**FOR THE QUARTER ENDED 31 MARCH 2021**

	Half year ended	
	31 March 2021 RUPEES	31 March 2,020 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash used in operations</b>		
Loss before taxation	(12,673,776)	(12,002,029)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	4,147,824	4,605,192
Loans and advances written off	-	-
Credit balances written back	(89,339)	-
Provision for staff retirement gratuity	751,747	713,776
Finance cost	741	1,923
	(7,862,803)	(6,681,138)
<b>Working capital changes</b>		
Increase in current assets:		
Loans and advances	(44,000)	(135,242)
Prepayments and other receivables	(7,555)	(3,724)
	(51,555)	(138,966)
Increase in trade and other payables	3,224,686	2,583,092
	3,173,131	2,444,126
<b>Cash used in operations</b>	(4,689,672)	(4,237,012)
Finance cost paid	(741)	(1,923)
Increase in long term advance	(4,000)	-
Staff retirement gratuity paid	(105,671)	-
<b>Net cash used in operating activities</b>	(4,800,084)	(4,238,935)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings received	5,300,000	4,220,000
<b>Net cash from financing activities</b>	5,300,000	4,220,000
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	499,916	(18,935)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	520,653	327,911
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	1,020,568	308,976

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

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

  
 CHIEF FINANCIAL OFFICER

**ARSHAD ENERGY LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)**  
**FOR THE QUARTER ENDED 31 MARCH 2021**

**1. THE COMPANY AND ITS OPERATIONS**

Arshad Energy Limited (the Company) is a public limited company incorporated in Pakistan on 20 February 1994 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited (PSX). Its registered office is situated at Room No. 404 and 405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi, Sindh. The principal activity of the Company is generation and distribution of electricity. The project is located at 35 - Kilometers, Sheikhpura Road, Tehsil Jaranwala, District Faisalabad, Punjab. Head office of the Company is located at 16th Floor, Tricon Corporate Center, Gulberg-II, Lahore, Punjab.

As per Notice No. PSX/N-1318 dated 25 November 2020 issued by PSX, the Company has been placed in the defaulters' segment from 26 November 2020 due to default of clause 5.11.1(b) of PSX Regulations regarding suspended commercial production / business operations in its principal line of business for a continuous period of one year.

**1.1 Non-going concern basis of accounting**

Previously the Company was in operations due to decrease in the furnace oil prices in the world market as the cost of generation of electricity by the Company was decreased. However, during the last couple of years the price of furnace oil has increased which ultimately resulted in suspension of Company's operations. During the quarter ended 31 March 2021, the Company has loss after taxation of Rupees 12.674 million. Moreover the Company has suffered accumulated loss of Rupees 134.214 million as at 31 March 2021.

In view of the aforesaid reasons, the Company is not considered a going concern. These condensed interim financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual financial statements of the Company for the year ended 30 June 2020.

**2.1 Basis of preparation**

**2.1.1 Statement of compliance**

- a) 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 'Interim Financial Reporting', 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 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.

- b) These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2020. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and section 237 of the Companies Act, 2017.

**2.1.2 Accounting convention**

These condensed interim financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively. In realizable / settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

### 2.1.3 Critical accounting estimates, judgments and financial risk management

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

During the preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty along with the financial risk management policies were the same as those that applied in the audited annual financial statements of the Company for the year ended 30 June 2020.

*Analysis of upside not recognized in the profit or loss on assets during the period:*

Expected profit on disposal of items of property, plant and equipment of the Company, which are not revalued shall be Rupees 0.242 million. Hence, there is an upside of Rupees 0.242 million not recognized in the condensed interim statement of profit or loss.

The Company have no items that it plans to sell that the Company have not previously recognized in these condensed interim financial statements.

### 3. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at the reporting date (30 June 2020: Rupees Nil).

### 4. PROPERTY, PLANT AND EQUIPMENT

	<b>Un-audited</b> <b>31 March</b> <b>2021</b> <b>RUPEES</b>	<b>Audited</b> <b>30 June</b> <b>2021</b> <b>RUPEES</b>
Opening book value	143,445,720	154,532,416
Less:		
Effect of surplus on revaluation	-	(157,835)
Impairment loss	-	(4,788,614)
	-	(4,946,449)
	<u>143,445,720</u>	<u>149,585,967</u>
Less: Depreciation charged during the period / year	(4,147,824)	(6,140,247)
	<u><u>139,297,896</u></u>	<u><u>143,445,720</u></u>

### 5. TAXATION

The profit and gains derived by the Company from the electric power generation projects are exempted from levy of income tax under Clause 132 of Part-I of the Second Schedule of the Income Tax Ordinance, 2001.

### 6. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies / undertakings, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances with related parties is as follows:

<b>(Un-audited)</b>			
<b>Nine Months ended</b>		<b>Quarter ended</b>	
<b>31 March</b> <b>2021</b>	<b>31 March</b> <b>2020</b>	<b>31 March</b> <b>2021</b>	<b>31 March</b> <b>2020</b>
-----RUPEES-----			

#### i) Transactions

##### Associated company

Sharing of costs	1,639,384	4,220,000	446,684	885,910
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##### Other related parties

Borrowings received	6,200,000	4,220,000	-	4,220,000
Meeting fee and remuneration paid to Director and Executive	3,145,732	4,095,000	1,490,000	1,370,000

Un-audited	Audited
31 March 2020	30 June 2020
RUPEES	RUPEES

**ii) Period end balances**

Trade and other payables	13,694,140	9,733,077
Short term borrowings	63,310,000	58,010,000

**7. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the company for the year ended 30 June 2020.

**8. DATE OF AUTHORIZATION**

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issuance on April 29, 2021.

**9. CORRESPONDING FIGURES**

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made except as mentioned below:

PARTICULARS	RECLASSIFICATION		AMOUNT RUPEES
	FROM	TO	
Cost of generation	Cost of generation	Other expenses	8,349,132

**10. GENERAL**

Figures have been rounded off to the nearest Rupee unless otherwise stated.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**BOOK  
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***PRINTED MATTER***

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