



**HALF YEARLY REPORT**

UNAUDITED

**2022**

**SITARA ENERGY LIMITED**



## 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. Shahid Hameed Sheikh

Ms. Haniah Javed

Mr. Mubashir Ahmed Zareen

Mr. Sheikh Javaid Islam

### 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  
Plot No. 32-C, Jami Commercial Street 2,  
D.H.A. Phase VII, Karachi  
UAN : +92 (21) 111-000-322  
E-mail: aa@thk.com.pk

### REGISTERED OFFICE

601-602 Business Centre, Mumtaz  
Hassan Road, Karachi 74000

### PLANT

33 K.M., Shekhupura Road, Faisalabad

### AUDIT COMMITTEE

Mr. Shahid Hameed Sheikh (Chairman)

Mr. Sheikh Javaid Islam

Mr. Mubashir Ahmed Zareen

### HUMAN RESOURCE &

### REMUNERATION COMMITTEE

Mr. Mubashir Ahmed Zareen (Chairman)

Mr. Javed Iqbal

Mr. Sheikh Javaid Islam

### 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 duly reviewed by the statutory auditors for the half year ended on December 31, 2022.

**Financial Results:**

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

| Financial Highlights                     | July – December 2022 | July – December 2021 |
|--|----------------------|----------------------|
|  | Rupees in thousand   | Rupees in thousand   |
| Sales – net                              | 215,762              | 109,442              |
| Cost of generation                       | 222,163              | 115,656              |
| Gross (loss)                             | (6,401)              | (6,214)              |
| Gross (loss) ratio to revenue            | (2.97%)              | (5.67%)              |
| (Loss) after tax                         | (82,088)             | (82,408)             |
| (Loss) per share – Basic & diluted (Rs.) | (4.30)               | (4.32)               |

The sales revenue of the Company increased to Rs. 215.762 Million during half year of the current financial year in comparison with Rs. 109.442 Million during half year of the last financial year due to higher price of RFO and accordingly charging of higher tariff (pass through item) to Bulk Power Consumers (BPCs). However, gross margin reduced due to higher consumption of fuel and stores, spares & loose tools etc. Accordingly, gross loss of the company increased very slightly to Rs. 6.401 Mn during half year of the current financial year in comparison with Rs. 6.214 Mn during half year of the last financial year.

The net loss for half year of the current financial year decreased slightly to Rs. 82.088 Million as compared with Rs 82.408 Million during half year of the last financial year due to austerity measures taken by the management in spite of increase in finance cost resulting from rise in SBP policy rate.

The Board has also reduced remuneration of Chief Executive Officer due to financial constraints of the Company on account of losses.

The profitability of the company for the remaining period of current financial year 2022-23 will be dependent upon viable operation based on affordable prices of fuels (RLNG & RFO), increase in load demand by our BPCs and reduction in subsidies by the DISCOs to their customers.

We extend our heartiest 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 the larger interest of the Company.

By order of the Board.



**SHEIKH JAVOID ISLAM**  
Director



**JAVED IQBAL**  
Chief Executive Officer

**February 24, 2023**

Faisalabad

ستارہ انرجی لمیٹڈ اور اسکی ذیلی کمپنی کا بورڈ آف ڈائریکٹرز کمپنی کی پہلی ششماہی 31 دسمبر 2022ء کی رپورٹ بمعہ تلخیص عبوری مالیاتی معلومات اور نظر ثانی شدہ ہر بلاک پیچہ ریزی آڈیٹرز پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

عملیاتی مالی نتائج:  
گذشتہ مالی سال کی پہلی ششماہی کے مقابلے میں رواں مالی سال کی پہلی ششماہی کے مالیاتی نتائج حسب ذیل ہیں۔

| مالیاتی اعداد و شمار              | جولائی - دسمبر 2022ء     | جولائی - دسمبر 2021ء     |
|-----------------------------------|--------------------------|--------------------------|
| پاکستانی روپے ہزاروں میں          | پاکستانی روپے ہزاروں میں | پاکستانی روپے ہزاروں میں |
| فروخت آمدنی                       | 215,762                  | 109,442                  |
| پیداواری لاگت                     | 222,163                  | 115,656                  |
| مجموعی نقصان                      | (6,401)                  | (6,214)                  |
| آمدنی میں مجموعی نقصان کا تناسب   | (2.97%)                  | (5.67%)                  |
| ٹیکسیشن کے بعد (نقصان)            | (82,088)                 | (82,408)                 |
| فی شیئر نقصان (Basic and Diluted) | (4.30)                   | (4.32)                   |

رواں مالی سال کی پہلی ششماہی کی فروخت آمدنی 215.762 ملین روپے ہے جبکہ گذشتہ مالی سال کی فروخت آمدنی 109.442 ملین روپے تھی۔ اسکی بڑی وجہ فرانس آنیل کی زیادہ قیمت اور اسی کے مطابق بلک پاور کنزرویو (BPCs) کو اضافی ٹیرف لگا یا گیا۔ تاہم فیول اور سپلیئر پارٹس کی زیادہ کنزومیشن کی وجہ سے مجموعی منافع کا تناسب کم ہو گیا ہے۔ اسی طرح رواں مالی سال کی پہلی ششماہی کے اختتام پر مجموعی نقصان معمولی اضافہ ہوا۔ جو کہ 6.401 ملین روپے ہے۔ جبکہ گذشتہ مالی سال کی پہلی ششماہی میں مقابلاً 6.214 ملین روپے تھا۔

اسی طرح پہلی ششماہی کے اختتام پر صافی نقصان معمولی کمی کے ساتھ 82.088 ملین روپے ہو گیا ہے۔ جبکہ اس کے مقابلہ میں گذشتہ مالی سال کی پہلی ششماہی میں 82.408 ملین روپے تھے۔ اسکی بڑی وجہ (SBP) سٹیٹ بینک آف پاکستان کی طرف سے پالیسی ریٹ میں اضافے کے نتیجے میں مالیاتی لاگت میں اضافے کا وجود انتظامیہ کی طرف سے کفایت شعاری کے اقدامات ہیں۔

بورڈ نے نقصانات کی وجہ سے کمپنی کی مالی مجبور یوں کی وجہ سے چیف ایگزیکٹو آفیسر کے معاوضے میں بھی کمی کی ہے۔

مالی سال 2022-23ء کے بقیر عرصے کا منافع بہت حد تک منافع بخش فیول RLNG اور فرانس آنیل کی مناسب اور فرانس آنیل کی مناسب قیمت، بلک پاور کنزرویو (BPCs) کی طرف سے طلب میں اضافے اور (DISCOs) ڈیسکوز کی طرف سے اپنے صارفین کو دی جانے والی سبسڈی میں کمی پر ہے۔

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

بجکم بورڈ  
جاوید اقبال  
چیف ایگزیکٹو آفیسر

جاوید اسلام  
ڈائریکٹر

فیصل آباد  
24 فروری 2023ء

**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**To the members of Sitara Energy Limited**  
**Report on Review of Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Sitara Energy Limited ("the Company") as at December 31, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

**Material Uncertainty relating to Going Concern**

The Company suffered financial and operational difficulties. These conditions as set forth in Note 1.3, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's report is Hamid Masood.

**RSM AVAIS HYDER LIAQUAT NAUMAN**  
**CHARTERED ACCOUNTANTS**

**Place: Faisalabad**  
**Dated: 24-02-2023**

**UDIN: RR20221019409OoSpYTk**

# Statement of Financial Position

## SITARA ENERGY LIMITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT DECEMBER 31, 2022

|   | Note | (Un-audited)<br>December 31,<br>2022 | (Audited)<br>June 30,<br>2022 |                                | Note | (Un-audited)<br>December 31,<br>2022 | (Audited)<br>June 30,<br>2022 |
|---|------|--------------------------------------|-------------------------------|--------------------------------|------|--------------------------------------|-------------------------------|
|   |      | -----Rupees in '000-----             |                               |                                |      | -----Rupees in '000-----             |                               |
| <b>EQUITY AND LIABILITIES</b>   |      |                                      |                               | <b>ASSETS</b>                  |      |                                      |                               |
| <b>SHARE CAPITAL AND RESERVES</b>                                     |      |                                      |                               | <b>NON-CURRENT ASSETS</b>      |      |                                      |                               |
| Authorised capital<br>30,000,000 ordinary shares<br>of Rs. 10/- each. |      | <u>300,000</u>                       | <u>300,000</u>                | Property, plant and equipment  | 6    | 657,352                              | 669,853                       |
| Issued, subscribed<br>and paid up capital                             |      | 190,920                              | 190,920                       | Investment property            | 7    | 407,754                              | 408,809                       |
| Reserves  |      |                                      |                               | Investment in subsidiary       |      | 50,000                               | 50,000                        |
| Capital reserve - Share premium                                       |      | 143,190                              | 143,190                       | Long term loan                 |      | 1,000                                | 1,000                         |
| Revenue reserves  |      |                                      |                               | Long term deposits             |      | 1,511                                | 1,511                         |
| General reserve   |      | 970,000                              | 970,000                       |                                |      | 1,117,617                            | 1,131,174                     |
| Accumulated (loss)  |      | (153,149)                            | (71,061)                      |                                |      |                                      |                               |
|   |      | <u>1,150,961</u>                     | <u>1,233,049</u>              |                                |      |                                      |                               |
| <b>NON-CURRENT LIABILITIES</b>  |      |                                      |                               |                                |      |                                      |                               |
| Long term financing   | 3    | 58,333                               | -                             |                                |      |                                      |                               |
| Deferred interest / markup  | 3.3  | 19,885                               | -                             |                                |      |                                      |                               |
|   |      | <u>78,218</u>                        | <u>-</u>                      |                                |      |                                      |                               |
| <b>CURRENT LIABILITIES</b>  |      |                                      |                               | <b>CURRENT ASSETS</b>          |      |                                      |                               |
| Trade and other payables  |      | 660,609                              | 605,334                       | Stores, spares and loose tools |      | 273,533                              | 273,368                       |
| Unclaimed dividend  |      | 3,703                                | 3,703                         | Stock of oil and lubricants    | 8    | 85,079                               | 107,774                       |
| Interest / mark up payable  |      | 474,856                              | 439,722                       | Trade debts                    |      | 577,023                              | 481,792                       |
| Short term bank borrowings  | 4    | 893,951                              | 993,951                       | Loans and advances             |      | 619,932                              | 625,844                       |
| Current portion of  |      |                                      |                               | Deposits and prepayments       |      | 31,470                               | 27,882                        |
| Long term financing   | 3    | 42,269                               | 8,333                         | Other receivables              | 9    | 209,035                              | 219,841                       |
| Provision for taxation - income tax                                   | 13   | 2,281                                | 1,468                         | Tax refunds                    |      |                                      |                               |
|   |      | <u>2,077,669</u>                     | <u>2,052,511</u>              | due from Government            | 10   | 88,201                               | 118,722                       |
|   |      |                                      |                               | Cash and bank balances         |      | 304,958                              | 299,163                       |
|   |      |                                      |                               |                                |      | <u>2,189,231</u>                     | <u>2,154,386</u>              |
| <b>CONTINGENCIES</b>  | 5    | -                                    | -                             |                                |      |                                      |                               |
|   |      | <u>3,306,848</u>                     | <u>3,285,560</u>              |                                |      | <u>3,306,848</u>                     | <u>3,285,560</u>              |

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**

**SITARA ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

|  | Note | Half year ended<br>December 31, |                 | Quarter ended<br>December 31, |                 |
|--|------|---------------------------------|-----------------|-------------------------------|-----------------|
|  |      | 2022                            | 2021            | 2022                          | 2021            |
| ----- Rupees in '000'-----                       |      |                                 |                 |                               |                 |
| Sales - net                                      | 11   | 215,762                         | 109,442         | 26,462                        | 40,376          |
| Cost of generation                               | 12   | 222,163                         | 115,656         | 33,743                        | 57,432          |
| Gross (loss)                                     |      | (6,401)                         | (6,214)         | (7,281)                       | (17,056)        |
| Other income                                     |      | 28,708                          | 3,414           | 26,054                        | 1,687           |
|  |      | 22,307                          | (2,800)         | 18,773                        | (15,369)        |
| Operating expenses                               |      | 22,637                          | 24,290          | 11,024                        | 13,016          |
| Finance cost                                     |      | 80,945                          | 54,692          | 37,960                        | 27,535          |
|  |      | 103,582                         | 78,982          | 48,984                        | 40,551          |
| (Loss) for the period before taxation            |      | (81,275)                        | (81,782)        | (30,211)                      | (55,920)        |
| Provision for taxation                           | 13   | 813                             | 626             | 414                           | 224             |
| (Loss) for the period                            |      | <u>(82,088)</u>                 | <u>(82,408)</u> | <u>(30,625)</u>               | <u>(56,144)</u> |
| (Loss) per share -<br>Basic and diluted (Rupees) |      | <u>(4.30)</u>                   | <u>(4.32)</u>   | <u>(1.60)</u>                 | <u>(2.94)</u>   |

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**



## SITARA ENERGY LIMITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

|   | Half year ended<br>December 31,<br>2022 |          | Quarter ended<br>December 31,<br>2022 |          |
|---|---|----------|---------------------------------------|----------|
|   | 2021                                    | 2021     | 2021                                  | 2021     |
|   | -----Rupees in '000'-----               |          |                                       |          |
| (Loss) for the period                     | (82,088)                                | (82,408) | (30,625)                              | (56,144) |
| Other comprehensive income                | -                                       | -        | -                                     | -        |
| Total comprehensive (loss) for the period | (82,088)                                | (82,408) | (30,625)                              | (56,144) |

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**

# Statement of Changes in Equity

## SITARA ENERGY LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

|  | Issued, subscribed and paid up capital | Capital reserve | Revenue reserves |  |           | Total     |
|--|--|-----------------|------------------|--|-----------|-----------|
|  |  | Share premium   | General reserve  | Unappropriated profit / Accumulated (loss) | Sub total |           |
| -----Rupees in '000'-----                      |  |                 |                  |  |           |           |
| Balance as at July 01, 2021 - (Audited)        | 190,920                                | 143,190         | 970,000          | 83,835                                     | 1,053,835 | 1,387,945 |
| Total comprehensive (loss) for the period      |  |                 |                  |  |           |           |
| (Loss) for the period                          | -                                      | -               | -                | (82,408)                                   | (82,408)  | (82,408)  |
| Other comprehensive income                     | -                                      | -               | -                | -  | -         | -         |
| Balance as at December 31, 2021 - (Un-audited) | 190,920                                | 143,190         | 970,000          | 1,427                                      | 971,427   | 1,305,537 |
| Total comprehensive (loss) for the period      |  |                 |                  |  |           |           |
| (Loss) for the period                          | -                                      | -               | -                | (72,488)                                   | (72,488)  | (72,488)  |
| Other comprehensive income                     | -                                      | -               | -                | -  | -         | -         |
| Balance as at June 30, 2022 - (Audited)        | 190,920                                | 143,190         | 970,000          | (71,061)                                   | 898,939   | 1,233,049 |
| Total comprehensive (loss) for the period      |  |                 |                  |  |           |           |
| (Loss) for the period                          | -                                      | -               | -                | (82,088)                                   | (82,088)  | (82,088)  |
| Other comprehensive income                     | -                                      | -               | -                | -  | -         | -         |
| Balance as at December 31, 2022 - (Un-audited) | 190,920                                | 143,190         | 970,000          | (153,149)                                  | 816,851   | 1,150,961 |

The annexed notes 1 to 16 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 HALF YEAR ENDED DECEMBER 31, 2022**

| Half year ended                |
|--------------------------------|
| December 31,                   |
| 2022                      2021 |
| -----Rupees in '000'-----      |

**a) CASH FLOWS FROM OPERATING ACTIVITIES**

|   |          |          |
|---|----------|----------|
| (Loss) for the period before taxation               | (81,275) | (81,782) |
| Adjustments for :                                   |          |          |
| Depreciation of property, plant and equipment       | 12,501   | 13,778   |
| Depreciation of investment property                 | 1,055    | 1,172    |
| Provision for staff retirement benefits             | 440      | 436      |
| Balance written back                                | (24,033) | -        |
| Finance cost  | 80,945   | 54,692   |
| Operating cash flows before working capital changes | (10,367) | (11,704) |
| Changes in working capital                          |          |          |
| (Increase) / Decrease in current assets             |          |          |
| Stores, spares and loose tools                      | (165)    | 347      |
| Stock of oil and lubricants                         | 22,695   | (14,307) |
| Trade debts   | (95,231) | (11,235) |
| Loans and advances                                  | 6,780    | 86       |
| Deposits and prepayments                            | (3,588)  | 1,556    |
| Tax refunds due from government                     | 30,521   | (628)    |
| Other receivables                                   | 10,806   | 33,818   |
| Increase in current liabilities                     |          |          |
| Trade and other payables                            | 55,197   | 11,490   |
|   | 27,015   | 21,127   |
| Cash generated from operating activities            | 16,648   | 9,423    |
| Staff retirement benefits paid                      | (361)    | (455)    |
| Finance cost paid                                   | (1,893)  | (2,762)  |
| Income tax paid                                     | (868)    | (757)    |
| Net cash generated from operating activities        | 13,526   | 5,449    |

# Statement of Cash Flows

| Half year ended           |      |
|---------------------------|------|
| December 31,              |      |
| 2022                      | 2021 |
| -----Rupees in '000'----- |      |

## b) CASH FLOWS FROM FINANCING ACTIVITIES

|  |         |          |
|--|---------|----------|
| Repayment of long term financing                             | (7,731) | (8,333)  |
| Decrease in short term bank borrowings - net                 | -       | (33,000) |
| Net cash (used in) financing activities                      | (7,731) | (41,333) |
| Net increase / (decrease) in cash and cash equivalents (a+b) | 5,795   | (35,884) |
| Cash and cash equivalents at the beginning of the period     | 299,163 | 234,175  |
| Cash and cash equivalents at the end of the period           | 304,958 | 198,291  |

The annexed notes 1 to 16 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 HALF YEAR ENDED DECEMBER 31, 2022**

**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.
- 1.3** The Company suffered financial and operational difficulties due to non availability of system gas along with substantial increase in gas tariff and abnormal increase in rate of furnace oil. The Company has suffered loss of Rs. 82.088 million during the period, due to adverse market conditions compared to energy cost.

There has been material uncertainty related to events and conditions which may cast significant doubt about the Company's ability to continue as a going concern and, therefore the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

The Company is suffering losses due to unviable fuels prices in comparison with prevailing tariff being offered by our competitor DISCO. The government has allowed subsidized electricity tariff to export oriented sector all over Pakistan which is another set-back for our company.

The actions taken by the management of the Company and their impact is as under:

- In order to reduce burden of finance cost the company is pursuing the banks for restructuring/rescheduling of the credit facilities at concessional markup rate, the company has also submitted proposals to offer property swap to liquidate the loan and is hopeful for favourable consideration, which will improve the operating results.
- The management is making out all efforts to dispose off the non core assets such as investment property. The company is planning to add solar power plant in the coming years through disposal of investment properties to make the company's project viable. The government policies are also very favourable for the installation of solar power plants.
- All these factors indicate that the company will continue as going concern.

**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

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.

**2.1.2** These condensed interim financial statements are unaudited but subject to limited scope review by the auditors, 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, 2022.

**2.1.3** These condensed interim financial statements do not include all the information required for complete set of financial statements, and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2022.

## **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, 2022 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

### **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, 2023 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, 2022.

## **2.3 Basis of preparation**

These condensed interim 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, 2022.

## **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, 2022.

**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, 2022.

|   |           | (Un-audited)<br>December 31,<br>2022 | (Audited)<br>June 30,<br>2022 |
|---|-----------|--------------------------------------|-------------------------------|
| Note  |           | ----- Rupees in '000' -----          |                               |
| <b>3. Long term financing</b>                         |           |                                      |                               |
| Secured   |           |                                      |                               |
| From banking company                                  |           |                                      |                               |
| Under mark up arrangement                             |           |                                      |                               |
| Demand finance  | 3.1       | 3,102                                | 8,333                         |
| Transferred from short term borrowings - Term finance | 3.2 & 3.3 | 100,000                              | -                             |
| Repaid during the period                              |           | (2,500)                              | -                             |
|   |           | 97,500                               | -                             |
| Less: Current portion                                 |           |                                      |                               |
| Installments due                                      |           | 13,102                               | -                             |
| Payable within one year                               |           | 29,167                               | 8,333                         |
|   |           | <u>58,333</u>                        | <u>-</u>                      |

- 3.1** It is secured against registered token mortgage of Rs. 4.3 million, equitable mortgage charge on property owned by a director of the company and first exclusive charge by way of equitable mortgage, 10% token registered mortgage against property owned by the company. It is further secured by personal guarantee of directors of the Company. It is repayable in 12 equal quarterly installments commenced from December 31, 2018 and ending on October 01, 2022. It is subject to mark up at the rate of 3 months KIBOR plus 4.20% per annum.

Repayment schedule of demand finance was revised and instalments of four quarters starting from April 01, 2020 were deferred to January 01, 2021.

Effective rate of mark up charged during the period is 19.36% per annum (June 2022 : 11.65% to 16.15% per annum).

- 3.2** It is secured against first exclusive charge over fixed assets of the company. It is further secured against first joint charge over current assets of the Company ranking pari passu with the charges created in respect of morabaha finance-I and running finances in short term borrowings and by personal guarantee of chief executive of the Company.

Effective mark up rate charged during the period ranges from 2.36% to 4.76% per annum (June 2022: 10.01% to 10.81% per annum).

- 3.3** It is restructured and is now repayable in 12 equal quarterly installments commencing from March 31, 2023 and ending on December 31, 2025, after the down payment of 12.5 million. It is subject to mark up at the fixed rate of 4.76% per annum (June 2022: 1 month KIBOR plus 2.5% per annum). Interest/markup past due till the date of settlement along with future accrued markup is repayable in four equal quarterly installments commencing from March 31, 2026 and ending on December 31, 2026.

|   |  | (Un-audited)<br>December 31,<br>2022 | (Audited)<br>June 30,<br>2022 |
|---|--|--------------------------------------|-------------------------------|
|   |  | ----- Rupees in '000' -----          |                               |
| <b>4. Short term bank borrowings</b>              |  |                                      |                               |
| Secured - under mark up arrangements              |  |                                      |                               |
| Morabaha finance I                                |  | 114,000                              | 114,000                       |
| Term finance                                      |  | 100,000                              | 100,000                       |
| Running finances                                  |  | 779,951                              | 779,951                       |
| Less:   |  |                                      |                               |
| Transferred to long term financing - Term Finance |  | (100,000)                            | -                             |
|   |  | <u>893,951</u>                       | <u>993,951</u>                |

## 5. CONTINGENCIES

There are no significant changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2022 except the following:

Late payment surcharges on demand finance (long term financing), in case of default, shall be 5% in excess of effective mark up rate which is not accounted for in the financial statements of the period. At this stage, it is difficult to ascertain the outcome of the matter till further proceeding as the matter is under negotiation with the bank.

|   |       | (Un-audited)<br>December 31,<br>2022 | (Audited)<br>June 30,<br>2022 |
|---|-------|--------------------------------------|-------------------------------|
| ----- Rupees in '000' -----   |       |                                      |                               |
| <b>6. Property, plant and equipment</b>   |       |                                      |                               |
| Operating assets  | 6.1   | 640,852                              | 653,353                       |
| Advance for purchase of land  |       | <u>16,500</u>                        | <u>16,500</u>                 |
|   |       | <u><u>657,352</u></u>                | <u><u>669,853</u></u>         |
| <b>6.1 Operating assets</b>   |       |                                      |                               |
| Book value at beginning of period / year  |       | 653,353                              | 680,473                       |
| Addition during the period / year   | 6.1.1 | -                                    | 747                           |
| Disposals during the period / year  |       | -                                    | (268)                         |
| Depreciation charged during the period / year   |       | <u>(12,501)</u>                      | <u>(27,599)</u>               |
|   |       | <u><u>640,852</u></u>                | <u><u>653,353</u></u>         |
| <b>6.1.1 Additions to operating assets,<br/>during the period / year were as follow</b> |       |                                      |                               |
| Electric appliances   |       | -                                    | 114                           |
| Vehicles  |       | -                                    | 633                           |
|   |       | <u>-</u>                             | <u>747</u>                    |
| <b>7. Investment property</b>   |       |                                      |                               |
| Cost  |       | 433,914                              | 433,914                       |
| Accumulated depreciation  |       | <u>(26,160)</u>                      | <u>(25,105)</u>               |
| Net book value  |       | <u><u>407,754</u></u>                | <u><u>408,809</u></u>         |
| <b>7.1 Reconciliation of written down value for the period / year</b>                   |       |                                      |                               |
| Book value at beginning of period / year  |       | 408,809                              | 411,154                       |
| Depreciation charged during the period / year   |       | <u>(1,055)</u>                       | <u>(2,344)</u>                |
|   |       | <u><u>407,754</u></u>                | <u><u>408,809</u></u>         |
| <b>8. Stock of oil and lubricants</b>   |       |                                      |                               |
| Furnace oil   |       | 77,488                               | 100,263                       |
| Diesel oil  |       | 4,778                                | 3,817                         |
| Lube oil  |       | 2,755                                | 3,637                         |
| Waste   |       | 58                                   | 58                            |
|   |       | <u>85,079</u>                        | <u>107,774</u>                |



|      | (Un-audited)<br>December 31,<br>2022 | (Audited)<br>June 30,<br>2022 |
|------|--------------------------------------|-------------------------------|
| Note | Rupees in '000'                      |                               |

## 9. Other receivables

Considered good

Receivable against:

|                                     |         |         |
|-------------------------------------|---------|---------|
| Sale of investment property         | 75,679  | 86,479  |
| Rent                                | 5,274   | 5,274   |
| Gas Infrastructure Development Cess | 53,562  | 53,562  |
| Others                              | 74,520  | 74,527  |
| 9.1                                 | 209,035 | 219,841 |

- 9.1 It includes (Rs'000):10,300/- (June 2022 (Rs'000):10,300/- on account of the sale of generators to associate undertaking Sitara Fabrics Limited. The maximum aggregate amount due from Sitara Fabrics Limited at the end of any month during the period was (Rs,000) 35,000 (June 2022 (Rs,000) : 35,000).

|  | (Un-audited)<br>December 31,<br>2022 | (Audited)<br>June 30,<br>2022 |
|--|--------------------------------------|-------------------------------|
|  | Rupees in '000'                      |                               |

## 10. Cash and bank balances

|                     |         |         |
|---------------------|---------|---------|
| Cash in hand        | 39,153  | 1,109   |
| Cash at banks       |         |         |
| In current accounts | 265,805 | 298,053 |
|                     | 304,958 | 299,162 |

| (Un-audited)<br>Half year ended<br>December 31,<br>2022 |                 | (Un-audited)<br>Quarter ended<br>December 31,<br>2021 |      |
|---|-----------------|---|------|
|   | 2021            | 2022  | 2021 |
|   | Rupees in '000' |   |      |

## 11. Sales - net

|                        |          |          |         |         |
|------------------------|----------|----------|---------|---------|
| Electricity            | 252,582  | 127,954  | 30,813  | 47,269  |
| Steam                  | 2,360    | 1,360    | 452     | 438     |
|                        | 254,942  | 129,314  | 31,265  | 47,707  |
| Less: Sales tax        | (37,043) | (18,789) | (4,543) | (6,932) |
|                        | 217,899  | 110,525  | 26,722  | 40,775  |
| Less: Electricity duty | (2,137)  | (1,083)  | (260)   | (399)   |
|                        | 215,762  | 109,442  | 26,462  | 40,376  |

| Note | (Un-audited)<br>Half year ended<br>December 31, |      | (Un-audited)<br>Quarter ended<br>December 31, |      |
|------|---|------|---|------|
|      | 2022  | 2021 | 2022  | 2021 |
|      | Rupees in '000'                                 |      |   |      |

## 12. Cost of generation

|                                |         |         |        |        |
|--------------------------------|---------|---------|--------|--------|
| Cost of oil and lubricants     | 199,460 | 96,403  | 21,755 | 47,462 |
| Salaries, wages and benefits   | 8,556   | 7,394   | 3,455  | 2,459  |
| Retirement benefits            | 303     | 277     | 153    | 143    |
| Stores, spares and loose tools | 1,721   | 581     | 449    | 285    |
| Insurance                      | 1,718   | 1,204   | 859    | 220    |
| Repairs and maintenance        | 712     | 74      | 309    | 50     |
| Depreciation                   | 8,606   | 9,006   | 6,289  | 6,746  |
| Other                          | 1,087   | 717     | 474    | 67     |
|                                | 222,163 | 115,656 | 33,743 | 57,432 |

## 13. Provision for taxation

|                  |      |     |       |     |
|------------------|------|-----|-------|-----|
| Current          |      |     |       |     |
| For the period   | 13.1 | 813 | 726   | 414 |
| For prior period |      | -   | (100) | -   |
|                  |      | 813 | 626   | 414 |
|                  |      |     | 224   |     |

13.1 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.

## 14. 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           | Un-Audited<br>Half year ended<br>December 31, |        |
|--|---|--|---|--------|
|  |   |  | 2022  | 2021   |
|  |   |  | Rupees in '000'                               |        |
| Sitara Fabrics Limited                           | Associated company by virtue of common directorship | Sale of Electricity and steam          | 5,858   | 12,564 |
|  |   | Organisational expenses charged        | 2,400   | 4,000  |
|  |   | Receipt against sale of gas generators | -   | 10,700 |
| Sitara Energy Limited Staff Provident Fund Trust | Other related party                                 | Company's Contribution for the period  | 440   | 436    |

## 15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 24, 2023 by the Board of Directors of the Company.

## 16. GENERAL

- 16.1 Provisions for taxation made in these condensed interim financial statements are subject to adjustment in annual financial statements.
- 16.2 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.
- 16.3 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**

# Statement of Financial Position

## SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT DECEMBER 31, 2022

|  |      | (Un-audited)<br>December 31,<br>2022 | (Audited)<br>June 30,<br>2022 |                                     | (Un-audited)<br>December 31,<br>2022 | (Audited)<br>June 30,<br>2022 |                  |
|--|------|--------------------------------------|-------------------------------|-------------------------------------|--------------------------------------|-------------------------------|------------------|
|  | Note | -----Rupees in '000'-----            |                               |                                     | -----Rupees in '000'-----            |                               |                  |
| <b>SHARE CAPITAL AND RESERVES</b>                                    |      |                                      |                               | <b>NON-CURRENT ASSETS</b>           |                                      |                               |                  |
| Authorised capital<br>30,000,000 ordinary shares<br>of Rs. 10/- each |      | <u>300,000</u>                       | <u>300,000</u>                | Property, plant and equipment       | 7                                    | 657,369                       | 669,871          |
|  |      |                                      |                               | Investment Property                 | 8                                    | 407,754                       | 408,809          |
|  |      |                                      |                               | Long term loan                      |                                      | 1,000                         | 1,000            |
|  |      |                                      |                               | Long term deposits                  |                                      | 1,511                         | 1,511            |
|  |      |                                      |                               |                                     |                                      | <u>1,067,634</u>              | <u>1,081,192</u> |
| Issued, subscribed<br>and paid up capital                            |      | 190,920                              | 190,920                       |                                     |                                      |                               |                  |
| Reserves   |      |                                      |                               |                                     |                                      |                               |                  |
| Capital reserve  |      |                                      |                               |                                     |                                      |                               |                  |
| Share premium  |      | 143,190                              | 143,190                       |                                     |                                      |                               |                  |
| Revenue reserves   |      |                                      |                               |                                     |                                      |                               |                  |
| General reserve  |      | 970,000                              | 970,000                       |                                     |                                      |                               |                  |
| Accumulated (loss)   |      | (139,869)                            | (57,699)                      |                                     |                                      |                               |                  |
|  |      | <u>1,164,241</u>                     | <u>1,246,411</u>              |                                     |                                      |                               |                  |
| <b>NON - CURRENT LIABILITIES</b>                                     |      |                                      |                               | <b>CURRENT ASSETS</b>               |                                      |                               |                  |
| Long term financing  | 4    | 58,333                               | -                             | Stores, spares and loose tools      |                                      | 273,533                       | 273,368          |
| Deferred interest / markup   | 4.3  | 19,885                               | -                             | Stocks                              |                                      | 714,232                       | 736,928          |
|  |      | <u>78,218</u>                        | <u>-</u>                      | Trade debts                         |                                      | 618,406                       | 523,175          |
|  |      |                                      |                               | Loans and advances                  |                                      | 33,532                        | 39,444           |
|  |      |                                      |                               | Deposits and prepayments            |                                      | 31,470                        | 27,882           |
|  |      |                                      |                               | Other receivables                   | 9                                    | 275,709                       | 286,515          |
|  |      |                                      |                               | Tax refunds                         |                                      | -                             | -                |
|  |      |                                      |                               | Long term financing                 | 4                                    | 42,269                        | 8,333            |
|  |      |                                      |                               | Provision for taxation - income tax | 13                                   | 2,281                         | 1,468            |
|  |      |                                      |                               |                                     |                                      | <u>2,172,168</u>              | <u>2,146,943</u> |
|  |      |                                      |                               | Cash and bank balances              | 10                                   | 310,036                       | 304,254          |
|  |      |                                      |                               |                                     |                                      | <u>2,346,993</u>              | <u>2,312,162</u> |
| <b>CONTINGENCIES</b>   |      |                                      |                               |                                     |                                      |                               |                  |
|  | 6    | -                                    | -                             |                                     |                                      |                               |                  |
|  |      | <u>3,414,627</u>                     | <u>3,393,354</u>              |                                     |                                      | <u>3,414,627</u>              | <u>3,393,354</u> |

The annexed notes 1 to 16 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**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

|   | Note | Half year ended      |          | Quarter ended        |          |
|---|------|----------------------|----------|----------------------|----------|
|   |      | December 31,<br>2022 | 2021     | December 31,<br>2022 | 2021     |
| -----Rupees in '000'-----                           |      |                      |          |                      |          |
| Sales - net   | 11   | 215,762              | 109,442  | 26,462               | 40,376   |
| Cost of generation                                  | 12   | 222,163              | 115,656  | 33,743               | 57,432   |
| Gross (loss)  |      | (6,401)              | (6,214)  | (7,281)              | (17,056) |
| Other income  |      | 28,708               | 3,414    | 26,054               | 1,687    |
|   |      | 22,307               | (2,800)  | 18,773               | (15,369) |
| Operating expenses                                  |      | 22,720               | 24,357   | 11,029               | 13,047   |
| Finance cost  |      | 80,945               | 54,692   | 37,960               | 27,535   |
|   |      | 103,665              | 79,049   | 48,989               | 40,582   |
| (Loss) for the period before taxation               |      | (81,358)             | (81,849) | (30,216)             | (55,951) |
| Provision for taxation                              | 13   | 813                  | 1,100    | 414                  | 698      |
| (Loss) for the period                               |      | (82,171)             | (82,949) | (30,630)             | (56,649) |
| Attributable to:                                    |      |                      |          |                      |          |
| Shareholders of the Parent                          |      | (82,171)             | (82,949) | (30,630)             | (56,649) |
| (Loss) per share - Basic and diluted                |      |                      |          |                      |          |
| Attributable to shareholders of the Parent (Rupees) |      | (4.30)               | (4.34)   | (1.60)               | (2.97)   |

The annexed notes 1 to 16 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  
CONDENSED INTERIM CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

|   | Half year ended<br>December 31, |          | Quarter ended<br>December 31, |          |
|---|---------------------------------|----------|-------------------------------|----------|
|   | 2022                            | 2021     | 2022                          | 2021     |
|   | -----Rupees in '000'-----       |          |                               |          |
| (Loss) for the period                     | (82,171)                        | (82,949) | (30,630)                      | (56,649) |
| Other comprehensive income for the period | -                               | -        | -                             | -        |
| Total comprehensive (loss) for the period | (82,171)                        | (82,949) | (30,630)                      | (56,649) |
| Attributable to:                          |                                 |          |                               |          |
| Shareholders of the Parent                | (82,171)                        | (82,949) | (30,630)                      | (56,649) |

The annexed notes 1 to 16 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 HALF YEAR ENDED DECEMBER 31, 2022

|  | Capital reserves                       |               | Revenue reserves |  | Total     |           |
|--|--|---------------|------------------|--|-----------|-----------|
|  | Issued, subscribed and paid up capital | Share premium | General reserve  | Unappropriated profit / Accumulated (loss) |           |           |
|  |  |               |                  |  |           | Sub total |
| <b>Rupees in '000'</b>                         |  |               |                  |  |           |           |
| Balance as at July 01, 2021 - (Audited)        | 190,920                                | 143,190       | 970,000          | 97,907                                     | 1,067,907 | 1,402,017 |
| Total comprehensive (loss) for the period      |  |               |                  |  |           |           |
| (Loss) for the period                          | -                                      | -             | -                | (82,949)                                   | (82,949)  | (82,949)  |
| Other comprehensive income                     | -                                      | -             | -                | -  | -         | -         |
| Balance as at December 31, 2021 - (Un-audited) | 190,920                                | 143,190       | 970,000          | 14,958                                     | 984,958   | 1,319,068 |
| Total comprehensive (loss) for the period      |  |               |                  |  |           |           |
| (Loss) for the period                          | -                                      | -             | -                | (72,656)                                   | (72,656)  | (72,656)  |
| Other comprehensive income                     | -                                      | -             | -                | (72,656)                                   | (72,656)  | (72,656)  |
| Balance as at June 30, 2022 - (Audited)        | 190,920                                | 143,190       | 970,000          | (57,698)                                   | 912,302   | 1,246,412 |
| Total comprehensive (loss) for the period      |  |               |                  |  |           |           |
| (Loss) for the period                          | -                                      | -             | -                | (82,171)                                   | (82,171)  | (82,171)  |
| Other comprehensive income                     | -                                      | -             | -                | -  | -         | -         |
| Balance as at December 31, 2022 - (Un-audited) | 190,920                                | 143,190       | 970,000          | (139,869)                                  | 830,131   | 1,164,241 |

The annexed notes 1 to 16 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  
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

|   | Half year ended<br>December 31, |                 |
|---|---------------------------------|-----------------|
|   | 2022                            | 2021            |
|   | -----Rupees in '000'-----       |                 |
| <b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>      |                                 |                 |
| (Loss) for the period before taxation               | (81,358)                        | (81,849)        |
| Adjustments for :                                   |                                 |                 |
| Depreciation of property, plant and equipment       | 12,502                          | 13,779          |
| Depreciation of investment property                 | 1,055                           | 1,172           |
| Provision for staff retirement benefits             | 440                             | 436             |
| Balance written back                                | (24,033)                        | -               |
| Finance cost  | 80,945                          | 54,692          |
| Operating cash flows before working capital changes | <u>(10,449)</u>                 | <u>(11,770)</u> |
| Changes in working capital                          |                                 |                 |
| (Increase) / Decrease in current assets             |                                 |                 |
| Stores, spares and loose tools                      | (165)                           | 347             |
| Stocks  | 22,695                          | (14,307)        |
| Trade debts   | (95,231)                        | (11,235)        |
| Loans and advances                                  | 6,780                           | 86              |
| Deposits and prepayments                            | (3,588)                         | 1,556           |
| Tax refunds due from Government                     | 30,521                          | (628)           |
| Other receivables                                   | 10,806                          | 33,818          |
| Increase in current liabilities                     |                                 |                 |
| Trade and other payables                            | 55,266                          | 11,447          |
|   | <u>27,084</u>                   | <u>21,084</u>   |
| Cash generated from operating activities            | <u>16,635</u>                   | <u>9,314</u>    |
| Staff retirement benefits paid                      | (361)                           | (455)           |
| Finance cost paid                                   | (1,893)                         | (2,762)         |
| Income tax paid                                     | (868)                           | (3,278)         |
| Net cash generated from operating activities        | <u>13,513</u>                   | <u>2,819</u>    |



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**



# Statement of Cash Flows

|                                |
|--------------------------------|
| Half year ended                |
| December 31,                   |
| 2022                      2021 |
| -----Rupees in '000'-----      |

**c) CASH FLOWS FROM FINANCING ACTIVITIES**

|  |         |          |
|--|---------|----------|
| Repayment of long term financing                               | (7,731) | (8,333)  |
| (Decrease) in short term bank borrowings - net                 | -       | (33,000) |
| Net cash (used in) financing activities                        | (7,731) | (41,333) |
| Net increase / (decrease) in cash and cash equivalents (a+b+c) | 5,782   | (38,514) |
| Cash and cash equivalents at the beginning of the period       | 304,254 | 237,972  |
| Cash and cash equivalents at the end of the period             | 310,036 | 199,458  |

The annexed notes 1 to 16 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 HALF YEAR ENDED DECEMBER 31, 2022**

**1. GROUP STATUS AND ACTIVITIES**

- 1.1** The Group consists of Sitara Energy Limited (the Parent) and Sitara International (Private) Limited (the wholly owned 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 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.
- 1.3** The Parent suffered financial and operational difficulties due to non availability of system gas along with substantial increase in gas tariff and abnormal increase in rate of furnace oil. The Group has suffered loss of Rs. 82.171 million during the period, due to adverse market conditions compared to energy cost.

There has been material uncertainty related to events and conditions which may cast significant doubt about the Company's ability to continue as a going concern and, therefore the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

The Parent is suffering losses due to unviable fuels prices in comparison with prevailing tariff being offered by our competitor DISCO. The government has allowed subsidized electricity tariff to export oriented sector all over Pakistan which is another set-back for our company.

The actions taken by the management of the Parent and their impact is as under:

- In order to reduce burden of finance cost the parent is pursuing the banks for restructuring/rescheduling of the credit facilities at concessional markup rate, the parent has also submitted proposals to offer property swap to liquidate the loan and is hopeful for favourable consideration, which will improve the operating results.
- The management is making out all efforts to dispose off the non core assets such as investment property. The parent is planning to add solar power plant in the coming years through disposal of investment properties to make the company's project viable. The government policies are also very favourable for the installation of solar power plants.
- All these factors indicate that the parent will continue as going concern.

**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.

## 3. SIGNIFICANT 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 but subject to limited scope review by the auditors, 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, 2022.

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, 2022.

### 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, 2022 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

#### 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, 2023 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, 2022.

### 3.3 Basis of preparation

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

### 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, 2022.

## 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, 2022.

**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, 2022.

|   | Note      | (Un-audited)<br>December 31,<br>2022 | (Audited)<br>June 30,<br>2022 |
|---|-----------|--------------------------------------|-------------------------------|
| ----- Rupees in '000' -----                           |           |                                      |                               |
| <b>4. Long term financing</b>                         |           |                                      |                               |
| Secured   |           |                                      |                               |
| From banking company                                  |           |                                      |                               |
| Under mark up arrangement                             |           |                                      |                               |
| Demand finance  | 4.1       | 3,102                                | 8,333                         |
| Transferred from short term borrowings - Term finance | 4.2 & 4.3 | 100,000                              | -                             |
| Repaid during the period                              |           | (2,500)                              | -                             |
|   |           | 97,500                               | -                             |
| Less: Current portion                                 |           |                                      |                               |
| Installments due                                      |           | 13,102                               | -                             |
| Payable within one year                               |           | 29,167                               | (8,333)                       |
|   |           | 42,269                               | (8,333)                       |
|   |           | 58,333                               | -                             |

**4.1** It is secured against registered token mortgage of Rs. 4.3 million, equitable mortgage charge on property owned by a director of the company and first exclusive charge by way of equitable mortgage, 10% token registered mortgage against property owned by the company. It is further secured by personal guarantee of directors of the Company. It is repayable in 12 equal quarterly installments commenced from December 31, 2018 and ending on October 01, 2022. It is subject to mark up at the rate of 3 months KIBOR plus 4.20% per annum.

Repayment schedule of demand finance was revised and instalments of four quarters starting from April 01, 2020 were deferred to January 01, 2021.

Effective rate of mark up charged during the period is 19.36% per annum (June 2022 : 11.65% to 16.15% per annum).

**4.2** It is secured against first exclusive charge over fixed assets of the company. It is further secured against first joint charge over current assets of the Company ranking pari passu with the charges created in respect of morabaha finance-I and running finances in short term borrowings and by personal guarantee of chief executive of the Company.

Effective mark up rate charged during the period ranges from 2.36% to 4.76% per annum (June 2022: 10.01% to 10.81% per annum).

- 4.3** It is restructured and is now repayable in 12 equal quarterly installments commencing from March 31,2023 and ending on December 31,2025, after the down payment of 12.5 million. It is subject to mark up at the fixed rate of 4.76% per annum ( June 2022: 1 month KIBOR plus 2.5% per annum). Interest/markup past due till the date of settlement along with future accrued markup is repayable in four equal quarterly installments commencing from March 31,2026 and ending on December 31,2026.

| (Un-audited)<br>December 31,<br>2022 | (Audited)<br>June 30,<br>2022 |
|--------------------------------------|-------------------------------|
| ----- Rupees in '000' -----          |                               |

**5. Short term bank borrowings**

Secured - under mark up arrangements

|   |           |         |
|---|-----------|---------|
| Morabaha finance I                                | 114,000   | 114,000 |
| Term finance                                      | 100,000   | 100,000 |
| Running finances                                  | 779,951   | 779,951 |
| Less:   |           |         |
| Transferred to long term financing - Term finance | (100,000) | -       |
|   | 893,951   | 993,951 |

**6. CONTINGENCIES**

There are no significant changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2022 except the following:

Late payment surcharges on demand finance (long term financing),in case of default, shall be 5% in excess of effective mark up rate which is not accounted for in the financial statements of the period. At this stage, it is difficult to ascertain the outcome of the matter till further proceeding as the matter is under negotiation with the bank.

| Note                        | (Un-audited)<br>December 31,<br>2022 | (Audited)<br>June 30,<br>2022 |
|-----------------------------|--------------------------------------|-------------------------------|
| ----- Rupees in '000' ----- |                                      |                               |

**7. PROPERTY, PLANT AND EQUIPMENT**

|                              |     |         |         |
|------------------------------|-----|---------|---------|
| Operating assets             | 7.1 | 640,869 | 653,371 |
| Advance for purchase of land |     | 16,500  | 16,500  |
|                              |     | 657,369 | 669,871 |

**7.1 Operating assets**

|   |          |          |
|---|----------|----------|
| Book value at beginning of period / year      | 653,371  | 680,493  |
| Addition during the period / year             | -        | 747      |
| Disposals during the period / year            | -        | (268)    |
| Depreciation charged during the period / year | (12,502) | (27,601) |
|   | 640,869  | 653,371  |

**8. Investment property**

|                          |          |          |
|--------------------------|----------|----------|
| Cost                     | 433,914  | 433,914  |
| Accumulated depreciation | (26,160) | (25,105) |
| Net book value           | 407,754  | 408,809  |

**8.1 Reconciliation of written down value for the period / year**

|   |         |         |
|---|---------|---------|
| Book value at beginning of period / year      | 408,809 | 411,154 |
| Depreciation charged during the period / year | (1,055) | (2,344) |
|   | 407,754 | 408,809 |

# Notes to the Financial Statements

|                                     |     | (Un-audited)<br>December 31,<br>2022 | (Audited)<br>June 30,<br>2022 |
|-------------------------------------|-----|--------------------------------------|-------------------------------|
|                                     |     | ----- Rupees in '000' -----          |                               |
| <b>9. Other receivables</b>         |     |                                      |                               |
| Considered good                     |     |                                      |                               |
| Receivable against:                 |     |                                      |                               |
| Sale of investment property         |     | 75,679                               | 86,479                        |
| Rent                                |     | 5,274                                | 5,274                         |
| Gas Infrastructure Development Cess |     | 53,562                               | 53,562                        |
| Others                              | 9.1 | 141,194                              | 141,200                       |
|                                     |     | 275,709                              | 286,515                       |

**9.1** It includes (Rs'000):10,300/- (June 2022 (Rs'000):10,300/- on account of the sale of generators to associate undertaking Sitara Fabrics Limited. The maximum aggregate amount due from Sitara Fabrics Limited at the end of any month during the period was (Rs,000) 35,000 (June 2022 (Rs,000) : 35,000).

|                                   |  | (Un-audited)<br>December 31,<br>2021 | (Audited)<br>June 30,<br>2022 |
|-----------------------------------|--|--------------------------------------|-------------------------------|
|                                   |  | ----- Rupees in '000' -----          |                               |
| <b>10. Cash and bank balances</b> |  |                                      |                               |
| Cash in hand                      |  | 39,979                               | 1,948                         |
| Cash at banks                     |  |                                      |                               |
| In current accounts               |  | 270,057                              | 302,305                       |
|                                   |  | 310,036                              | 304,254                       |

|             |  | (Un-audited)<br>Half year ended<br>December 31,<br>2022 |  | (Un-audited)<br>Quarter ended<br>December 31,<br>2021 |
|-------------|--|---|--|---|
|             |  | ----- Rupees in '000' -----                             |  |   |
| <b>Note</b> |  |   |  |   |

## 11. Sales - net

|                        |          |          |         |         |
|------------------------|----------|----------|---------|---------|
| Electricity            | 252,582  | 127,954  | 30,813  | 47,269  |
| Steam                  | 2,360    | 1,360    | 452     | 438     |
|                        | 254,942  | 129,314  | 31,265  | 47,707  |
| Less: Sales tax        | (37,043) | (18,789) | (4,543) | (6,932) |
|                        | 217,899  | 110,525  | 26,722  | 40,775  |
| Less: Electricity duty | (2,137)  | (1,083)  | (260)   | (399)   |
|                        | 215,762  | 109,442  | 26,462  | 40,376  |

## 12. Cost of generation

|                    |      |         |         |        |        |
|--------------------|------|---------|---------|--------|--------|
| Cost of generation | 12.1 | 222,163 | 115,656 | 33,743 | 57,432 |
|--------------------|------|---------|---------|--------|--------|

| Note | (Un-audited)<br>Half year ended |      | (Un-audited)<br>Quarter ended |      |
|------|---------------------------------|------|-------------------------------|------|
|      | December 31,                    |      | December 31,                  |      |
|      | 2022                            | 2021 | 2022                          | 2021 |
|      | -----Rupees in '000'-----       |      |                               |      |

## 12.1 Cost of generation

|                                |         |         |        |        |
|--------------------------------|---------|---------|--------|--------|
| Cost of oil and lubricants     | 199,460 | 96,403  | 21,755 | 47,462 |
| Salaries, wages and benefits   | 8,556   | 7,394   | 3,455  | 2,459  |
| Retirement benefits            | 303     | 277     | 153    | 143    |
| Stores, spares and loose tools | 1,721   | 581     | 449    | 285    |
| Insurance                      | 1,718   | 1,204   | 859    | 220    |
| Repairs and maintenance        | 712     | 74      | 309    | 50     |
| Depreciation                   | 8,606   | 9,006   | 6,289  | 6,746  |
| Other                          | 1,087   | 717     | 474    | 67     |
|                                | 222,163 | 115,656 | 33,743 | 57,432 |

## 13. Provision for taxation

|                  |      |     |       |     |
|------------------|------|-----|-------|-----|
| Current          |      |     |       |     |
| For the period   | 13.1 | 813 | 726   | 414 |
| For prior period |      | -   | 374   | -   |
|                  |      | 813 | 1,100 | 414 |
|                  |      |     | 698   |     |

13.1 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 rental income which is subject to tax under normal tax regime.

## 14. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Group in the normal course of business carries out transactions with various related parties which comprise of 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              | Un-Audited<br>Half year ended<br>December 31, |        |
|--|---|---|---|--------|
|  |   |   | 2022  | 2021   |
|  |   |   | -----Rupees in '000'-----                     |        |
|  |   | Sale of Electricity and steam             | 5,858   | 12,564 |
| Sitara Fabrics Limited                                 | Associated company<br>by virtue of common<br>directorship | Organisational expenses<br>charged        | 2,400   | 4,000  |
|  |   | Receipt against sale of gas<br>generators | -   | 10,700 |
| Sitara Energy Limited<br>Staff Provident Fund<br>Trust | Other related party                                       | Company's Contribution for the<br>period  | 440   | 436    |

## 15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on February 24, 2023 by the Board of Directors of the Parent.

## 16. GENERAL

- 16.1 Provisions for taxation made in these condensed interim financial statements are subject to adjustment in annual financial statements.
- 16.2 There is no unusual item included in these condensed interim consolidated financial statements which is affecting equity, liabilities, assets, (loss), comprehensive (loss) or cash flows of the Group.
- 16.3 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**







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