

# SITARA ENERGY LIMITED



ANNUAL  
REPORT  
**2023**





## Sitara Energy Limited

Company Information	02
Vision and Mission Statement	03
Notice of Annual General Meeting	04
Code of Conduct	07
Chairperson's Review	10
Director Report	11
Pattern of Shareholding	18
Key Operating and Financial Data	20
Statement of Compliance with Code of Corporate Governance	21
Independent Auditors Report to the Members	24
Auditors Review Report	28
Statement of Financial Position	29
Statement of Profit or Loss	30
Statement of Comprehensive Income	31
Statement of Changes in Equity	32
Statement of Cash Flows	33
Notes to Financial Statements	35

## Consolidated Accounts

(Sitara Energy Ltd and Its Subsidiary Company)

Director Report	67
Auditors Report to the Members	69
Consolidated Statement of Financial Position	73
Consolidated Statement of Profit or Loss	74
Consolidated Statement of Comprehensive Income	75
Consolidated Statement of Changes in Equity	76
Consolidated Statement of Cash Flows	77
Consolidated Notes to Financial Statements	79
Form of Proxy	

# COMPANY INFORMATION

## BOARD OF DIRECTORS

Ms. Noureen Javed (Chairperson)  
Mr. Javed Iqbal (Chief Executive Officer)  
Mr. Shahid Hameed Sheikh  
Mr. Tahir Ibraheem  
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., Sheikhpura 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

## WEB SITE

<http://www.sitara.pk>

# Vision Statement

Sitara Energy Limited through its innovative technology and effective resource management has maintained high ethical and professional standards to create a work environment that fosters pride, job satisfaction and equal opportunity for career growth for the employees.



# Mission Statement

Our principled and honest business practices are focused to provide reliable & economical power to our customers, to maximize return to the shareholders and to respect all other stakeholders & community

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ("AGM") of Sitara Energy Limited (the "Company") will be held on Saturday, October 28, 2023 at 2:30 pm at 6th Floor, Business Centre, Mumtaz Hasan Road, Karachi in person and via video link to transact the following business:

## ORDINARY BUSINESS

- i. To confirm the minutes of the Annual General Meeting held on October 28, 2022.
- ii. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2023 together with the Reports of Directors and Auditors thereon.
- iii. To appoint Auditors and to fix their remuneration for the year ending June 30, 2024. The present auditors, M/s. RSM Avais Hyder Liaquat Nauman, Chartered Accountants, have retired and being eligible, have offered themselves for re-appointment. The Board of Directors recommends, based on the recommendation of Board Audit Committee, appointment of M/s. RSM Avais Hyder Liaquat Nauman, as auditors for the ensuing year.
- iv. To transact any other ordinary business with the permission of the Chair.

By Order of the Board



**Mazhar Ali Khan**

Company Secretary

Karachi

October 2, 2023

## NOTES:

### CLOSURE OF SHARE TRANSFER BOOKS

The Share Transfer Books of the Company will remain closed from October 21, 2023 to October 28, 2023 (both days inclusive). Transfers received in order at the office of Share Registrar M/s. THK Associates (Pvt.) Limited, Plot no. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi before the close of business on October 20, 2023 will be treated in time for the purpose to attend and vote at the Annual General Meeting of the Company.

### PARTICIPATION IN THE ANNUAL GENERAL MEETING.

A member entitled to attend and vote at this meeting is entitled to appoint another person as his/her proxy to attend and vote. Proxies in order to be effective must be received at Company's Share Registrar's Office M/s. THK Associates (Pvt.) Limited, Plot no. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi duly stamped and signed not less than 48 hours before the time of meeting.

### CDC ACCOUNT HOLDERS WILL HAVE TO FOLLOW FURTHER UNDER MENTIONED GUIDELINES AS LAID DOWN BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN.

#### a) For attending the meeting:

- i) In case of individuals, the account holders or sub-account holders and their registration details are uploaded as per the regulations, shall authenticate their identity by showing

# NOTICE OF ANNUAL GENERAL MEETING

their original Computerized National Identity Card (CNIC), or Original Passport at the time of attending the meeting.

- ii) In case of Corporate Entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

## **b) For appointing proxies:**

- i) In case of individuals, the account holders or sub account holders and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- ii) In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the company's registrar.
- iii) Form of proxy is attached to the notice of meeting being sent to the members. Proxy Form may also be downloaded from the Company's website i.e. [www.sitara.pk](http://www.sitara.pk)

## **CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM**

The Securities and Exchange Commission of Pakistan (SECP) through its letter No.CSD/ED/Misc/2016-639-640 dated March 26, 2021 has advised the Listed Companies to adhere with the provision of the Section 72 of the Companies Act, 2017 (the Act) by replacing shares issued by them in Physical Form with the shares to be issued in the Book-Entry Form. Sitara Energy Limited (the "Company"), being a listed company is also required to comply with aforesaid provision of Act.

The shareholders of Sitara Energy Limited having physical folios/share certificates are requested to convert their shares from Physical Form into Book Entry Form as soon as possible. The shareholders may contact their Broker, a PSX Member, CDC Participant or CDC Investor Account Service provider for assistance in opening CDS Account and subsequent induction of the physical shares into Book Entry Form.

It would facilitate the shareholders in many ways including safe custody of shares, no loss of shares, avoidance of formalities required for the issuance of duplicate shares and readily available for sale and purchase in open market at better rates. The shareholders of Company may contact the Share Registrar and Transfer Agent of the Company, namely M/s. THK Associates (Pvt.) Limited, Plot no. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi for the conversion of Physical Shares into Book-Entry Form.

## **SUBMISSION OF COPIES OF CNIC NOT PROVIDED EARLIER**

Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar, M/s. THK Associates (Private) Limited. In case of non-availability of a valid copy of the shareholders' CNIC in the records of the Company, the company shall withhold the dividend under the provisions of Section 243 of the Companies Act, 2017 and Regulation 6 of The Companies (Distribution of Dividend) Regulations 2017.

## **ELECTRONIC CIRCULATION OF ANNUAL REPORTS VIA EMAIL OR CD/DVD:**

Pursuant to the provision of Companies Act, 2017, annual reports are being sent to the shareholders electronically (Email or CD/DVD).

# NOTICE OF ANNUAL GENERAL MEETING

However, shareholders who wish to receive hardcopy of Financial Statements shall have to fill the attached standard request form (also available on the company's website [www.sitara.pk](http://www.sitara.pk)) and send at the Company's address.

The Company has made arrangements to ensure that all participants, including shareholders, can now participate in the AGM proceedings via video link. Those members who are willing to attend and participate in the AGM via video link are requested to register themselves by sending an email along with following particulars and valid copy of both sides of Computerized National Identity Card (CNIC) at **reg.agm2023@sitara.pk** with subject of 'Registration for AGM' not less than 48 hours before the time of the meeting:

Name of Shareholder	CNIC Number	CDC Account No./Folio No.	Cell Number	Email Address

Members who will be registered, after necessary verification as per the above requirement, will be provided a password protected video link by the Company via email. The said link will remain open from 2:30 p.m. on the date of AGM till the end of the meeting.

## PLACEMENT OF FINANCIAL STATEMENTS:

The audited financial statements of the Company for the year ended June 30, 2023 have been placed at the Company's website: **[www.sitara.pk](http://www.sitara.pk)**

Members are requested to promptly notify any change in their addresses



# CODE OF CONDUCT

It is a fundamental policy of Sitara Energy Limited to conduct its business with honesty, integrity and in accordance with the highest professional, ethical and legal standards. The Company has adopted comprehensive Code of Conduct (Code) for members of the Board of Directors and Employees. The Code defines acceptable and unacceptable behaviors, provides guidance to directors / employees in specific situations that may arise and foster a culture of honesty, accountability and high standards of personal and professional integrity.

## **Salient Features of the Code for the Directors**

### **1. Conflict of Interest**

Each director must avoid any conflict of interest between the director and the Company, its associated or subsidiary undertaking. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly.

### **2. Corporate Opportunities**

Directors are prohibited from taking for themselves personally, opportunities related to the Company's business; using the Company's property, information or position for personal gain or competing with the Company for business opportunities.

### **3. Confidentiality**

Directors must maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company and its associated or subsidiary undertaking that comes to them, except when disclosure is authorized by the Chairman of the Board or legally mandated.

### **4. Honesty, Integrity and Fair Dealing**

Directors must act honestly and fairly and exhibit high ethical standards in dealing with all stakeholders of the Company.

### **5. Compliance with Laws, Rules and Regulations**

Directors shall comply with laws, rules and regulations applicable to the Company including but not limited to the Companies Ordinance 1984, Listing Regulations of the Stock Exchanges and insider trading laws.

### **6. Encouraging the Reporting of Any Possible Illegal or Unethical Behavior**

Directors should take steps to ensure that the Company promotes ethical behavior; encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; encourages employees to report violations of laws, rules, regulations, Company policies and procedures or the Company's Code of Conduct to appropriate personnel; and informs employees that the Company will not allow retaliation for reports made in good faith.

### **7. Trading in Company Shares**

Certain restrictions / reporting requirements apply to trading by the Directors in Company shares. Directors shall make sure that they remain compliant with these statutory requirements.

### **8. Compliance Procedures**

Directors should disclose any suspected violations of this Code promptly in the immediately subsequent meeting of the board of Directors.

## **Salient Features of the Code for Employees**

### **1. Conflict of Interests**

Employees / trainees must not engage in activities or transactions which may give rise, or which may be seen to have given rise, to conflict between their personal interests and the interest of the Company.

# CODE OF CONDUCT

## 2. Confidentiality and Disclosure of Information

Employees / trainees are expected to safeguard confidential information and must not, without authority, disclose such information about Company activities to the press, to any outside source, or to employees/ trainees who are not entitled to such information.

## 3. Political Contribution

No funds or assets of the Company maybe contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office except where such a contribution is permitted by law.

## 4. Bribes and Commercial Payments

An employee / trainee must not give or receive bribes or other payments, which are intended to influence a business decision or compromise independent judgment; nor must any employee / trainee give money in order to obtain business for the Company, nor receive money for having given Company business to an outside agency.

## 5. Proper Recording of Funds, Assets, Receipts and Disbursements

All funds, assets, receipts and disbursements must be properly recorded in the books of the Company.

## 6. Agreements with Agents, Sales Representatives or Consultant

Agreements with agents, sales representatives or consultants should state clearly the services to be performed for the Company, the amount to be paid and all other relevant terms and conditions.

## 7. Relations and Dealings with Suppliers, Consultants, Agents, Intermediaries and Other Third Parties

SEL's relations and dealings with suppliers, consultants, agents, intermediaries and other third parties should at all times be such that SEL's integrity and its reputation should not be damaged if details of the relationship or dealings were to become public knowledge.

## 8. Health, Safety & Environment (HSE) Policy

Every employee / trainee at work must take reasonable care for the health and safety of him / her and others including visitors who may be affected by his / her acts or omissions at work and cooperate in Company's efforts to protect the environment.

## 9. Smoking Policy

Smoking and exposure of workplace to tobacco poses serious health hazard to the employee / trainees besides potential risks of fire and explosions considering this, smoking is permitted only in designated 'Smoking Areas'.

## 10. Seat Belt Policy

As per policy it is mandatory for all SEL employees / trainees, contractors, visitors and all other persons to fasten seat belts in the front seats of the vehicle while traveling.

## 11. Other Employment, Outside Interests, Civic Activities

SEL does not allow its employees / trainees to take any part-time and / or full-time second employment during employees' / trainees' engagement with the Company.

## 12. Unsolicited Gifts

Accepting gifts that might place an employee / trainee under obligation is prohibited. Employees / trainees must politely but firmly decline any such offer and explain that in accordance with the Company's instructions, they are unable to accept the offer.

## 13. Family Connections and Employment of Relatives

Any dealings between staff and outside organizations, in which they have a direct, indirect or family connection must be fully disclosed to the Management.

# CODE OF CONDUCT

## 14. Company and Personal Property

An employee / trainee must not take or use Company property or the property of another employee / trainee without permission; nor must the employee / trainee use Company property for private purposes without the Management's permission.

## 15. Alcohol and Drugs

Alcohol in any form and the use of drugs, except under medical advice, is prohibited at all locations.

## 16. Gambling

All forms of organized gambling or betting on the Company's premises are forbidden.

## 17. Rumor Mongering & Gossiping

Rumor mongering, persuasive allegations, accusations and exaggerations with the main purpose of negatively influencing and manipulating the minds and emotions of the fellow employees / trainees are strictly prohibited.

## 18. Harassment

It is the policy of the Company to promote productive work environment and not to tolerate verbal or physical conduct by any employee / trainee that harasses, disrupts, or interferes with another's work performance or that creates an intimidating, humiliating, offensive, or hostile environment.

## 19. Grievance Handling

SEL strives to provide a fair & impartial process to its employees / trainees and ensure timely resolution of their grievance.

## 20. Whistle Blowing

In order to enhance good governance and Transparency, SEL has introduced a Whistle Blowing Policy. The Policy provides an avenue to employees / trainees and vendors to raise concerns and report legal and ethical issues like fraud, corruption or any other unlawful conduct or dangers to the public or the environment.

## 21. General Discipline

Every employee / trainee must adhere to Company's rules of service and make sure that he / she is familiar with all of them.

## 22. Reporting Violations / Disciplinary Actions

Any violation of this Code shall be promptly reported to the Human Resources department by any employee / trainee having knowledge thereof or having reasonable belief that such violation has occurred.

By the Order of the Board



**JAVED IQBAL**

Chief Executive Officer

## CHAIRPERSON'S REVIEW

I am pleased to welcome you on the 33rd Annual General Meeting of your company and present on behalf of the Board of Directors, the Audited Statement of Accounts for the year ended 30th June 2023 along with my review on the performance of your company.

The company declared net loss of Rs 103.282 million during year 2022-23 as compared with net loss of Rs. 154.896 million during year 2021-22. Accordingly, loss per share is Rs. 5.41 in financial year 2022-23 in comparison with loss per share of Rs 8.11 in year 2021-22 due to increase in gross profit margin and rescheduling of certain financing facilitates at concessionary mark-up.

Increasing trend of RFO and RLNG prices in the international market, coupled with depreciation of Pak Rupee led to higher cost of production & tariff and lower capacity utilization. The profitable operation of the company is dependent upon viable fuel costs, increase in tariff and conducive government policies for power producers.

Sitara Energy Limited complies with all the requirements as set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the "Board") of Sitara Energy Limited (the "Company") is carried out.

The overall performance of the Board remained satisfactory under the given circumstances. The Board is endeavoring hard for the achievement of company's objectives, including its Vision and Mission Statements. The Board also meets frequently to discharge its responsibilities in a timely manner.

On my behalf and on behalf of the Board of Directors of the company, I take this opportunity to acknowledge the dedicated and sincere services of employees of the company. I am also grateful to our financial institutions, shareholders, vendors and valued customers who are reposing confidence in such difficult circumstances.

Faisalabad

October 2, 2023



**Ms. Noreen Javed**

Chairperson

# DIRECTORS' REPORT

The Board of Directors of Sitara Energy Limited feels pleasure in submitting Annual Report along with audited Financial Statements and Auditors' Report thereon for the financial year ended June 30, 2023.

## Financial Results

The sales revenue of the Company increased to Rs. 1,067.686 million in year 2023 in comparison with Rs 482.312 million in year 2022 due to higher cost of RFO and accordingly charging higher tariff to Bulk Power Consumers (BPCs). The gross profit of the Company increased to Rs 48.822 million in year 2023 as compared with Rs 5.479 million in year 2022 due to higher generation and lower auxiliary & line losses.

The overall operation of generation capacity of the Company remained lower due to subsidized tariffs of gas and electricity to the export oriented textile sector by Sui Northern Gas Pipelines Ltd and Faisalabad Electric Supply Company Ltd our competitor suppliers.

The net loss decreased to Rs 103.282 million in 2023 as compared with Rs. 154.896 million in 2022 due to higher gross profit margin, reduction in finance cost as a result of rescheduling of two financing facilities as per cost of funds and other income. However, overall finance cost increased due to constant increase in SBP policy rate from 15% to 22% during the year. The management is pursuing the other financial institutions for early rescheduling of credit facilities as per their respective cost of funds to further reduce losses and possible revival of the company.

**Financial results for the year ended June 30, 2023 are summarized below**

Description	2023		2022	
	SEL	Consolidated	SEL	Consolidated
	<b>Rupees in thousand</b>			
Sales	1,067,686	1,067,686	482,312	482,312
Gross profit	48,822	48,822	5,479	5,479
(Loss) before taxation	(100,850)	(101,097)	(153,529)	(153,764)
Provision for taxation	2,432	2,432	1,367	1,841
(Loss) after taxation	(103,282)	(103,529)	(154,896)	(155,606)
Unappropriated profit brought forward	(71,062)	(57,699)	83,834	97,907
(Loss) available for appropriation	(174,344)	(161,228)	(71,062)	(57,699)
(Loss) per share - Basic	(5.41)	(5.42)	(8.11)	(8.15)

## Corporate and Financial Reporting Framework

In compliance of the Code of Corporate Governance, we give below the statement on corporate and financial reporting frame work:

- a) The financial statements have been drawn up in conformity with the requirements of the Companies Act, 2017 and present fairly its state of affairs, operating results, cash flow statement and statement of changes in equity.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained.
- e) The internal control system is sound in design and has been effectively implemented and monitored.

# DIRECTORS' REPORT

- f) There has been no material departure from the best practices of Code of Corporate Governance, as detailed in listing regulations.
- g) Summary of key operating and financial data for the last ten years is annexed.
- h) Cost of investments of Staff Provident Fund Trust as at June 30, 2023 was Rs. 7.103 million.
- i) During the year four meetings of the Board of Directors were held. Attendance by each director was as follow: -

Name	Designation	Meetings Attended
Mrs. Noreen Javed	Chairperson	4
Mr. Javed Iqbal	Chief Executive Officer	4
Ms. Haniah Javed	Director	4
Mr. Shahid Hameed Sheikh	Director	4
Mr. Sheikh Javaid Islam	Director	4
Mr. Mubashir Ahmed Zareen	Director	4
Mr. Tahir Ibrahim	Director	2
Mr. Ijaz Ahmad Babar	Chief Financial Officer	4
Mr. Mazhar Ali Khan	Company Secretary	4

- j) During the year, four meetings of the audit committee were held. Attendance by each member was as follow:-

Name	Designation	Meetings Attended
Mr. Shahid Hameed Sheikh	Chairman	4
Mr. Mubashir Ahmed Zareen	Member	4
Mr. Sheikh Javaid Islam	Member	4

- k) During the year, two meetings of the Human Resource and Remuneration Committee were held. Attendance by each member was as follow: -

Name	Designation	Meetings Attended
Mr. Mubashir Ahmed Zareen	Chairman	2
Mr. Javed Iqbal	Member	2
Mr. Sheikh Javaid Islam	Member	2

- l) Pattern of Shareholding as at June 30, 2023 is annexed.
- m) Following persons have shareholding of 5% and above in the company.

Name of person	Shareholding
Mr. Javed Iqbal, CEO	6,677,303
Ms Nazia Aamir	1,895,500
State Life Insurance Corporation of Pakistan	1,628,500
National Bank of Pakistan	1,550,144
Ms. Naureen Javed, Chairperson	1,073,237

# DIRECTORS' REPORT

No trade in the shares of the company was carried out by its directors, CEO, CFO, Company Secretary and their spouses and minor children during the year 2022-23.

- n) Statement of compliance with Code of Corporate Governance is also annexed.
- o) All transactions with related parties and associated undertakings are carried out at arm's length price determined in accordance with comparable uncontrolled price method.

## **Directors'/Chief Executive Officer Remuneration**

The remuneration of Chief Executive Officer has been voluntarily revised downward due to financial constraints being faced by the Company. The complete information on remuneration and perquisites is given in Note No. 31 to Financial Statements.

## **Web Reference**

In compliance with SRO 634 (1)/2014 dated July 10, 2014, the company is maintaining a functional website. Annual, half-yearly and quarterly reports and other notices are regularly posted at the company's website address (<http://www.sitara.pk>).

## **Related Parties**

Transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with the best practices on transfer pricing as contained in the Listing Regulations of Stock Exchanges in Pakistan.

## **Human Resources Management**

Our commitment to excellence plays a significant role in our ability to be successful. This commitment enables us to continue investing behind talent development of our people across all functional departments. They are provided with a learning environment that encourages and fosters new ideas, initiatives and teamwork.

## **Corporate Social Responsibility**

It is Company's policy to contribute to the uplift and welfare of the community in order to fulfill its social responsibility. During the year 2023, the Company has donated Rs. 445,375/- (2022: Rs 340,000) to the welfare institution operating in the fields of education.

## **Future Prospects and Outlook**

The profitability of the company during the financial year 2023-24 will largely depends upon viable prices of fuels (RFO & RLNG) making acceptability of our tariff by BPCs. Moreover, the company is planning to add solar power plant in its generation facilities subject to requisite approvals by NEPRA and availability of concessionary funding.

The management is negotiating with the lenders for restructuring/rescheduling of credit facilities at cost of funds which will be helpful for reduction of finance cost and repayment of the credit facilities over the next few years. So far, the response of all the lenders is positive in view of legitimacy of our case.

NEPRA rendered its decision on December 19, 2019 in respect of Review Petition filed by SEL in May 2017 against Power Acquisition Determination of April 14, 2017 by NEPRA (Review Petition Determination). Being aggrieved with Review Petition Determination, SEL filed a Writ Petition in Islamabad High Court, Islamabad and a stay has been granted by Islamabad High Court Islamabad in March 2020 and is still continuing. The company has a good prima facie case and hope for a favorable eventual outcome.

# DIRECTORS' REPORT

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## Auditors

The auditors of the company M/S RSM Avais Hyder Liaquat Nauman, Chartered Accountants, retire and being eligible has offered themselves for re-appointment. The Audit Committee has recommended re-appointment of the retiring auditors.

## Appreciation

The Board of Directors appreciates all its stakeholders for their trust and continued support to the Company. The Board also recognizes the contribution made by its dedicated team of professionals and all employees who served the company with great passion and zeal in difficult times.



**Javed Iqbal**

Chief Executive Officer



**Sheikh Javaid Islam**

Director

October 02, 2023

Faisalabad





h اس سال کے دوران، ان کی برآمدگی کی رقموں کی سالانہ 2023 میں 2103 ملین روپے ہے۔  
 i اس سال کے دوران ان کی برآمدگی کی رقموں کی سالانہ 2023 میں 2103 ملین روپے ہے۔

رقم	نوع	معاوضیہ
1,628,500	گرم پانی	4
1,550,144	تانبہ پورے پائپ	4
1,073,237	گرم پانی	4
1,628,500	تانبہ پورے پائپ	4
1,550,144	تانبہ پورے پائپ	4
1,073,237	تانبہ پورے پائپ	4
1,628,500	تانبہ پورے پائپ	4
1,550,144	تانبہ پورے پائپ	4
1,073,237	تانبہ پورے پائپ	4
1,628,500	تانبہ پورے پائپ	4
1,550,144	تانبہ پورے پائپ	4
1,073,237	تانبہ پورے پائپ	4

i اس سال کے دوران ان کی برآمدگی کی رقموں کی سالانہ 2023 میں 2103 ملین روپے ہے۔

رقم	نوع	معاوضیہ
1,628,500	تانبہ پورے پائپ	14
1,550,144	تانبہ پورے پائپ	14
1,073,237	تانبہ پورے پائپ	14

ii اس سال کے دوران ان کی برآمدگی کی رقموں کی سالانہ 2023 میں 2103 ملین روپے ہے۔

رقم	نوع	معاوضیہ
1,628,500	تانبہ پورے پائپ	12
1,550,144	تانبہ پورے پائپ	12
1,073,237	تانبہ پورے پائپ	12

i 2023 میں 2103 ملین روپے کے لئے ہر ایک ملین روپے ہے۔

ii معاوضیہ کی رقموں کی سالانہ 2023 میں 2103 ملین روپے ہے۔

رقم	نوع
6,677,303	تانبہ پورے پائپ کی رقم
1,895,500	گرم پانی
1,628,500	تانبہ پورے پائپ اور پائپ کی رقم
1,550,144	تانبہ پورے پائپ
1,073,237	گرم پانی

سالانہ رپورٹ 2023 کے لیے ڈائریکٹرز کی رپورٹ اور کارپوریشن کے کاروبار کے لیے سالانہ رپورٹ 2023 کو پیش کرتے ہوئے ممبرانہ کو مطلع کرتے ہیں۔

## تعمیرات

سالانہ رپورٹ 2023 میں کارپوریشن کے لیے سالانہ رپورٹ 2023 میں 1,067,686 روپے کی تعمیرات اور 482,312 روپے کی تعمیرات کی تفصیلات درج ہیں۔ کارپوریشن کے لیے سالانہ رپورٹ 2023 میں 48,822 روپے کی تعمیرات اور 5,479 روپے کی تعمیرات کی تفصیلات درج ہیں۔

کارپوریشن کے لیے سالانہ رپورٹ 2023 میں 1,067,686 روپے کی تعمیرات اور 482,312 روپے کی تعمیرات کی تفصیلات درج ہیں۔

سالانہ رپورٹ 2023 میں کارپوریشن کے لیے سالانہ رپورٹ 2023 میں 1,067,686 روپے کی تعمیرات اور 482,312 روپے کی تعمیرات کی تفصیلات درج ہیں۔ کارپوریشن کے لیے سالانہ رپورٹ 2023 میں 48,822 روپے کی تعمیرات اور 5,479 روپے کی تعمیرات کی تفصیلات درج ہیں۔

سالانہ رپورٹ 2023 کے لیے ڈائریکٹرز کی رپورٹ اور کارپوریشن کے کاروبار کے لیے سالانہ رپورٹ 2023 کو پیش کرتے ہوئے ممبرانہ کو مطلع کرتے ہیں۔

تعمیرات	سالانہ رپورٹ 2023		سالانہ رپورٹ 2022	
	روپے	روپے	روپے	روپے
تعمیرات اور	482,312	482,312	1,067,686	1,067,686
تعمیرات اور	5,479	5,479	48,822	48,822
تعمیرات اور	(153,794)	(153,529)	(101,097)	(100,850)
تعمیرات اور	1,841	1,387	2,432	2,432
تعمیرات اور	(155,806)	(154,896)	(103,529)	(103,263)
تعمیرات اور	97,907	83,834	(57,699)	(71,062)
تعمیرات اور	(57,888)	(71,062)	(161,228)	(174,344)
تعمیرات اور	(8.15)	(8.11)	(5.42)	(5.41)

## کارپوریشن کے لیے سالانہ رپورٹ 2023

- کارپوریشن کے لیے سالانہ رپورٹ 2023 میں 1,067,686 روپے کی تعمیرات اور 482,312 روپے کی تعمیرات کی تفصیلات درج ہیں۔
- کارپوریشن کے لیے سالانہ رپورٹ 2023 میں 48,822 روپے کی تعمیرات اور 5,479 روپے کی تعمیرات کی تفصیلات درج ہیں۔
- کارپوریشن کے لیے سالانہ رپورٹ 2023 میں 1,067,686 روپے کی تعمیرات اور 482,312 روپے کی تعمیرات کی تفصیلات درج ہیں۔
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# PATTERN OF SHAREHOLDINGS

As at June 30, 2023

NUMBER OF SHAREHOLDERS	SHAREHOLDINGS		TOTAL NUMBER OF SHARES
	FROM	TO	
554	1	100	8,905
370	101	500	173,320
113	501	1000	107,445
134	1001	5000	398,086
27	5001	10000	211,904
6	10001	15000	77,500
6	15001	20000	116,995
3	20001	25000	71,416
2	25001	30000	50,900
2	30001	35000	65,200
2	35001	40000	76,000
1	40001	45000	43,000
1	45001	50000	50,000
1	65001	70000	66,500
1	75001	80000	79,000
2	80001	85000	167,000
1	85001	90000	90,000
1	140001	145000	142,500
1	145001	150000	145,500
1	150001	155000	154,000
1	195001	200000	200,000
1	200001	205000	203,500
1	230001	235000	232,117
1	260001	265000	263,151
1	410001	415000	414,500
1	595001	600000	600,000
1	655001	660000	656,000
1	670001	675000	670,661
1	730001	735000	732,360
1	1070001	1075000	1,073,237
1	1545001	1550000	1,550,000
1	1625001	1630000	1,628,500
1	1895001	1900000	1,895,500
1	6675001	6680000	6,677,303
<b>1243</b>			<b>19,092,000</b>

# PATTERN OF SHAREHOLDINGS

As at June 30, 2023

	Number	Share Held	Percentage
<b>Associated Companies, Undertaking and Related Parties</b>			
Sitara Fabrics Limited	1	656,000	3.44
<b>Directors, CEO &amp; their Spouse and Minor Children</b>			
Mr. Javed Iqbal	1	6,677,303	34.97
Mrs. Naureen Javed	1	1,073,237	5.62
Ms. Haniah Javed	1	1,000	0.01
Mr. Tahir Ibrahim	1	500	0.00
Mr. Mubashir Ahmad Zareen	1	5,000	0.03
Mr. Shahid Hameed Sheikh	1	500	0.00
Sheikh Javaid Islam	1	100	0.00
<b>NIT AND ICP</b>			
Investment Corporation of Pakistan	1	500	0.00
<b>Banks, Development Finance Institutions, Non Banking Finance Institutions. Insurance Companies</b>			
	4	1,594,644	8.35
<b>Insurance Companies</b>	1	1,628,500	8.53
<b>Mutual Funds</b>	2	495,268	2.59
<b>Foreign Companies</b>	1	1,000	0.01
<b>Joint Stock Companies</b>	6	1,120,662	5.87
<b>General Public (Local)</b>	1195	5,771,487	30.23
<b>General Public (Foreign)</b>	23	42,062	0.22
<b>Others</b>	2	24,237	0.13
	1,243	19,092,000	100.00

Detail of Purchase/Sale of company's shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Financial Officer and their spouses/minor children during 2022-2023.

Mr. Tahir Ibrahim (Director) purchased =500= shares during the year

Following persons have shareholding of 5% and above in the company.

1	Mr. Javed Iqbal, CEO	6,677,303
2	Nazia Aamir	1,895,500
3	State Life Insurance Corp. of Pakistan	1,628,500
4	National Bank of Pakistan	1,550,144
5	Mrs. Naureen Javed, Chairperson	1,073,237

# KEY OPERATING AND FINANCIAL DATA FOR THE LAST TEN YEARS

PARTICULARS	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
-----Rupees in thousand-----											
<b>FINANCIAL POSITION</b>											
Paid up capital	190,920	190,920	190,920	190,920	190,920	190,920	190,920	190,920	190,920	190,920	190,920
Share premium	143,190	143,190	143,190	143,190	143,190	143,190	143,190	143,190	143,190	143,190	143,190
General reserve	970,000	970,000	970,000	970,000	970,000	970,000	970,000	920,000	920,000	820,000	720,000
Fixed assets at cost	2,177,746	2,176,601	2,177,437	2,252,688	2,377,007	2,378,647	2,387,252	2,427,988	2,360,966	2,270,025	2,280,107
Accumulated depreciation	1,548,268	1,523,247	1,496,964	1,497,806	1,499,634	1,472,349	1,443,573	1,416,939	1,326,594	1,232,748	1,161,137
Current assets	2,282,053	2,154,386	2,184,938	2,113,831	2,024,518	2,065,888	2,092,220	1,850,913	1,461,309	1,337,901	1,484,527
Current liabilities	2,204,888	2,052,511	1,949,297	1,814,410	1,715,607	1,808,698	1,816,238	1,464,328	1,143,122	1,219,313	1,283,248
<b>INCOME</b>											
Sales - net	1,067,686	482,312	512,635	958,056	1,036,691	2,412,173	2,116,462	3,074,266	3,658,739	5,035,627	5,183,842
Other income	46,332	12,722	6,091	18,385	77,896	109,920	11,934	15,875	120,831	73,659	1,805
Pre tax profit / (loss)	(100,850)	(153,529)	(147,495)	(142,357)	(189,473)	(81,858)	(96,561)	162,421	104,975	203,674	249,313
Provision for taxation	2,432	1,367	1,988	1,457	2,338	-	-	-	-	(853)	-
<b>STATISTICS AND RATIOS</b>											
Pre tax profit / (loss) to sales %	(9.45)	(31.83)	(28.77)	(14.86)	(18.28)	(3.39)	(4.56)	5.28	2.87	4.04	4.81
Pre tax profit / (loss) to capital %	(30.18)	(45.95)	(44.15)	(42.61)	(56.71)	(24.50)	(28.90)	48.61	31.42	60.96	74.62
Current ratio	1.03	1.05	1.12	1.17	1.18	1.14	1.15	1.26	1.28	1.10	1.16
Paid up value if per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
(Loss) / earning after tax per share (Rs.)	(5.41)	(8.11)	(7.83)	(7.53)	(10.05)	(4.29)	(5.06)	8.51	5.50	10.71	13.06
Cash dividend %	-	-	-	-	-	-	-	20.00	12.50	20.00	10.00
Break up value per share (Rs.)	59.17	64.58	72.70	80.53	88.06	98.11	102.39	109.45	102.19	98.70	88.98

# STATEMENT OF COMPLIANCE

## WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: **SITARA ENERGY LIMITED**

Year Ended: **June 30, 2023**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

Gender	Number
Male	5
Female	2

2. The composition of the Board of Directors is as follows:

Category	Names
Independent Director	Mr. Shahid Hameed Sheikh Mr. Mubashir Ahmed Zareen Sheikh Javaid Islam
Non-Executive Director	Mr. Tahir Ibrahim
Executive Director	Mr. Javed Iqbal
Female Director	Mrs. Naureen Javed Ms. Haniah Javed

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the board were presided over by the Chairperson and, in her absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board;
8. The board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Six (06) directors have already completed directors' training program in prior years. The remaining One (01) director shall obtain certification under the DTP in due course of time;
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board;
12. The board has formed committees comprising of members given below:
- a. Audit Committee**
- Mr. Shahid Hameed Sheikh, Independent Director (Chairman)
  - Sheikh Javaid Islam Independent Director (Member)
  - Mr. Mubashir Ahmed Zareen, Independent Director (Member)
- b. Human Resource & Remuneration Committee**
- Mr. Mubashir Ahmed Zareen, Independent Director (Chairman)
  - Mr. Javed Iqbal, Chief Executive (Member)
  - Sheikh Javaid Islam, Independent Director (Member)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:
- a. Audit Committee: Four meetings during the financial year ended June 30, 2023
- b. HR and Remuneration Committee: Two meetings during the financial year ended June 30, 2023
15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32 and 36 of the Regulations have been complied with.



## STATEMENT OF COMPLIANCE

### WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

19. Explanation for non-compliance with requirement, other than regulations 3,6,7,8,27,32,33 and 36 are below:

Sr. No	Non-Mandatory Requirement	Explanation	Regulation No.
1	<b>Nomination Committee</b> The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the management itself.	29(1)
2	<b>Risk Management Committee</b> The Board may constitute the Risk Management committee of such number and class of directors as it may deem appropriate in its circumstances to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and the company's Internal Auditor, performs the requisite functions and apprises the board accordingly.	30(1)
3	<b>Certification under Directors Training Program</b> It is encouraged that by June 30, 2023 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	Presently, Six out of Seven directors on Board have got certified under director's training program. The remaining One (01) director shall obtain certification under the DTP in due course of time;	19(1)

Faisalabad

Dated: October 02, 2023



Mrs. Naureen Javed

Chairperson

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SITARA ENERGY LIMITED**

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the annexed financial statements of Sitara Energy Limited (the Company), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **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 opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to matter described in Material uncertainty relating to Going Concern section, we have determined the matters described below as the Key audit matters:

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SITARA ENERGY LIMITED

Key Audit Matter	How our audit addressed the key audit matter
<b>Contingencies</b>	
<p>Refer to note 9 to the financial statements.</p> <p>The Company has litigation cases in respect of Gas Infrastructure Development Cess, power purchase agreement with Faisalabad Electric Supply Company and income tax matters, which are pending at various forums including Honorable Lahore High Court Lahore and High Court of Sindh and Islamabad High court and Appellate Tribunal Inland Revenue (ATIR).</p> <p>Matters under litigation require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations, the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such litigation matters. Further, management also has a practice of consulting its legal and tax experts on the matters before deciding on the significant litigation matters.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgment and estimates to assess the same including related financial impacts, we considered litigation matters relating to contingencies as a key audit matter.</p>	<p>In this respect, we performed following audit procedures:</p> <ul style="list-style-type: none"> <li>• Obtained and reviewed details of the pending litigations and discussed the same with the Company's management;</li> <li>• Reviewed judgments of the courts and assessment orders passed by the tax authorities in relation to the issues involved;</li> <li>• Obtained confirmations from the Company's external legal and tax counsels for their views on legal cases;</li> <li>• Assessed management's conclusions on contingent liabilities to evaluate the consistency of such conclusions with the views of the management and external legal advisors engaged by the Company; and</li> <li>• Reviewed disclosures made in respect of these litigations in the financial statements.</li> </ul>
<b>Loan to subsidiary</b>	
<p>Refer Note 18 to the financial statements</p> <p>The Company has made investment in subsidiary in shape of interest free loan of Rs. 611.169 million. The subsidiary was formed with the object to carryout textile and real estate business.</p> <p>The company has made investment to diversify.</p> <p>The company carried out impairment assessment of the carrying value and assessed the recoverable amount equal to carrying value based on the valuation analysis of assets of the subsidiary.</p> <p>Given the significance of the amount of loan in the overall context of the financial statements and judgments made by the management. We considered this as a key audit matter.</p>	<p>Our audit procedures include the following</p> <p>Obtained understanding of Company's plan and business rationale for loan to subsidiary and review of minutes of Board of Directors' meetings.</p> <p>Evaluated appropriateness of company's methodology for assessing recoverability of loan.</p> <p>Assessed whether carrying amount of loan to subsidiary may be impaired by reviewing market value of subsidiary's assets.</p> <p>Inspected and verified amount of loan given through supporting documents comprising banking instruments.</p> <p>Circulated external confirmation and assessed the reply received.</p> <p>Reviewed Disclosures made related to loan in the financial statements.</p>

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SITARA ENERGY LIMITED

## Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. The other information comprises the information in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SITARA ENERGY LIMITED

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



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

**Place:** Faisalabad

**Date:** 04 Oct 2023

# INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SITARA ENERGY LIMITED

## Review Report on the statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the listed companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Sitara Energy Limited (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulations 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon the recommendations of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

Further, we highlight below instance of non compliance with the requirement of Regulations as reflected in the paragraph referred below where it is stated in the Statement of compliance:

Paragraph 9	Section 19 of Regulation state that it is encouraged that by June 30, 2022 all the directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the commission and approved by it.  However, during the course of review it was observed that one director has not attended the training program.
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*RSM Avais Hyder Liaquat Nauman*  
**RSM AVAIS HYDER LIAQUAT NAUMAN**  
**CHARTERED ACCOUNTANTS**

**Place:** Faisalabad

**Date:** 04 Oct 2023

**UDIN:** CR202310194kSe4yLIEb

# STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Note	2023 Rupees	2022 Rupees		Note	2023 Rupees	2022 Rupees
<b>SHARE CAPITAL AND RESERVES</b>				<b>NON-CURRENT ASSETS</b>			
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each.		300,000,000	300,000,000	Property, plant and equipment	10	661,977,597	669,853,348
Issued, subscribed and paid up capital	3	190,920,000	190,920,000	Investment property	11	403,755,899	408,809,253
Capital reserve - share premium		143,190,000	143,190,000	Investment in subsidiary	12	50,000,000	50,000,000
Revenue reserves	4	795,656,765	898,938,711	Long term loan	13	1,000,000	1,000,000
		1,129,766,765	1,233,048,711	Long term deposits	14	1,511,200	1,511,200
<b>NON-CURRENT LIABILITIES</b>						1,118,244,696	1,131,173,801
Long term financing	5	43,749,333	-	<b>CURRENT ASSETS</b>			
Deferred interest / markup	5.2	21,893,551	-	Stores, spares and loose tools	15	277,809,668	273,367,862
		65,642,884	-	Stock of oil and lubricants	16	100,845,919	107,774,225
<b>CURRENT LIABILITIES</b>				Trade debts	17	674,356,750	481,792,119
Trade and other payables	6	753,377,584	605,334,026	Loans and advances	18	619,235,218	625,843,537
Unclaimed dividend		3,702,824	3,702,824	Deposits and prepayments	19	26,692,236	27,882,236
Interest / mark up payable	7	533,063,544	439,722,115	Other receivables	20	205,164,347	219,840,893
Short term bank borrowings	8	883,950,807	993,950,807	Tax refunds due from Government	21	74,545,706	118,722,364
Current portion of: Long term financing	5	29,166,667	8,333,346	Cash and bank balances	22	303,402,848	299,162,449
Provision for taxation - income tax	29	1,626,313	1,467,657			2,282,052,692	2,154,385,685
		2,204,887,739	2,052,510,775			3,400,297,388	3,285,559,486
<b>CONTINGENCIES AND COMMITMENTS</b>							
	9	-	-				
		3,400,297,388	3,285,559,486				

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS

For the Year Ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
Sales - net	23	1,067,685,691	482,311,847
Cost of generation	24	1,018,864,041	476,833,064
Gross profit		48,821,650	5,478,783
Other income	25	46,331,800	12,722,011
		95,153,450	18,200,794
Operating expenses	26	48,857,405	48,919,684
Other operating expenses	27	5,273,519	-
Finance cost	28	141,872,789	122,810,092
		196,003,713	171,729,776
(Loss) for the year before taxation		(100,850,263)	(153,528,982)
Provision for taxation	29	2,431,683	1,367,161
(Loss) for the year		(103,281,946)	(154,896,143)
(Loss) per share - Basic and diluted	30	(5.41)	(8.11)

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer



# STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended June 30, 2023

	<b>2023</b>	2022
	<b>Rupees</b>	Rupees
(Loss) for the year	(103,281,946)	(154,896,143)
Other comprehensive income for the year	-	-
Total comprehensive (loss) for the year	<u>(103,281,946)</u>	<u>(154,896,143)</u>

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

For the Year Ended June 30, 2023

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves			Total,
		Share premium	General reserve	(Accumulated loss)	Sub total	
<b>Rupees</b>						
Balance as at July 01, 2021	190,920,000	143,190,000	970,000,000	83,834,854	1,053,834,854	1,387,944,854
Total comprehensive (loss) for the year						
(Loss) for the year	-	-	-	(154,896,143)	(154,896,143)	(154,896,143)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(154,896,143)	(154,896,143)	(154,896,143)
Balance as at June 30, 2022	190,920,000	143,190,000	970,000,000	(71,061,289)	898,938,711	1,233,048,711
Total comprehensive (loss) for the year						
(Loss) for the year	-	-	-	(103,281,946)	(103,281,946)	(103,281,946)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(103,281,946)	(103,281,946)	(103,281,946)
<b>Balance as at June 30, 2023</b>	<b>190,920,000</b>	<b>143,190,000</b>	<b>970,000,000</b>	<b>(174,343,235)</b>	<b>795,656,765</b>	<b>1,129,766,765</b>

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2023

	2023 Rupees	2022 Rupees
<b>(a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) for the year before taxation	(100,850,263)	(153,528,982)
Adjustments for:		
Depreciation of property, plant and equipment	25,020,981	27,599,153
Depreciation of investment property	2,109,904	2,344,338
Provision for staff retirement benefits	961,685	843,398
Provision for doubtful receivable	5,273,519	-
(Gain) on disposal of :		
Property, plant and equipment	-	(482,387)
Investment property	(9,531,550)	-
Reversal of provision for slow moving and obsolete items	(1,432,773)	-
Balances written back - net	(26,775,363)	-
Finance cost	141,872,789	122,810,092
Operating cash flows before working capital changes	36,648,929	(414,388)
Changes in working capital		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(3,009,033)	530,339
Stock of oil and lubricants	6,928,306	(76,425,695)
Trade debts	(192,564,631)	57,985,803
Loans and advances	6,180,015	(6,476,375)
Deposits and prepayments	1,190,000	4,952,027
Other receivables	21,878,027	119,305,874
Tax refunds due from government - sales tax	43,718,881	(3,851,402)
Increase in current liabilities		
Trade and other payables	150,881,542	26,709,462
	35,203,107	122,730,033
Cash generated from operating activities	71,852,036	122,315,645
Income tax paid	(1,529,846)	(1,815,250)
Staff retirement benefits paid	(914,469)	(857,186)
Finance cost paid	(2,604,746)	(4,992,277)
Net cash generated from operating activities	66,802,975	114,650,932

# STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2023

	<b>2023</b>	2022
	<b>Rupees</b>	Rupees
<b>(b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(1,145,230)	(747,065)
Advance paid against purchase of vehicles	(16,000,000)	
Proceeds from disposal of Property, plant and equipment	-	750,000
Net cash (used in) / generated from investing activities	<u>(17,145,230)</u>	<u>2,935</u>
<b>(c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing paid	(35,417,346)	(16,666,652)
(Decrease) in short term bank borrowings	(10,000,000)	(33,000,000)
Net cash (used in) financing activities	<u>(45,417,346)</u>	<u>(49,666,652)</u>
Net increase in cash and cash equivalents (a+b+c)	4,240,399	64,987,215
Cash and cash equivalents at the beginning of the year	299,162,449	234,175,234
Cash and cash equivalents at the end of the year	<u><u>303,402,848</u></u>	<u><u>299,162,449</u></u>

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 1. STATUS AND ACTIVITIES

- 1.1** Sitara Energy Limited (the Company) is incorporated in Pakistan as a public limited Company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017 on May 30, 2017) and is listed on Pakistan Stock Exchange Limited. The main object of the Company is generation and distribution of electricity. The registered office of the Company is situated at 601-602 Business Centre, Mumtaz Hasan Road, Karachi in the province of Sindh. The generation plant is located at 33-K.M. Sheikhpura Road, Tehsil Jaranwala, District Faisalabad in the province of Punjab.
- 1.2** The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.
- 1.3** The Company suffered financial and operational difficulties due to non-availability of fuels at viable prices. The prices of both RLNG and furnace oil remained higher in Pakistan due to high demand of these fuels in the international market and Pak Rupee depreciation. However, the Company suffered comparatively lower loss of Rs. 103.28 million during the year due to higher generation by 115% as compared with last year 2022.

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 still suffering losses due to low demand by its BPCs and unviable fuels prices in comparison with prevailing notified tariff being offered by competitor DISCO. The government is still providing subsidized electricity tariff and gas tariff to export oriented sector all over Pakistan which is another set-back for our company during the year.

The positive steps taken and their impact is as under:

- In order to reduce burden of finance cost, the company is continuously pursuing the banks for restructuring / rescheduling of the credit facilities at cost of funds. One lender has accepted the request and approved rescheduling/restructuring as per its respective cost of funds while other lender has approved the rescheduling/restructuring subsequently. And the rest two lenders also principally agreed to approve rescheduling/restructuring as per their respective cost of funds. These positive developments will lead to substantial reduction in finance cost, repayment of credit facilities during next five (5) to six (6) years and eventually improve the operating results.
- The management is making all out efforts to dispose off the non core assets such as investment properties. The company is planning to add solar power plant in the coming years through disposal of investment properties to make the operations of the project viable.

The substantial reduction in finance cost and implementation of solar power plant during the foreseeable future will make the operation of the company 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

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

- International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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

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

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2022 and therefore, have been applied in preparing these financial statements.

#### **Amendments to IAS 16 - Property, Plant and Equipment**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments have no material impact on company's financial statements.

#### **Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract**

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities - General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.

The amendments have no material impact on the company's financial statements.

#### **Annual improvements to IFRS – 2018 – 2020**

##### - **IFRS 1 First-time Adoption of International Financial Reporting Standards**

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

##### - **IFRS 9 Financial Instruments**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

##### - **IAS 41 Agriculture**

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The amendments have no material impact on the company's financial statements.

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

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2022 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

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

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## - **IFRS 17 Insurance Contracts**

IFRS 17 Insurance Contracts is a new accounting standard for insurance contracts. The standard covers recognition, measurement, presentation and disclosure of insurance contracts. Once effective, the standard will replace IFRS 4 Insurance Contracts.

The standard applies to all types of insurance contracts. Overall objective of the standard is to provide an accounting model for insurance contracts covering all relevant accounting aspects.

The standard is effective for reporting periods starting on or after January 01, 2023.

The application of the standard is not expected to have any material impact on the company's financial statements.

## - **Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments deal with situation where there is a sale or contribution of assets between investor and its associate or joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

The effective date of the amendments have yet to be set by the Board, however earlier application of the amendments is permitted. The amendments are not expected to have any material impact on the company's financial statements.

## - **Amendments to IAS 1 - Classification of Liabilities as Current or Noncurrent**

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

## - **Amendments to IAS1 -Disclosure of Accounting Policies**

In February 2021, the Board issued amendments to IAS 1 the amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

## - **Amendments to IAS 8 - Definition of Accounting Estimates**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

- **Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgment is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

**2.2.4 Standards, amendments to standards and interpretations becoming effective in future period but not relevant.**

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

**2.3 Basis of preparation**

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

**2.4 Staff retirement benefits**

The Company operates defined contribution plan - approved provident fund scheme for all its employees. Equal monthly contributions are made both by the Company and employees at the rate of 10 percent per annum of the basic salary.

**2.5 Trade and other payables**

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to the Company or not.

**2.6 Provisions**

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

**2.7 Provision for taxation**

**Current**

Provision for taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any, under the law.

**Deferred**

Deferred tax is provided using the liability method for all temporary differences at the statement of financial position date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax charged or credited in the statement of profit or loss, except in case of items credited or charged to equity in which case it is included in equity.



# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 2.8 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

## 2.9 Property, plant and equipment

Operating assets

Operating assets, except freehold land, are stated at cost less accumulated depreciation and accumulated impairment in value, if any. Freehold land is stated at cost less accumulated impairment in value, if any.

When parts of an item of operating asset have different useful lives, they are recognised as separate items of operating assets.

Depreciation is charged to income applying the reducing balance method at the rates specified in the property, plant and equipment note except plant and machinery on which depreciation is charged by applying unit of production method subject to minimum charge of Rs. 10 million to cover obsolescence.

Depreciation on additions other than additions in plant and machinery during the period is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted, if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are stated at cost less impairment in value, if any and are transferred to specific assets as and when these assets are available for use.

## 2.10 Investment property

Investment property which is property held to earn rentals and / or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and impairment in value, if any.

Depreciation on building is charged to income on reducing balance method at the rate of 10% per annum. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalised while no depreciation is charged for the month in which the property is disposed off.

Gains or losses on disposal of investment property, if any, are included in current income.

## 2.11 Impairment

The Company assesses at each statement of financial position date whether there is any indication that assets except deferred tax assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in statement of profit or loss, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at revalued amounts, in which case the reversal of the impairment loss is treated as a revaluation increase.

## 2.12 Investment in subsidiary

Investment in subsidiary company is measured at cost. Provision for diminution in value is made if considered permanent.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 2.13 Stores, spares and loose tools

These are valued at cost, determined on moving average method less allowance for slow moving and obsolete items. Items in transit are valued at invoice value plus other charges incurred thereon.

## 2.14 Stock of oil and lubricants

Stock, except wastes, are valued at lower of cost and net realisable value using the moving average method. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

Wastes are valued at net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale.

## 2.15 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

## 2.16 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

## 2.17 Foreign currency translation

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

## 2.18 Financial instruments

### 2.18.1 Financial assets

The Company classifies its financial assets at amortised cost, fair value through comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### a) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

#### b) Financial assets at fair value through comprehensive income

Financial assets at fair value through comprehensive income are held within a business model whose objective is both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

## 2.18.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

## 2.19 Offsetting of financial asset and financial liability

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

The company recognize revenue when it transfer control of product to a customer.

## 2.21 Transactions with related parties

Transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable uncontrolled price method. The power is sold to related parties at the rates determined by National Electric Power Regulatory Authority.

## 2.22 Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Accounting Standards / International Financial Reporting Standards requires management to make judgments, estimates and

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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

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

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

### 3. Issued, subscribed and paid up capital

2022	2023		2023	2022
Number of shares			Rupees	Rupees
19,092,000	19,092,000	Ordinary shares of Rs. 10/- each		
		fully paid in cash.	190,920,000	190,920,000

3.1 656,000 (2022: 656,000) shares are held by an associated undertaking - Sitara Fabrics Limited.

	Note	2023 Rupees	2022 Rupees
<b>4. Revenue reserves</b>			
General reserve	4.1	970,000,000	970,000,000
(Accumulated loss)			
Opening balance		(71,061,289)	83,834,854
Total comprehensive (loss) for the year		(103,281,946)	(154,896,143)
		(174,343,235)	(71,061,289)
		795,656,765	898,938,711

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>5. Long term financing</b>			
Secured			
From banking company			
Under mark up arrangements			
Demand finance I	5.1	-	8,333,346
Transferred from short term borrowings - Term finance	5.2	100,000,000	-
Paid during the year		27,084,000	-
		72,916,000	-
Less: Current portion			
Payable within one year		(29,166,667)	(8,333,346)
		<u>43,749,333</u>	<u>-</u>

**5.1** It was 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 was further secured by personal guarantee of directors of the Company. It was repayable in 12 equal quarterly instalments commenced from December 31, 2018 and ending on October 01, 2022. It was subject to mark up at the rate of 3 months KIBOR plus 4.20% per annum.

Effective mark up rate charged during the year ranges from 19.36% to 21.20% per annum. (2022: 11.65% to 16.15% per annum)

**5.2** It represents the re-structuring of short term - Term finance. 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.

It is 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 (2022: 1 month KIBOR plus 2.5% per annum). Interest/markup past due till the date of re-structuring, along with future accrued markup is repayable in four equal quarterly installments commencing from March 31, 2026 and ending on December 31, 2026.

Effective mark up rate charged during the year ranges from 2.36% to 4.76% per annum.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>6. Trade and other payables</b>			
Creditors		527,796,832	469,426,622
Accrued liabilities		157,256,083	84,023,260
Provident fund - related party		177,710	130,494
Withholding taxes		60,509,354	44,116,045
Other		7,637,605	7,637,605
		<u>753,377,584</u>	<u>605,334,026</u>
<b>7. Interest / mark up payable</b>			
Interest / mark up on secured:			
Long term financing		1,692,296	334,290
Short term bank borrowings		531,371,248	439,387,825
		<u>533,063,544</u>	<u>439,722,115</u>
<b>8. Short term bank borrowings</b>			
Secured - under mark up arrangements			
Morabaha finance I	8.2	114,000,000	114,000,000
Term finance	8.3	100,000,000	100,000,000
Transferred to long term financing - Term Finance		(100,000,000)	-
		-	100,000,000
Running finances	8.4	769,950,807	779,950,807
		<u>883,950,807</u>	<u>993,950,807</u>

**8.1** The aggregate unavailed short term financing facilities available to the Company are Rs. 90.049 million (2022: Rs. 180.049 million). Total available limits are Rs. 974 million which are expired and renewable.

**8.2** It is subject to mark up at the rate of 6 months KIBOR plus 2.75% per annum (2022: 6 months KIBOR plus 2.75% per annum) payable quarterly in arrears. It is secured against first charge over fixed assets of the Company ranking pari passu with the charges created in respect of running finances (Refer Note 8.4). It is further secured against first charge over current assets of the Company ranking pari passu with the charges created in respect of term finance (Refer Note 5.2) and running finances (Refer Note 8.4) and personal guarantees of directors of the Company.

Effective mark up rate charged during the year ranges from 10.84% to 13.60% per annum (2022: 10.84% to 13.60% per annum).

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

- 8.3** It is re-structured during the year and converted to long term loan (Refer Note 5.2)  
Effective mark up rate charged during the prior year ranges from 10.01% to 16.81% per annum.
- 8.4** These are subject to mark up at the rate of 3 months KIBOR plus 2.00% to 2.75% per annum (2022: 3 months KIBOR plus 2.00% to 2.75% per annum) with a prompt payment rebate of 0.25% per annum. Running finances are secured against first charge over current assets of the Company ranking pari passu with the charges created in respect of morabaha finance-I (Refer Note 8.2) and term finance (Refer Note 5.2), first charge over fixed assets of the Company ranking pari passu with the charges created in respect of morabaha finance - I (Refer Note 8.2). These are further secured against ranking charge over fixed assets, token registered mortgage of Rs. 4.3 million and equitable mortgage of personal properties of directors and land owned by the company. These are also secured by personal guarantee of three directors of the Company.  
Effective mark up rate charged during the year ranges from 5.77% to 24.83% per annum (2022: 9.45% to 14.64% per annum).

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

- 9.1.1** Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas aggregate Rs. 132,609,000/- (2022 : Rs. 132,609,000/-).
- 9.1.2** The order of Commissioner Appeals in favour of the company regarding disputed demand of Income tax for the tax years 2004 to 2006 amounting Rs.1,313,929/- (2022: Rs.1,313,929/-) was vacated by the Appellate Tribunal. The company has filed an appeal on April 14, 2010 before Sindh High Court against the Appellate Tribunal Order. Pending the outcome of the matter, no provision has been made in these financial statements.
- 9.1.3** Demand of gas Infrastructure development cess amounting Rs.128,150,602/- (2022: Rs.128,150,602/-) not acknowledged. The Honourable Supreme Court of Pakistan has passed a judgement on August 13, 2020 holding that GIDC is payable in 24 instalments without late payment surcharge. The Company has challenged the levy from year 2011 to 2015 before the Honourable Lahore High Court Lahore on the ground that GIDC cannot be recovered on the basis of section 8 of GIDC Act, 2015. Company has paid instalments of Rs. 42,716,867/- as per court order. Based on the opinion of the legal advisor there is every possibility that the petition may be decided in favour of the company to the extent of total amount of arrears.  
In view of the above pending appeal no provision has been made in the financial statement.
- 9.1.4** The Company had executed Power Purchase Agreement (PPA) with Faisalabad Electric Supply Company (FESCO) which was expired in 2011, and was due for regularisation as per NEPRA rules. FESCO filed Power Acquisition Request (PAR) in 2011. NEPRA approved reduced fuel cost in 2017 and ordered to recover excess amount. Being aggrieved by the orders

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

Company filed review petition before NEPRA which was dismissed by the Authority. The Company filed appeal before Islamabad High Court against which stay is granted. The quantum of liability cannot be determined at this stage. The management believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.

- 9.1.5** The assessing officer of Inland Revenue passed order in respect of tax periods from 2004 to 2008 and created demand of Rs. 5,505,105/- (2022: Rs. 5,505,105/-). Being aggrieved by the order the company filed appeal before the CIR(A). The CIR(A) has passed an order against the company. The company has filed the second appeal before ATIR. The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.
- 9.1.6** The assessing officer of Inland Revenue passed order in respect of tax year 2016 u/s 161 and created demand of Rs. 128,195,734/-. Being aggrieved by the order, the company filed appeal before the CIR(A). The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.
- 9.1.7** The assessing officer of Inland Revenue passed order in respect of tax year 2017 u/s 122(5A) and created demand of Rs. 2,401,297/-. Being aggrieved by the order, the company filed appeal before the CIR(A). The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.
- 9.1.8** According to the proposed rescheduling/ restructuring with the lender, the difference of markup accrued at respective rate and cost of fund amounting Rs. 34,325,043/- has been waived off subject to the condition that the Company makes no default in making payments of principals and cost of funds agreed under rescheduling/restructuring approved subsequently.
- 9.1.9** Late payment surcharges on short term borrowings are not accounted for in the financial statement. At this stage it is difficult to ascertain the outcome of the matter till further proceeding as the matter is under negotiation with the banks.

## 9.2 Commitments

There is no commitment at the year end.



# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 10. Property, plant and equipment

	Note	2022 Rupees	2023 Rupees
Operating assets	10.1	629,477,597	653,353,348
Advance for purchase of land		16,500,000	16,500,000
Advance for purchase of vehicles		16,000,000	-
		<u>661,977,597</u>	<u>669,853,348</u>

### 10.1 Operating assets

Note	Company owned						Total	
	Freehold land	Building on freehold land	Plant and machinery	Electric installations	Factory equipment	Electric Appliances		Furniture and fixtures

	Rupees									
<b>At July 01, 2021</b>	40,772,399	223,827,224	1,620,830,131	169,920,812	4,297,647	10,575,556	6,802,670	15,797,755	84,613,205	2,177,437,399
Cost	-	(181,692,858)	(1,112,959,193)	(132,472,254)	(3,754,052)	(7,701,551)	(5,044,357)	(12,458,420)	(40,881,665)	(1,496,964,350)
Accumulated depreciation	40,772,399	42,134,366	507,870,938	37,448,558	543,595	2,874,005	1,758,313	3,339,335	43,731,540	680,473,049
Net book value										

### Year ended June 30, 2022

Opening net book value	40,772,399	42,134,366	507,870,938	37,448,558	543,595	2,874,005	1,758,313	3,339,335	43,731,540	680,473,049
Additions	-	-	-	-	-	113,674	-	-	633,391	747,065
Disposals:	-	-	-	-	-	-	-	-	(1,584,100)	(1,584,100)
Cost	-	-	-	-	-	-	-	-	1,316,487	1,316,487
Accumulated depreciation	-	-	-	-	-	-	-	-	(267,613)	(267,613)

Depreciation charge	-	(4,213,437)	(10,000,000)	(3,744,856)	(54,360)	(288,348)	(175,631)	(333,934)	(8,788,387)	(27,599,153)
Closing net book value	40,772,399	37,920,929	497,870,938	33,703,702	489,235	2,699,331	1,582,482	3,005,401	35,308,931	653,353,348

### At June 30, 2022

Cost	40,772,399	223,827,224	1,620,830,131	169,920,812	4,297,647	10,689,230	6,802,670	15,797,755	83,662,496	2,176,600,364
Accumulated depreciation	-	(185,906,295)	(1,122,959,193)	(136,217,110)	(3,808,412)	(7,989,899)	(5,220,188)	(12,792,354)	(48,353,565)	(1,523,247,016)
Net book value	40,772,399	37,920,929	497,870,938	33,703,702	489,235	2,699,331	1,582,482	3,005,401	35,308,931	653,353,348

### At July 01, 2022

Cost	40,772,399	223,827,224	1,620,830,131	169,920,812	4,297,647	10,689,230	6,802,670	15,797,755	83,662,496	2,176,600,364
Accumulated depreciation	-	(185,906,295)	(1,122,959,193)	(136,217,110)	(3,808,412)	(7,989,899)	(5,220,188)	(12,792,354)	(48,353,565)	(1,523,247,016)
Net book value	40,772,399	37,920,929	497,870,938	33,703,702	489,235	2,699,331	1,582,482	3,005,401	35,308,931	653,353,348

### Year ended June 30, 2023

Opening net book value	40,772,399	37,920,929	497,870,938	33,703,702	489,235	2,699,331	1,582,482	3,005,401	35,308,931	653,353,348
Additions	-	-	-	-	-	1,145,230	-	-	-	1,145,230
Disposals:	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-

Depreciation charge	10.2.1	(3,792,093)	(10,000,000)	(3,370,370)	(48,924)	(289,020)	(158,248)	(300,540)	(7,061,786)	(25,020,981)
Closing net book value	40,772,399	34,128,836	487,870,938	30,333,332	440,311	3,555,541	1,424,234	2,704,861	28,247,145	629,477,597

### At June 30, 2023

Cost	40,772,399	223,827,224	1,620,830,131	169,920,812	4,297,647	11,834,460	6,802,670	15,797,755	83,662,496	2,177,745,594
Accumulated depreciation	-	(189,698,388)	(1,132,959,193)	(139,587,480)	(3,857,336)	(8,278,919)	(5,378,436)	(13,092,894)	(55,415,351)	(1,548,267,997)
Net book value	40,772,399	34,128,836	487,870,938	30,333,332	440,311	3,555,541	1,424,234	2,704,861	28,247,145	629,477,597

Annual rate of depreciation (%)

	10	10	10	10	10	10	10	10	10	20
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# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>10.2 Depreciation for the year has been allocated as under:</b>			
Cost of generation	24	17,211,387	18,012,653
Operating expenses	26	7,809,594	9,586,500
		<u>25,020,981</u>	<u>27,599,153</u>

**10.2.1** Actual Depreciation on Plant and Machinery based on unit of production method amounts to Rs 2.31 million (2022:Rs. 1.76 million). The excess amount is charged to cover obsolescence.

**10.3** Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usage of immovable property	Total Area (in marlas)	Covered Area (in square feet)
a) 33-K.M.Sheikhupura Road, Chak # 61 R.B / 53 G.B , Tehsil Jaranwala, District Faisalabad	.Generation Plant	7,821	151,337
b) 3rd Floor, Sitara Tower, Bilal Square, New Civil Lines, Faisalabad	Head Office	33.83	9,210
c) Office # 606 and 608, Sixth Floor Business Centre, Mumtaz Hasan Road, Karachi, 74000	Office	2.24	611

**10.4** Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Particulars of buyers	Relationship of buyers
Operating assets							
<b>2023</b>	-	-	-	-	-		

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Particulars of buyers	Relationship of buyers
Operating assets							
Vehicles (Sold by negotiation)	1,584,100	1,316,487	267,613	750,000	482,387	Mohsan Shahzad House # P- 197, Ismail City, Faisalabad.	None
<b>2022</b>	<b>1,584,100</b>	<b>1,316,487</b>	<b>267,613</b>	<b>750,000</b>	<b>482,387</b>		

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 11. Investment property

	Freehold land	Building on freehold land	Total
----- Rupees -----			
<b>At July 01, 2021</b>			
Cost	387,710,214	46,204,099	433,914,313
Accumulated depreciation	-	(22,760,722)	(22,760,722)
Net book value	387,710,214	23,443,377	411,153,591
<b>Year ended June 30, 2022</b>			
Opening net book value	387,710,214	23,443,377	411,153,591
Depreciation charge	-	(2,344,338)	(2,344,338)
Closing net book value	387,710,214	21,099,039	408,809,253
<b>At June 30, 2022</b>			
Cost	387,710,214	46,204,099	433,914,313
Accumulated depreciation	-	(25,105,060)	(25,105,060)
Net book value	387,710,214	21,099,039	408,809,253
<b>At July 01, 2022</b>			
Cost	387,710,214	46,204,099	433,914,313
Accumulated depreciation	-	(25,105,060)	(25,105,060)
Net book value	387,710,214	21,099,039	408,809,253
<b>Year ended June 30, 2023</b>			
Opening net book value	387,710,214	21,099,039	408,809,253
Disposals during the year	(2,943,450)	-	(2,943,450)
Depreciation charge	-	(2,109,904)	(2,109,904)
Closing net book value	384,766,764	18,989,135	403,755,899
<b>At June 30, 2023</b>			
Cost	384,766,764	46,204,099	430,970,863
Accumulated depreciation	-	(27,214,964)	(27,214,964)
Net book value	384,766,764	18,989,135	403,755,899
Annual rate of depreciation (%)	-	10	

**11.1** This includes land worth Rs. 140.655 million (2022: Rs. 140.655 million) not in the name of the Company. The land is in the name of the subsidiary. As per agreement the Company is entitled to get the land transferred in its own name or in the name of any nominee. Legal formalities for transfer of land in the name of the Company are pending.

**11.2** The fair value of investment property is approximately Rs. 838.44 million as at June 30, 2023 (2022: Rs. 831.246 million), valuation has been carried out by independent valuers Sakina Enterprises. The valuation is based on the unobservable inputs - level 3 classification.

**11.3** The forced sale value of investment property is approximately Rs. 712.67 million as at June 30, 2023 (2022: Rs. 706.559 million).

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 11.4 Disposal of Investment Property

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Particulars of buyers	Relationship with buyers
Investment Property - Land (Sold by negotiation)	834,129	-	834,129	3,500,000	2,665,871	Muhammad Bilal s/o Muhammad Jamal, House# P-5, Street#1, Al-Masoom Town, Faisalabad	None
	1,275,192	-	1,275,192	5,475,000	4,199,808	Saima Kafil w/o Adeel Ahmed, House# 21, Street#8, Block Z, Madina Town, Faisalabad	None
	834,129	-	834,129	3,500,000	2,665,871	Mustafa Kamal s/o Muhammad Jamal, House# 29, Street# 1, Al-Masoom Town, Faisalabad	None
<b>2023</b>	<b>2,943,450</b>	<b>-</b>	<b>2,943,450</b>	<b>12,475,000</b>	<b>9,531,550</b>		

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Particulars of buyers	Relationship with buyers
2022	-	-	-	-	-	-	-

## 11.5 Particulars of immovable property in the name of the Company are as follows:

Location	Usage of immovable property	Total Area (in marlas)	Covered Area (in square feet)
a) Chak # 125 G.B, Tehsil Jaranwala, District Faisalabad.	Plots	332	N/A
b) Chak # 165 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	1,379	N/A
c) Chak # 193 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	829	N/A
d) Chak # 197 R.B, Tehsil Faisalabad, District Faisalabad.	Plots	2,607	N/A
e) Chak # 198 R.B, Tehsil Faisalabad, District Faisalabad.	Plots	414	N/A
f) Chak # 200 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	6,093	N/A
g) Chak # 204 R.B, Tehsil Faisalabad, District Faisalabad.	Plots	9	N/A
h) Chak # 206 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	40	N/A
i) Chak # 60 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	60	N/A
j) Chak # 61 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	1,378	N/A
k) Ground floor, Sitara Tower situated at Bilal Square, New Civil Lines, Faisalabad.	held for earning rentals	18	5,032
l) 318, 3rd Floor Siddique Trade Centre, Main Boulevard, Gulberg, Lahore.	held for earning rentals	3	819

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	<b>2023</b>	2022
	<b>Rupees</b>	Rupees
<b>12. Investment in subsidiary</b>		
Sitara International (Private) Limited		
5,000,000 (2022: 5,000,000) ordinary shares of Rs. 10/- each fully paid in cash.		
Ownership interest 100% (2022: 100%)	<u>50,000,000</u>	<u>50,000,000</u>

**12.1** M/S Sitara International (Private) Limited is incorporated in Pakistan as a private limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017 on May 30, 2017). The registered office of the Subsidiary is situated at 601-602 Business center, Mumtaz Hasan Road, Karachi.

	<b>2023</b>	2022
	<b>Rupees</b>	Rupees
<b>13. Long term loan</b>		
Considered good		
Due from executive	<u>1,000,000</u>	<u>1,000,000</u>

**13.1** The interest free loan is given to executive of the Company for personal use in accordance with his terms of employment.

**13.2** Long term loan has been carried at cost as the effect of carrying this balance at amortised cost would not be material in the overall context of these financial statements.

	<b>2023</b>	2022
	<b>Rupees</b>	Rupees
<b>14. Long term deposits</b>		
Security deposits	<u>1,511,200</u>	<u>1,511,200</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	<b>2023</b>	2022
	<b>Rupees</b>	Rupees
<b>15. Stores, spares and loose tools</b>		
Stores	15,266,643	15,750,323
Spares	274,985,943	271,492,033
Loose tools	1,598,962	1,600,159
	<u>291,851,548</u>	<u>288,842,515</u>
Less: Provision for slow moving and obsolete items	(14,041,880)	(15,474,653)
	<u>277,809,668</u>	<u>273,367,862</u>

**15.1** Stores and spares include items that may result in fixed capital expenditure but are not distinguishable.

	<b>Note</b>	<b>2023</b>	2022
		<b>Rupees</b>	Rupees
<b>16. Stock of oil and lubricants</b>			
Furnace oil			
In hand		23,727,848	100,262,905
In transit		67,651,273	-
Diesel oil		4,932,462	3,816,675
Lube oil		4,480,298	3,636,557
Wastes		54,038	58,088
		<u>100,845,919</u>	<u>107,774,225</u>

<b>17. Trade debts</b>			
Unsecured			
Considered good			
Related parties			
Sitara Fabrics Limited	17.1	67,566,941	70,568,429
Others		606,789,809	411,223,690
		<u>674,356,750</u>	<u>481,792,119</u>

**17.1** The maximum aggregate amount due from Sitara Fabrics Limited at the end of any month during the year was Rs. 94,010,381/- (2022: Rs. 88,852,197/-)

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>18. Loans and advances</b>			
Considered good			
Loans to staff		281,450	12,757
Loan to subsidiary	18.1	611,168,590	611,168,590
Advances			
Income tax		1,529,846	1,815,250
Suppliers		4,490,332	10,922,468
For purchases / expenses		1,765,000	1,924,472
		7,785,178	14,662,190
		<u>619,235,218</u>	<u>625,843,537</u>

**18.1** It is unsecured, repayable on demand, interest free and given to meet the working capital requirements. The objective of formation of subsidiary was to diversify. The subsidiary is engaged in real state business. Maximum aggregated amount outstanding at the end of any month during the year is Rs.611,168,590/- (2022: Rs.611,168,590/-).

	Note	2023 Rupees	2022 Rupees
<b>19. Deposits and prepayments</b>			
Considered good			
Deposits			
Guarantee margin		26,521,800	26,521,800
Prepayments		170,436	1,360,436
		<u>26,692,236</u>	<u>27,882,236</u>
<b>20. Other receivables</b>			
Considered good			
Receivable against:			
Sale of investment property		86,477,073	86,478,525
Rent		905,080	-
Gas Infrastructure Development Cess		53,562,194	53,562,194
Others	20.1	64,220,000	74,526,655
Considered doubtful - Rent		5,273,519	5,273,519
Less: Provision for doubtful receivable		(5,273,519)	-
		-	5,273,519
		<u>205,164,347</u>	<u>219,840,893</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

**20.1** It includes an amount of Rs. Nil. (2022: Rs. 10,300,000/-) receivable against 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 year was Rs. 10,300,000. (2022: Rs. 35,000,000/-).

	Note	2023 Rupees	2022 Rupees
<b>21. Tax refunds due from government</b>			
Sales tax		34,573,186	78,292,067
Income tax		39,972,520	40,430,297
		<u>74,545,706</u>	<u>118,722,364</u>
<b>22. Cash and bank balances</b>			
Cash in hand		5,571,910	1,108,958
Cash at banks			
In current accounts		297,830,938	298,053,491
		<u>303,402,848</u>	<u>299,162,449</u>
<b>23. Sales - net</b>			
Electricity		1,252,480,653	566,219,136
Steam		15,688,277	5,751,252
		1,268,168,930	571,970,388
Less: Sales tax		189,939,551	84,884,576
		1,078,229,379	487,085,812
Less: Electricity duty		10,543,688	4,773,965
		<u>1,067,685,691</u>	<u>482,311,847</u>
<b>24. Cost of generation</b>			
Cost of oil and lubricants		967,434,235	435,988,609
Salaries, wages and benefits		21,962,109	14,412,393
Staff retirement benefits		618,309	561,349
Stores, spares and loose tools		2,551,559	1,675,488
Travelling and conveyance		175,150	110,978
Vehicles running and maintenance		1,514,889	979,540
Insurance		3,939,530	2,406,313
Repairs and maintenance		2,027,878	1,482,572
Entertainment		310,259	153,060
Depreciation	10.2	17,211,387	18,012,653
Other		1,118,736	1,050,109
		<u>1,018,864,041</u>	<u>476,833,064</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>25. Other income</b>			
Income from assets other than financial assets:			
Sale of scrap and waste		1,581,245	546,869
Rental Income		7,010,869	6,349,255
Gain on disposal of			
Property, plant and equipment		-	482,387
Investment property		9,531,550	-
Balances written back - net		26,775,363	5,343,500
Reversal of provision for slow moving and obsolete items		1,432,773	-
		<u>46,331,800</u>	<u>12,722,011</u>
<b>26. Operating expenses</b>			
Directors' remuneration		7,800,000	13,000,000
Salaries and benefits		12,537,249	7,139,964
Staff retirement benefits		343,376	282,049
Postage and telephone		1,618,665	1,124,717
Vehicles running and maintenance		2,916,136	519,355
Travelling and conveyance		475,238	1,144,744
Printing and stationery		970,939	868,301
Entertainment		500,420	421,201
Legal and professional		1,967,440	2,651,150
Fee, subscription and periodicals		4,303,478	4,252,896
Rent, rates and taxes		463,395	316,022
Advertisement		143,138	299,530
Insurance		280,782	254,649
Auditors' remuneration	26.1	1,309,875	1,299,875
Repairs and maintenance		1,121,748	647,448
Donations	26.2	445,375	340,000
Depreciation on property, plant and equipment	10.2	7,809,594	9,586,500
Depreciation on investment property	11	2,109,904	2,344,338
Utilities		1,528,695	1,944,824
Other		211,958	482,121
		<u>48,857,405</u>	<u>48,919,684</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

		<b>2023</b>	2022
		<b>Rupees</b>	Rupees
<b>26.1 Auditors' remuneration</b>			
Audit fee		1,050,000	1,050,000
Fee for the review of half yearly financial information		115,000	105,000
Other Certifications		60,875	60,875
Out of pocket expenses		84,000	84,000
		<u>1,309,875</u>	<u>1,299,875</u>
<b>26.2</b>	The directors or their spouses had no interest in the institutions/funds to whom donations were made.		
		<b>2023</b>	2022
	<b>Note</b>	<b>Rupees</b>	Rupees
<b>27. Other operating expenses</b>			
Provision for doubtful receivables		5,273,519	-
<b>28. Finance cost</b>			
Interest / mark-up on :			
Long term financing		6,658,415	1,920,960
Short term bank borrowings		133,113,777	118,218,381
Bank charges and commission		2,100,597	2,670,751
		<u>141,872,789</u>	<u>122,810,092</u>
<b>29. Provision for taxation</b>			
Current			
For the year	29.1	1,626,313	1,467,657
For prior years		805,370	(100,496)
		<u>2,431,683</u>	<u>1,367,161</u>

**29.1** 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 separate block income.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	2023 Rupees	2022 Rupees
<b>29.2 Relationship between tax expense and accounting loss</b>		
(Loss) for the year before taxation	(100,850,263)	(153,528,982)
Tax on accounting profit at the applicable tax rate of 29%	-	-
Tax effect of :		
Separate block of rental income	2,032,891	1,841,284
Expenses that are admissible in earning rental income	(406,578)	(373,627)
	1,626,313	1,467,657
Prior year adjustment	805,370	(100,496)
	<u>2,431,683</u>	<u>1,367,161</u>
<b>30. Earnings per share - Basic and diluted</b>		
(Loss) for the year (Rupees)	<u>(103,281,946)</u>	<u>(154,896,143)</u>
Weighted average number of ordinary shares	<u>19,092,000</u>	<u>19,092,000</u>
(Loss) per share - Basic and diluted (Rupees)	<u>(5.41)</u>	<u>(8.11)</u>

**30.1** There is no dilutive effect on the basic (loss) per share of the Company.

## 31. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2023		2022	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	-----Rupees-----			
Remuneration	6,545,455	5,922,982	10,909,091	5,922,982
Medical allowance	654,545	592,298	1,090,909	592,298
Perquisites	600,000	-	1,000,000	-
Contribution to provident fund	-	249,372	-	122,652
	<u>7,800,000</u>	<u>6,764,652</u>	<u>13,000,000</u>	<u>6,637,932</u>
Number of persons	1	2	1	2

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

**31.1** The Chief Executive Officer and Director are entitled to free use of Company maintained car and other perquisites. One executive is entitled to conveyance facility. The monetary value of these benefits approximates Rs. 2,708,385/- (2022: 233,571/-). The Directors are waived off their meeting fee.

## 32. 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, directors, key management personnel and post employment benefit plan. Amounts due from and due to related parties are shown under relevant notes to the financial statements. Remuneration to Chief Executive Officer, Directors and Executives is disclosed in Note 31. Other significant transactions with related parties are as follows:

Name of the related party	Relationship and Percentage	Transactions during the year	2023 Rupees	2022 Rupees
Sitara Fabrics Limited	Associated company by virtue of common directorship	Sale of electricity and steam	69,226,595	22,320,680
		Receipt from the sale of gas generators	10,300,000	-
		Organisational expenses recovered	2,400,000	8,000,000
Sitara Energy Limited Staff Provident Fund Trust	Other related party	Company's Contribution for the year	961,685	843,398
			<b>2023</b>	<b>2022</b>

## 33. PLANT CAPACITY AND ACTUAL PRODUCTION

Number of generators installed	20	20
Number of generators worked	6	14
Installed energy generation capacity (Mega watt hours)	683,893	683,893
Actual energy generation (Mega watt hours)	33,105	15,375
Actual average load (Mega watt)	3.78	1.76

Reasons for low generation: - Installed generators include three standby generators and closure of eleven (2022: two) generators due to major overhauling.

- Planned utilisation as per demand.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

		2023	2022
<b>34.</b>	<b>DISCLOSURE WITH REGARDS TO PROVIDENT FUND</b>		
	Size of the fund (Rupees)	10,838,751	13,139,178
	Cost of investments made (Rupees)	7,103,435	8,103,435
	Percentage of investments made (% age)	74.76%	61.67%
	Fair value of investments (Rupees)	8,923,923	8,908,057

**34.1** The figures for 2023 are based on the un-audited financial statements of the provident fund. Investment has been made in mutual fund in accordance with the provisions of section 218 of the Companies Act 2017 and conditions specified thereunder.

		2023	2022
<b>35.</b>	<b>NUMBER OF EMPLOYEES</b>		
	Total number of employees as at June 30,	75	66
	Average number of employees during the year	72	72

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through mix of equity, debt and working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

		2023 Rupees	2022 Rupees
<b>36.1</b>	<b>FINANCIAL INSTRUMENTS BY CATEGORY</b>		
	<b>Financial assets at amortised cost:</b>		
	Long term loan	1,000,000	1,000,000
	Long term deposits	1,511,200	1,511,200
	Trade debts	674,356,750	481,792,119
	Loans and advances	611,450,040	611,181,347
	Deposits and prepayments	26,521,800	26,521,800
	Other receivables	151,602,153	166,278,699
	Cash and bank balances	303,402,848	299,162,449
		<u>1,769,844,791</u>	<u>1,587,447,614</u>
	<b>Financial liabilities at amortised cost:</b>		
	Long term financing	72,916,000	8,333,346
	Unclaimed dividend	3,702,824	3,702,824
	Trade and other payables	753,377,584	605,334,026
	Interest / markup payable	554,957,095	439,722,115
	Short term bank borrowings	883,950,807	993,950,807
		<u>2,268,904,310</u>	<u>2,051,043,118</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 36.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

### 36.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company is exposed to concentration of credit risk towards the major customers M/S Sitara Chemical Industries Limited, M/S Sitara Peroxide Limited and M/S Sitara Spinning Mills Limited. The trade debts receivable from these customers constitute 89.93 % (2022: 81.10%) of total receivables. The maximum exposure to credit risk at the reporting date is as follows:

	<b>2023</b> <b>Rupees</b>	2022 Rupees
Long term loan	1,000,000	1,000,000
Long term deposits	1,511,200	1,511,200
Trade debts	674,356,750	481,792,119
Loans and advances	611,450,040	611,181,347
Deposits and prepayments	26,521,800	26,521,800
Other receivables	151,602,153	166,278,699
Bank balances	297,830,938	298,053,491
	<u>1,764,272,881</u>	<u>1,586,338,656</u>

Due to Company's long standing relations with counterparties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Company.

For trade debts credit quality of the customer is assessed, taking into consideration its financial position and previous dealings, individual credit limits are set. The management regularly monitor and review customers credit exposure.

The Company's most significant customers are M/S Sitara Chemical Industries Limited, M/S Sitara Peroxide Limited and M/S Sitara Spinning Mills Limited. The break-up of amount due from customers is as follows:

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	<b>2023</b> <b>Rupees</b>	2022 Rupees
Sitara Chemical Industries Limited	98,092,508	22,073,758
Sitara Peroxide Limited	273,518,788	132,107,472
Sitara Spinning Mills Limited	234,866,151	236,530,097
Other industrial users	67,879,303	91,080,792
	<u>674,356,750</u>	<u>481,792,119</u>

The aging of trade debts as at statement of financial position date is as under:

	<b>2023</b> <b>Rupees</b>	2022 Rupees
Not past due	250,063,716	123,512,811
Past due		
4 to 6 months	71,547,699	58,314,496
7 to 12 months	115,652,221	21,278,635
More than 1 year	237,093,114	278,686,177
	<u>424,293,034</u>	<u>358,279,308</u>
	<u>674,356,750</u>	<u>481,792,119</u>
Not past due		
Related parties	40,531,668	8,488,636
Others	209,532,048	115,024,175
	<u>250,063,716</u>	<u>123,512,811</u>
Past due		
Related parties	27,035,273	62,079,793
Others	397,257,761	296,199,515
	<u>424,293,034</u>	<u>358,279,308</u>
	<u>674,356,750</u>	<u>481,792,119</u>

Appropriate provision has been made in respect of other receivables considered doubtful. The credit risk exposure is limited in respect of bank balances as these are placed with local banks having good credit rating from international and local credit rating agencies.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

The bank balances along with credit rating is as follows.

Credit Rating	2023 Rupees	2022 Rupees
AAA	116,275,089	81,571,762
AA+	287,208	58,146,786
A+	58,052,961	-
Others	123,215,680	158,334,943
	<u>297,830,938</u>	<u>298,053,491</u>

Based on the past experience and taking into consideration, the financial position, and previous record of recoveries, the Company believes that trade debts past due do not require any impairment. The credit risk exposure is limited in respect of deposits and bank balances as majority of deposits and all bank balances are placed with local banks having good credit rating.

## 36.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to maintain sufficient level of liquidity of the Company on the basis of expected cash flows, requirements of holding highly liquid assets and maintaining adequate reserve borrowing facilities to cover liquidity risk. This includes maintenance of statement of financial position liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2023 and 2022:

Carrying amount	Contractual cash flows	2023			
		Six months or less	Six to twelve months	Two to five years	
-----Rupees in thousand-----					
Long term financing	72,916	72,916	14,583	14,583	43,750
Unclaimed dividend	3,703	3,703	3,703	-	-
Trade and other payables	753,378	753,378	753,378	-	-
Short term bank borrowings	883,951	1,080,674	217,207	863,467	-
Interest / mark up payable	554,957	554,958	533,064	-	21,894
	<u>2,268,905</u>	<u>2,465,629</u>	<u>1,521,935</u>	<u>878,050</u>	<u>65,644</u>

### Financial liabilities:

Long term financing	72,916	72,916	14,583	14,583	43,750
Unclaimed dividend	3,703	3,703	3,703	-	-
Trade and other payables	753,378	753,378	753,378	-	-
Short term bank borrowings	883,951	1,080,674	217,207	863,467	-
Interest / mark up payable	554,957	554,958	533,064	-	21,894

2,268,905      2,465,629      1,521,935      878,050      65,644



# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	2022				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
-----Rupees in thousand-----					
<b>Financial liabilities:</b>					
Long term financing	8,333	8,768	8,768	-	-
Unclaimed dividend	3,703	3,703	3,703	-	-
Trade and other payables	605,334	605,334	605,334	-	-
Short term bank borrowings	993,951	1,106,413	174,952	931,461	-
Interest / mark up payable	439,722	439,722	439,722	-	-
	2,051,043	2,163,940	1,232,479	931,461	-

The contractual cash flows relating to mark up on short term bank borrowings have been determined on the basis of mark up rates as applicable at the year end. The Company will manage the liquidity risk from its own source through equity and working capital management. The Company has liquid assets of Rs.1,821 million (2022: 1,638 million) and unavailed short term borrowing facilities of Rs. 90.05 million (2022: Rs. 180.05 million) as at the year end

## 36.2.3 Market risk management

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

### i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk arises from long term and short term bank borrowings. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

#### Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period.

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not effect statement of profit or loss.

#### Cash flow sensitivity analysis for variable rate instruments

Had the interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, loss for the year and equity would have been lower / higher by 9.8 million (2022: Rs. 10.02 million).

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## ii) Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. Currency risk is covered through forward foreign exchange contracts whenever it is considered appropriate to hedge foreign currency exposure. The Company is not exposed to any currency risk.

## iii) Equity price risk

Trading and investing in quoted equity securities give rise to equity price risk. At the statement of financial position date, the Company is not exposed to equity price risk.

### 36.3 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### 36.4 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay long term and short term financing from / to financial institutions.

The Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term financing' and 'short term bank borrowings' as shown in the statement of financial position). Total capital comprises shareholders' equity as shown in the statement of financial position under 'share capital and reserves' and net debt (Debt less cash and cash equivalents).

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

The salient information relating to capital risk management of the Company was as follows:

	Note	2023 Rupees	2022 Rupees
Total Debt	5 & 8	956,866,807	1,002,284,153
Less: Cash and cash equivalents	22	303,402,848	299,162,449
Net Debt		653,463,959	703,121,704
Total equity		1,129,766,765	1,233,048,711
Total capital		1,783,230,724	1,936,170,415
Gearing ratio		36.64%	36.32%

## 37. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorised for issue on October 02, 2023.

## 38. GENERAL

**38.1** Figures have been rounded off to the nearest Rupee except where mentioned rounded off Rupees in thousands.

### 38.2 Re-Arrangements / Re-classification

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There were no significant reclassification / restatement to these financial statements during the year except as mentioned below.

Nomenclature of " Cost of oil, gas and lubricants " has been changed to " Cost of oil and lubricants ".



Chief Executive Officer



Director



Chief Financial Officer

# CONSOLIDATED FINANCIAL STATEMENTS



# REPORT OF THE DIRECTORS

## ON CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors have pleasure in presenting the Audited Financial Statement of the Sitara Energy Limited (the parent) and Sitara International (Pvt.) Limited (the Subsidiary) for the year ended June 30, 2023.

The Company holds 100% shares in the Subsidiary which is trading in different commodities.

**The consolidated financials are as follows:**

	30.06.2023	30.06.2022
	(Rs. '000s)	(Rs. '000s)
Sales - net	1,067,686	482,312
Gross Profit	48,822	5,479
(Loss) before taxation	(101,098)	(153,764)
(Loss) after taxation	(103,529)	(155,606)
(Loss) per share - Basic and diluted	(5.42)	(8.11)



**Javed Iqbal**

Chief Executive Officer



**Sheikh Javaid Islam**

Director

October 03, 2023

Faisalabad

# ڈائریکٹرز رپورٹ مجموعی مالیاتی گوشوارے

ڈائریکٹرز رپورٹ مجموعی مالیاتی گوشوارے

بورڈ آف ڈائریکٹرز ستارہ انرجی لمیٹڈ (ہیرنٹ) اور ستارہ انٹرنیشنل پرائیویٹ لمیٹڈ (سبسڈیری) ختم ہونے والے مالی سال 30 جون 2023ء کے مالیاتی گوشوارے پیش کرتے ہوئے انتہائی مسرت محسوس کر تا ہے۔ آپ کی کمپنی سبسڈیری کے 100% شیئرز کی ملکیت رکھتی ہے جو کہ ریئل اسٹیٹ کے کاروبار سے منسلک ہے۔

مجموعی مالیاتی گوشواروں کی تفصیلات درج ذیل ہے

ڈائریکٹرز رپورٹ مجموعی مالیاتی گوشوارے

تفصیل	30 جون 2023ء	30 جون 2022ء
فروخت - نٹ	1,067,686	482,312
مجموعی منافع	48,822	5,479
نیکسیشن سے قبل (نقصان)	(101,098)	(153,764)
نیکسیشن کے بعد (نقصان)	(103,529)	(155,606)
فی شیئر نقصان (Basic and Diluted)	(5.42)	(8.11)



شیخ جاوید اسلام  
ڈائریکٹر

2 اکتوبر 2023ء  
فیصل آباد



جاوید اقبال  
چیف ایگزیکٹو آفیسر

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SITARA ENERGY LIMITED

## Report on the audit of consolidated financial statements

### Opinion

We have audited the annexed consolidated financial statements of Sitara Energy Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty relating to Going Concern

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to matter described in Material uncertainty relating to Going Concern section, we have determined the matters described below as the Key audit matters:

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SITARA ENERGY LIMITED

Key Audit Matter	How our audit addressed the key audit matter
<b>Contingencies</b>	
<p>Refer to note 10 to the financial statements.</p> <p>The Parent has litigation cases in respect of Gas Infrastructure Development Cess, power purchase agreement with Faisalabad Electric Supply Company and income tax matters, which are pending at various forums including Honorable Lahore High Court Lahore and High Court of Sindh and Islamabad High court and Appellate Tribunal Inland Revenue (ATIR).</p> <p>Matters under litigation require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations, the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such litigation matters. Further, management also has a practice of consulting its legal and tax experts on the matters before deciding on the significant litigation matters.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts, we considered litigation matters relating to contingencies as a key audit matter.</p>	<p>In this respect, we performed following audit procedures:</p> <ul style="list-style-type: none"> <li>• Obtained and reviewed details of the pending litigations and discussed the same with the Company's management;</li> <li>• Reviewed judgments of the courts and assessment orders passed by the tax authorities in relation to the issues involved;</li> <li>• Obtained confirmations from the Company's external legal and tax counsels for their views on legal cases;</li> <li>• Assessed management's conclusions on contingent liabilities to evaluate the consistency of such conclusions with the views of the management and external legal advisors engaged by the Parent; and</li> <li>• Reviewed disclosures made in respect of these litigations in the financial statements.</li> </ul>

## Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SITARA ENERGY LIMITED

be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SITARA ENERGY LIMITED

report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



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

**Place:** Faisalabad

**Date:** 04 Oct 2023

**UDIN:** AR2023101946dfcDP5N9

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	2023	2022		2023	2022
Note	Rupees	Rupees	Note	Rupees	Rupees
<b>SHARE CAPITAL AND RESERVES</b>			<b>NON-CURRENT ASSETS</b>		
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each.	300,000,000	300,000,000	Property, plant and equipment	11 661,993,823	669,871,377
Issued, subscribed and paid up capital	4 190,920,000	190,920,000	Investment Property	12 403,755,899	408,809,253
Capital reserve			Long term loan	13 1,000,000	1,000,000
Share premium	143,190,000	143,190,000	Long term deposits	14 1,511,200	1,511,200
Revenue reserves	5 808,771,986	912,301,070		1,068,260,922	1,081,191,830
	1,142,881,986	1,246,411,070			
<b>NON-CURRENT LIABILITIES</b>			<b>CURRENT ASSETS</b>		
Long term financing	6 43,749,333	-	Stores, spares and loose tools	15 277,809,668	273,367,862
Deferred interest / markup	6.2 21,893,551	-	Stocks	16 729,999,269	736,927,575
	65,642,884	-	Trade debts	17 715,739,254	523,174,623
<b>CURRENT LIABILITIES</b>			Loans and advances	18 32,836,003	39,444,322
Trade and other payables	7 847,961,308	699,765,826	Deposits and prepayments	19 26,692,236	27,882,236
Unclaimed dividend	3,702,824	3,702,824	Other receivables	20 271,838,097	286,514,643
Interest / mark up payable	8 533,063,544	439,722,115	Tax refunds due from Government	21 76,420,064	120,596,722
Short term bank borrowings	9 883,950,807	993,950,807	Cash and bank balances	22 308,400,820	304,253,832
Current portion of: Long term financing	29,166,667	8,333,346		2,439,735,411	2,312,161,815
Provision for taxation - income tax	29 1,626,313	1,467,657			
	2,299,471,463	2,146,942,575			
<b>CONTINGENCIES AND COMMITMENTS</b>					
	10 -	-			
	3,507,996,333	3,393,353,645			

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year Ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
Sales - net	23	1,067,685,691	482,311,847
Cost of generation	24	1,018,864,041	476,833,064
Gross profit		48,821,650	5,478,783
Other income	25	46,331,800	12,722,011
		95,153,450	18,200,794
Operating expenses	26	49,104,543	49,155,050
Other operating expenses	27	5,273,519	-
Finance cost	28	141,872,789	122,810,092
		196,250,851	171,965,142
(Loss) for the year before taxation		(101,097,401)	(153,764,348)
Provision for taxation	29	2,431,683	1,841,267
(Loss) for the year		(103,529,084)	(155,605,615)
Attributable to:			
Shareholders of the Parent		(103,529,084)	(155,605,615)
(Loss) per share - Basic and diluted			
Attributable to the shareholders of the Parent	30	(5.42)	(8.11)

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
(Loss) for the year		(103,529,084)	(155,605,615)
Other Comprehensive income for the year		-	-
Total comprehensive (Loss) for the year		<u>(103,529,084)</u>	<u>(155,605,615)</u>
Attributable to:			
Shareholders of the Parent		<u>(103,529,084)</u>	<u>(155,605,615)</u>

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

For the Year Ended June 30, 2023

	Capital and reserves					Total
	Issued, subscribed and paid up	Capital reserve	General reserve	Revenue reserves		
		Share premium		Accumulated (loss)	Sub total	
----- Rupees -----						
Balance as at July 01, 2021	190,920,000	143,190,000	970,000,000	97,906,685	1,067,906,685	1,402,016,685
Total comprehensive (loss) for the year						
(Loss) for the year	-	-	-	(155,605,615)	(155,605,615)	(155,605,615)
Other Comprehensive income	-	-	-	-	-	-
	-	-	-	(155,605,615)	(155,605,615)	(155,605,615)
Balance as at June 30, 2022	190,920,000	143,190,000	970,000,000	(57,698,930)	912,301,070	1,246,411,070
(Loss) for the year	-	-	-	(103,529,084)	(103,529,084)	(103,529,084)
Other Comprehensive income	-	-	-	-	-	-
	-	-	-	(103,529,084)	(103,529,084)	(103,529,084)
<b>Balance as at June 30, 2023</b>	<b>190,920,000</b>	<b>143,190,000</b>	<b>970,000,000</b>	<b>(161,228,014)</b>	<b>808,771,986</b>	<b>1,142,881,986</b>

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2023

	2023 Rupees	2022 Rupees
<b>(a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) for the year before taxation	(101,097,401)	(153,764,348)
Adjustments for:		
Depreciation of property, plant and equipment	25,022,784	27,601,157
Depreciation of investment property	2,109,904	2,344,338
Provision for staff retirement benefits	961,685	843,398
Provision for doubtful receivable	5,273,519	-
(Gain) on disposal of:		
Property, plant and equipment - net	-	(482,387)
Investment property	(9,531,550)	-
Reversal of provision for slow moving and obsolete items	(1,432,773)	-
Balances written back - net	(26,775,363)	-
Finance cost	141,872,789	122,810,092
Operating cash flows before working capital changes	36,403,594	(647,750)
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(3,009,033)	530,339
Stocks	6,928,306	(76,425,695)
Trade debts	(192,564,631)	72,485,803
Loans and advances	6,180,015	2,973,625
Deposits and prepayments	1,190,000	4,952,027
Other receivables	21,878,027	119,305,874
Tax refunds due from government	43,718,881	(3,851,402)
Increase in current liabilities		
Trade and other payables	151,033,466	6,808,762
	35,355,031	126,779,333
Cash generated from operating activities	71,758,625	126,131,583
Income tax refund paid	(1,529,846)	(4,336,784)
Staff retirement benefits paid	(914,469)	(857,186)
Finance cost paid	(2,604,746)	(4,992,277)
Net cash generated from operating activities	66,709,564	115,945,336

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2023

	2023 Rupees	2022 Rupees
<b>(b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(1,145,230)	(747,065)
Proceeds from disposal of :		
Property, plant and equipment	-	750,000
Advance against purchase of vehicle	(16,000,000)	-
Net cash (used in) / generated from investing activities	(17,145,230)	2,935
<b>(c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing paid	(35,417,346)	(16,666,652)
(Decrease) in short term bank borrowings	(10,000,000)	(33,000,000)
Net cash (used in) financing activities	(45,417,346)	(49,666,652)
Net increase in cash and cash equivalents (a+b+c)	4,146,988	66,281,619
Cash and cash equivalents at the beginning of the year	304,253,832	237,972,213
Cash and cash equivalents at the end of the year	308,400,820	304,253,832

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer



# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 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).

**1.2** The Parent is incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017 on May 30, 2017) and is listed on Pakistan Stock Exchange Limited. The main object of the Parent is generation and distribution of electricity. The registered office of the Parent is situated at 601-602 Business centre, Mumtaz Hasan Road, Karachi in the province of Sindh. The generation plant is located at 33-K.M. Sheikhpura Road, Tehsil Jaranwala, District Faisalabad in the province of Punjab.

The Subsidiary is incorporated in Pakistan as a private limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017 on May 30, 2017). The principal activity of the Subsidiary is trading in real estate business. The registered office of the Subsidiary is situated at 601-602 Business centre, Mumtaz Hasan Road, Karachi in the province of Sindh.

**1.3** The parent Company suffered financial and operational difficulties due to non-availability of fuels at viable prices. The prices of both RLNG and furnace oil remained higher in Pakistan due to high demand of these fuels in the international market and Pak Rupee depreciation. However, the parent Company suffered comparatively lower loss of Rs. 103.53 million during the year due to higher generation by 115% as compared with last year 2022.

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 Company is still suffering losses due to low demand by its BPCs and unviable fuels prices in comparison with prevailing notified tariff being offered by competitor DISCO. The government is still providing subsidized electricity tariff and gas tariff to export oriented sector all over Pakistan which is another set-back for our company during the year.

The positive steps taken and their impact is as under:

- In order to reduce burden of finance cost, the company is continuously pursuing the banks for restructuring / rescheduling of the credit facilities at cost of funds. One lender has accepted the request and approved rescheduling/restructuring as per its respective cost of funds while other lender has approved the rescheduling/restructuring subsequently. And the rest two lenders also principally agreed to approve rescheduling/restructuring as per their respective cost of funds. These positive developments will lead to substantial reduction in finance cost, repayment of credit facilities during next five (5) to six (6) years and eventually improve the operating results.
- The management is making all out efforts to dispose off the non core assets such as investment properties. The company is planning to add solar power plant in the coming years through disposal of investment properties to make the operations of the project viable.

The substantial reduction in finance cost and implementation of solar power plant over during the foreseeable future will make the operation of the company 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.

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

## 2. BASIS OF CONSOLIDATION

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

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

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

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

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

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2022 and therefore, have been applied in preparing these financial statements.

#### - Amendments to IAS 16 - Property, Plant and Equipment

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments are effective for the annual periods beginning on or after January 01, 2022.

The amendments have no material impact on company's financial statements.

#### - Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities - General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.

The amendments are effective for the annual periods beginning on or after January 01, 2022.

The amendments have no material impact on the company's financial statements.

#### Annual improvements to IFRS – 2018 – 2020

#### - IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

#### - IFRS 9 Financial Instruments

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## - IAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The amendments have no material impact on the company's financial statements.

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

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2022 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

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

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

### IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a new accounting standard for insurance contracts. The standard covers recognition, measurement, presentation and disclosure of insurance contracts. Once effective, the standard will replace IFRS 4 Insurance Contracts.

The standard applies to all types of insurance contracts. Overall objective of the standard is to provide an accounting model for insurance contracts covering all relevant accounting aspects.

The effective date of the amendments has yet to be set by the Board, however earlier application of the amendments is permitted. The amendments are not expected to have any material impact on the company's financial statements.

### Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments deal with situation where there is a sale or contribution of assets between investor and its associate or joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

The effective date of the amendments has yet to be set by the Board, however earlier application of the amendments is permitted. The amendments are not expected to have any material impact on the company's financial statements.

### Amendments to IAS 1 - Classification of Liabilities as Current or Noncurrent

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for the annual periods beginning on or after January 01, 2024.

The amendments are not expected to have any material impact on the company's financial statements.

## - Amendments to IAS 1 - Disclosure of Accounting Policies

In February 2021, the Board issued amendments to IAS 1 the amendments aim to help entities provide accounting policy disclosures that are more useful by:

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

## - Amendments to IAS 8 - Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

## - Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgment is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

### 3.2.4 Standards, amendments to standards and interpretations becoming effective in future period but not relevant.

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

### 3.3 Basis of preparation

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

### 3.4 Staff retirement benefits

The Parent operates defined contribution plan - approved provident fund scheme for all its employees. Equal monthly contributions are made both by the Parent and employees at the rate of 10 percent per annum of the basic salary.

### 3.5 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to the group or not.

### 3.6 Provisions

Provisions are recognised when the Group has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

### 3.7 Provision for taxation

#### Current

Provision for taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any, under the law.

#### Deferred

Deferred tax is provided using the liability method for all temporary differences at the statement of financial position date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax charged or credited in the statement of profit or loss, except in case of items credited or charged to equity in which case it is included in equity.

## 3.8 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

## 3.9 Property, plant and equipment

Operating assets

Operating assets, except freehold land, are stated at cost less accumulated depreciation and accumulated impairment in value, if any. Freehold land is stated at cost less accumulated impairment in value, if any.

When parts of an item of operating asset have different useful lives, they are recognised as separate items of operating assets.

Depreciation is charged to income applying the reducing balance method at the rates specified in the property, plant and equipment note except plant and machinery on which depreciation is charged by applying unit of production method subject to minimum charge of Rs. 10 million to cover obsolescence.

Depreciation on additions other than additions in plant and machinery during the year is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted, if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are stated at cost less impairment in value, if any and are transferred to specific assets as and when these assets are available for use.

## 3.10 Impairment

The Group assesses at each statement of financial position date whether there is any indication that assets except deferred tax assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in statement of profit or loss, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at revalued amounts, in which case the reversal of the impairment loss is treated as a revaluation increase.

## 3.11 Investment property

Long term investment property is property held to earn rentals and / or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and impairment in value, if any.

Depreciation on building is charged to income on reducing balance method at the rate of 10% per annum. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalised while no depreciation is charged for the month in which the property is disposed off.

Gains or losses on disposal of investment property, if any, are included in current income.

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 3.12 Stores, spares and loose tools

These are valued at cost, determined on moving average method less allowance for slow moving and obsolete items. Items in transit are valued at invoice value plus other charges incurred thereon.

## 3.13 Stocks

Stock, except wastes, are valued at lower of cost and net realisable value using the moving average method. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

Wastes are valued at net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale.

## 3.14 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

## 3.15 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

## 3.16 Foreign currency translation

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

## 3.17 Financial instruments

### 3.17.1 Financial assets

The Group classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### a) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

#### b) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Group.

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

## 3.17.2 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

The particular recognition methods adopted by the Group are disclosed in the individual policy statements associated with each item of financial instruments.

## 3.18 Offsetting of financial asset and financial liability

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the Group has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 3.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

The Group recognize revenue when it transfer control of product to a customer.

Revenue from sale of land is recognised when the full payment is received or possession is handed over to the buyer whichever is earlier.

## 3.20 Transactions with related parties

Transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller. The power is sold to related parties at the rates determined by National Electric Power Regulatory Authority.

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 3.21 Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Accounting Standards / International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

## 4. Issued, subscribed and paid up capital

2022	2023		2023	2022
			Rupees	Rupees
<u>19,092,000</u>	<u>19,092,000</u>	Ordinary shares of Rs. 10/- each		
		fully paid in cash.	<u>190,920,000</u>	<u>190,920,000</u>

4.1 656,000 (2022: 656,000) shares are held by an associated undertaking - Sitara Fabrics Limited.

	Note	2023 Rupees	2022 Rupees
<b>5. Revenue reserves</b>			
General reserve	5.1	970,000,000	970,000,000
(Accumulated loss)			
Opening balance		(57,698,930)	97,906,685
Total comprehensive loss for the year		(103,529,084)	(155,605,615)
		<u>(161,228,014)</u>	<u>(57,698,930)</u>
		<u>808,771,986</u>	<u>912,301,070</u>

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



# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>6. Long term financing</b>			
Secured			
From banking company			
Under mark up arrangements			
Demand finance I	6.1	-	8,333,346
Transferred from short term borrowings - Term finance	6.2 & 6.3	100,000,000	-
Paid during the year		27,084,000	-
		72,916,000	-
Less: Current portion			
Payable within one year		(29,166,667)	(8,333,346)
		<u>43,749,333</u>	<u>-</u>

**6.1** It was 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 was further secured by personal guarantee of directors of the Company. It was repayable in 12 equal quarterly instalments commenced from December 31, 2018 and ending on October 01, 2022. It was subject to mark up at the rate of 3 months KIBOR plus 4.20% per annum.

Effective mark up rate charged during the year ranges from 19.36% to 21.20% per annum. (2022: 11.65% to 16.15% per annum)

**6.2** It represents the re-structuring of short term - Term finance. 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.

It is 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 (2022: 1 month KIBOR plus 2.5% per annum). Interest/markup past due till the date of re-structuring, along with future accrued markup is repayable in four equal quarterly installments commencing from March 31, 2026 and ending on December 31, 2026.

Effective mark up rate charged during the period ranges from 2.36% to 4.76% per annum.

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>7. Trade and other payables</b>			
Creditors		622,267,682	563,753,422
Accrued liabilities		157,361,083	84,128,260
Provident fund - related party		177,710	130,494
Withholding taxes		60,517,228	44,116,045
Other		7,637,605	7,637,605
		<u>847,961,308</u>	<u>699,765,826</u>
<b>8. Interest / mark up payable</b>			
Interest / mark up on secured:			
Long term financing		1,692,296	334,290
Short term bank borrowings		531,371,248	439,387,825
		<u>533,063,544</u>	<u>439,722,115</u>
<b>9. Short term bank borrowings</b>			
Secured - under mark up arrangements			
Morabaha finance I	9.2	114,000,000	114,000,000
Term finance	9.3	100,000,000	100,000,000
Transferred to long term financing - Term Finance		(100,000,000)	-
		-	100,000,000
Running finances	9.4	769,950,807	779,950,807
		<u>883,950,807</u>	<u>993,950,807</u>

**9.1** The aggregate unavailed short term financing facilities available to the Parent are Rs. 90.049 million (2022: Rs. 180.049 million). Total available limits are Rs. 974 million which are expired and renewable.

**9.2** It is subject to mark up at the rate of 6 months KIBOR plus 2.75% per annum (2022: 6 months KIBOR plus 2.75% per annum) payable quarterly in arrears. It is secured against first charge over fixed assets of the Company ranking pari passu with the charges created in respect of running finances (Refer Note 9.4). It is further secured against first charge over current assets of the Company ranking pari passu with the charges created in respect of term finance (Refer Note 9.3) and running finances (Refer Note 9.4) and personal guarantees of directors of the Company.

Effective mark up rate charged during the year ranges from 10.84% to 13.60% per annum (2022: 10.84% to 13.60% per annum).

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

**9.3** It is restructured during the year and converted to long term loan (Refer Note 6.2) Effective mark up rate charged during the prior year ranges from 10.01% to 16.81% per annum.

**9.4** These are subject to mark up at the rate of 3 months KIBOR plus 2.00% to 2.75% per annum (2022: 3 months KIBOR plus 2.00% to 2.75% per annum) with a prompt payment rebate of 0.25% per annum. Running finances are secured against first charge over current assets of the Company ranking pari passu with the charges created in respect of morabaha finance-I (Refer Note 9.2) and term finance (Refer Note 9.3), first charge over fixed assets of the Company ranking pari passu with the charges created in respect of morabaha finance - I (Refer Note 9.2). These are further secured against ranking charge over fixed assets, token registered mortgage of Rs. 4.3 million and equitable mortgage of personal properties of directors and land owned by the company. These are also secured by personal guarantee of three directors of the Company.

Effective mark up rate charged during the year ranges from 5.77% to 24.83% per annum (2022: 9.45% to 14.64% per annum).

## 10. CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

**10.1.1** Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas aggregate Rs. 132,609,000/- (2022 : Rs. 132,609,000/-).

**10.1.2** The order of Commissioner Appeals in favour of the Parent company regarding disputed demand of Income tax for the tax years 2004 to 2006 amounting Rs.1,313,929/- (2022 : Rs.1,313,929/-) was vacated by the Appellate Tribunal. The Parent has filed an appeal on April 14, 2010 before Sindh High Court against the Appellate Tribunal Order. Pending the outcome of the matter, no provision has been made in these financial statements.

**10.1.3** Demand of gas Infrastructure development cess amounting Rs.128,150,602/- (2022: Rs.128,150,602/-) not acknowledged. The Honourable Supreme Court of Pakistan has passed a judgement on August 13, 2020 holding that GIDC is payable in 24 instalments without late payment surcharge. The Company has challenged the levy from year 2011 to 2015 before the Honourable Lahore High Court Lahore on the ground that GIDC cannot be recovered on the basis of section 8 of GIDC Act, 2015. Company has paid instalments of Rs. 42,716,867/- as per court order. Based on the opinion of the legal advisor there is every possibility that the petition may be decided in favour of the company to the extent of total amount of arrears.

In view of the above pending appeal no provision has been made in the financial statement.

**10.1.4** The Parent had executed Power Purchase Agreement (PPA) with Faisalabad Electric Supply Company (FESCO) which was expired in 2011, and was due for regularisation as per NEPRA rules. FESCO filed Power Acquisition Request (PAR) in 2011. NEPRA approved reduced fuel cost in 2017 and

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

ordered to recover excess amount. Being aggrieved by the orders Parent filed review petition before NEPRA which was dismissed by the Authority. The Parent filed appeal before Islamabad High Court against which stay is granted. The quantum of liability cannot be determined at this stage. The management believes that there is reasonable probability that the matter will be decided in favor of the Parent. Pending the outcome of the matter, no provision has been made in these financial statements.

- 10.1.5** The assessing officer of Inland Revenue passed order in respect of tax periods from 2004 to 2008 and created demand of Rs. 5,505,105/- (2022: Rs. 5,505,105/-). Being aggrieved by the order the Parent company filed appeal before the CIR(A). The CIR(A) has passed an order against the Parent. The Parent has filed the second appeal before ATIR. The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favor of the Parent. Pending the outcome of the matter, no provision has been made in these financial statements.
- 10.1.6** The assessing officer of Inland Revenue passed order in respect of tax year 2016 u/s 161 and created demand of Rs. 128,195,734/-. Being aggrieved by the order, the parent Company filed appeal before the CIR(A). The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favour of the parent Company.
- 10.1.7** The assessing officer of Inland Revenue passed order in respect of tax year 2017 u/s 122(5A) and created demand of Rs. 2,401,297/-. Being aggrieved by the order, the parent Company filed appeal before the CIR(A). The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favour of the parent Company. Pending the outcome of the matter, no provision has been made in these financial statements.
- 10.1.8** According to the proposed rescheduling/ restructuring with the lender, the difference of markup accrued at respective rate and cost of fund amounting Rs. 34,325,043/- has been waived off subject to the condition that the parent Company makes no default in making payments of principals and cost of funds agreed under rescheduling/restructuring approved subsequently.
- 10.1.9** Late payment surcharges on short term borrowings are not accounted for in the financial statement. At this stage it is difficult to ascertain the outcome of the matter till further proceeding as the matter is under negotiation with the banks.

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 11. Property, plant and equipment

Operating assets  
Advance for purchase of property  
Advance for purchase of vehicles

Note  
11.1

2023 Rupees	2022 Rupees
629,493,823	653,371,377
16,500,000	16,500,000
16,000,000	-
<u>661,993,823</u>	<u>669,871,377</u>

### 11.1 Operating assets

	Company owned										Total	
	Note	Freehold land	Building on freehold land	Plant and machinery	Electric installations	Factory equipment	Electric Appliances	Furniture and fixtures	Office equipment	Arms and ammunitions		Vehicles
<b>At July 01, 2021</b>												
Cost	40,772,399	223,827,224	1,620,830,131	169,920,812	4,297,647	10,575,556	6,802,670	15,878,183	29,625	84,613,205	2,177,547,452	
Accumulated depreciation	-	(181,692,858)	(1,112,959,193)	(132,472,254)	(3,754,052)	(7,701,551)	(5,044,357)	(12,524,710)	(23,730)	(40,881,665)	(1,497,054,370)	
Net book value	40,772,399	42,134,366	507,870,938	37,448,558	543,595	2,874,005	1,758,313	3,353,473	5,895	43,731,540	680,493,082	
<b>Year ended June 30, 2022</b>												
Opening net book value	40,772,399	42,134,366	507,870,938	37,448,558	543,595	2,874,005	1,758,313	3,353,473	5,895	43,731,540	680,493,082	
Addition	-	-	-	-	-	113,674	-	-	-	633,391	747,065	
Disposals:												
Cost	-	-	-	-	-	-	-	-	-	(1,584,100)	(1,584,100)	
Accumulated depreciation	-	-	-	-	-	-	-	-	-	1,316,487	1,316,487	
	-	-	-	-	-	-	-	-	-	(267,613)	(267,613)	
Depreciation charge	-	(4,213,437)	(10,000,000)	(3,744,856)	(54,360)	(288,348)	(175,831)	(335,348)	(590)	(8,788,387)	(27,601,157)	
Closing net book value	40,772,399	37,920,929	497,870,938	33,703,702	489,235	2,699,331	1,582,482	3,018,125	5,305	35,308,931	653,371,377	
<b>At June 30, 2022</b>												
Cost	40,772,399	223,827,224	1,620,830,131	169,920,812	4,297,647	10,689,230	6,802,670	15,878,183	29,625	83,662,496	2,176,710,417	
Accumulated depreciation	-	(185,906,295)	(1,122,959,193)	(136,217,110)	(3,808,412)	(7,989,899)	(5,220,188)	(12,860,058)	(24,320)	(48,353,565)	(1,523,339,041)	
Net book value	40,772,399	37,920,929	497,870,938	33,703,702	489,235	2,699,331	1,582,482	3,018,125	5,305	35,308,931	653,371,376	
<b>At July 01, 2022</b>												
Cost	40,772,399	223,827,224	1,620,830,131	169,920,812	4,297,647	10,689,230	6,802,670	15,878,183	29,625	83,662,496	2,176,710,417	
Accumulated depreciation	-	(185,906,295)	(1,122,959,193)	(136,217,110)	(3,808,412)	(7,989,899)	(5,220,188)	(12,860,058)	(24,320)	(48,353,565)	(1,523,339,041)	
Net book value	40,772,399	37,920,929	497,870,938	33,703,702	489,235	2,699,331	1,582,482	3,018,125	5,305	35,308,931	653,371,377	
<b>Year ended June 30, 2023</b>												
Opening net book value	40,772,399	37,920,929	497,870,938	33,703,702	489,235	2,699,331	1,582,482	3,018,125	5,305	35,308,931	653,371,377	
Addition	-	-	-	-	-	1,145,230	-	-	-	-	1,145,230	
Depreciation charge	-	(3,792,093)	(10,000,000)	(3,370,370)	(48,924)	(289,020)	(158,248)	(301,812)	(531)	(7,061,786)	(25,022,784)	
Closing net book value	40,772,399	34,128,836	487,870,938	30,333,332	440,311	3,555,541	1,424,234	2,716,313	4,774	28,247,145	629,493,823	
<b>At June 30, 2023</b>												
Cost	40,772,399	223,827,224	1,620,830,131	169,920,812	4,297,647	11,834,460	6,802,670	15,878,183	29,625	83,662,496	2,177,855,647	
Accumulated depreciation	-	(189,698,388)	(1,132,959,193)	(139,587,480)	(3,857,336)	(8,278,919)	(5,378,436)	(13,161,870)	(24,851)	(55,415,351)	(1,548,361,824)	
Net book value	40,772,399	34,128,836	487,870,938	30,333,332	440,311	3,555,541	1,424,234	2,716,313	4,774	28,247,145	629,493,823	
Annual rate of depreciation (%)	-	10	-	10	10	10	10	10	10	10	20	

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>11.2 Depreciation for the year has been allocated as under:</b>			
Cost of generation	24.1	17,211,387	18,012,653
Operating expenses	26	7,811,397	9,588,504
		<u>25,022,784</u>	<u>27,601,157</u>

**11.2.1** Actual Depreciation on Plant and Machinery based on unit of production method amounts to Rs 2.31 million (2022:Rs. 1.76 million). The excess amount is charged to cover obsolescence.

**11.3** Particulars of immovable property (i.e. land and building) in the name of the Parent company are as follows:

	Location	Usage of immovable property	Total Area (in marlas)	Covered Area (in square foot)
a)	33-K.M.Sheikhupura Road, Chak # 61 R.B / 53 G.B , Tehsil Jaranwala, District Faisalabad	.Generation Plant	7,821	151,337
b)	3rd Floor, Sitara Tower, Bilal Square, New Civil Lines, Faisalabad	Head Office	33.83	9,210
c)	Office # 606 and 608, Sixth Floor Business Centre, Mumtaz Hasan Road, Karachi, 74000	Office	2.24	610.95

**11.4** Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Particulars of buyers	Relationship of buyers
Operating assets							
<b>2023</b>	-	-	-	-	-		

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Particulars of buyers	Relationship of buyers
Operating assets							
Vehicles (Sold by negotiation)	1,584,100	1,316,487	267,613	750,000	482,387	Mohsan Shahzad House # P- 197, Ismail City, Faisalabad.	None
<b>2022</b>	<b>1,584,100</b>	<b>1,316,487</b>	<b>267,613</b>	<b>750,000</b>	<b>482,387</b>		

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 12. Investment property

	Freehold land	Building on freehold land	Total
----- Rupees -----			
<b>At July 01, 2021</b>			
Cost	387,710,214	46,204,099	433,914,313
Accumulated depreciation	-	(22,760,722)	(22,760,722)
Net book value	387,710,214	23,443,377	411,153,591
<b>Year ended June 30, 2022</b>			
Opening net book value	387,710,214	23,443,377	411,153,591
Depreciation charge	-	(2,344,338)	(2,344,338)
Closing net book value	387,710,214	21,099,039	408,809,253
<b>At June 30, 2022</b>			
Cost	387,710,214	46,204,099	433,914,313
Accumulated depreciation	-	(25,105,060)	(25,105,060)
Net book value	387,710,214	21,099,039	408,809,253
<b>At July 01, 2022</b>			
Cost	387,710,214	46,204,099	433,914,313
Accumulated depreciation	-	(25,105,060)	(25,105,060)
Net book value	387,710,214	21,099,039	408,809,253
<b>Year ended June 30, 2023</b>			
Opening net book value	387,710,214	21,099,039	408,809,253
Disposals during the year	(2,943,450)	-	(2,943,450)
Depreciation charge	-	(2,109,904)	(2,109,904)
Closing net book value	384,766,764	18,989,135	403,755,899
<b>At June 30, 2023</b>			
Cost	384,766,764	46,204,099	430,970,863
Accumulated depreciation	-	(27,214,964)	(27,214,964)
	384,766,764	18,989,135	403,755,899
Annual rate of depreciation (%)	-	10	

**12.1** This includes land worth Rs. 140.655 million (2022: Rs. 140.655 million) not in the name of the Parent. The land is in the name of the subsidiary. As per agreement the Parent is entitled to get the land transferred in its own name or in the name of any nominee. Legal formalities for transfer of land in the name of the Parent are pending.

**12.2** The fair value of investment property is approximately Rs. 838.44 million as at June 30, 2023 (2022: Rs. 831.246 million), valuation has been carried out by independent valuers Sakina Enterprises. The valuation is based on the unobservable inputs - level 3 classification.

**12.3** The forced sale value of investment property is approximately Rs. 712.67 million as at June 30, 2023 (2022: Rs. 706.559 million).

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 12.4 Disposal of Investment Property

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Particulars of buyers	Relationship with buyers
Investment Property - Land (Sold by negotiation)	834,129	-	834,129	3,500,000	2,665,871	Muhammad Bilal s/o Muhammad Jamal, House# P-5, Street#1, Al-Masoom Town, Faisalabad	None
	1,275,192	-	1,275,192	5,475,000	4,199,808	Saima Kafil w/o Adeel Ahmed, House# 21, Street#8, Block Z, Madina Town, Faisalabad	None
	834,129	-	834,129	3,500,000	2,665,871	Mustafa Kamal s/o Muhammad Jamal, House# 29, Street# 1, Al-Masoom Town, Faisalabad	None
<b>2023</b>	<b>2,943,450</b>	<b>-</b>	<b>2,943,450</b>	<b>12,475,000</b>	<b>9,531,550</b>		

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Particulars of buyers	Relationship with buyers
2022	-	-	-	-	-	-	-

12.5 Particulars of immovable property in the name of the Parent are as follows:

Location	Usage of immovable property	Total Area (in marlas)	Covered Area (in square feet)
a) Chak # 125 G.B, Tehsil Jaranwala, District Faisalabad.	Plots	332	N/A
b) Chak # 165 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	1,379	N/A
c) Chak # 193 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	829	N/A
d) Chak # 197 R.B, Tehsil Faisalabad, District Faisalabad.	Plots	2,607	N/A
e) Chak # 198 R.B, Tehsil Faisalabad, District Faisalabad.	Plots	414	N/A
f) Chak # 200 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	6,093	N/A
g) Chak # 204 R.B, Tehsil Faisalabad, District Faisalabad.	Plots	9	N/A
h) Chak # 206 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	40	N/A
i) Chak # 60 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	60	N/A
j) Chak # 61 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	1,378	N/A
k) Ground floor, Sitara Tower situated at Bilal Square, New Civil Lines, Faisalabad.	held for earning rentals	18	5031.61
l) 318, 3rd Floor Siddique Trade Centre, Main Boulevard, Gulberg, Lahore.	held for earning rentals	3	818



# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	<b>2023</b> <b>Rupees</b>	2022 Rupees
<b>13. Long term loan</b>		
Considered good		
Due from executive	1,000,000	1,000,000

13.1 The interest free loan is given to executive of the Group for personal use in accordance with his terms of employment.

13.2 Long term loan has been carried at cost as the effect of carrying this balance at amortised cost would not be material in the overall context of these financial statements.

	<b>2023</b> <b>Rupees</b>	2022 Rupees
<b>14. Long term deposits</b>		
Security deposits	1,511,200	1,511,200
<b>15. Stores, spares and loose tools</b>		
Stores	15,266,643	15,750,323
Spares	274,985,943	271,492,033
Loose tools	1,598,962	1,600,159
	291,851,548	288,842,515
Less: Provision for slow moving and obsolete items	(14,041,880)	(15,474,653)
	277,809,668	273,367,862

15.1 Stores and spares include items that may result in fixed capital expenditure but are not distinguishable.

	<b>2023</b> <b>Rupees</b>	2022 Rupees
<b>16. Stock</b>		
Furnace oil		
In hand	23,727,848	100,262,905
In transit	67,651,273	-
Diesel oil	4,932,462	3,816,675
Lube oil	4,480,298	3,636,557
Waste	54,038	58,088
Land	629,153,350	629,153,350
	729,999,269	736,927,575

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>17. Trade debts</b>			
Unsecured			
Considered good			
Related parties			
Sitara Fabrics Limited	17.1	67,566,941	70,568,429
Others		648,172,313	452,606,194
		<u>715,739,254</u>	<u>523,174,623</u>

**17.1** The maximum aggregate amount due from Sitara Fabrics Limited at the end of any month during the year was Rs. 94,010,381/- (2022: Rs. 88,852,197/-)

	Note	2023 Rupees	2022 Rupees
<b>18. Loans and advances</b>			
Considered good			
Loans to staff		281,450	12,757
Advances			
Income tax		1,529,846	1,815,250
Suppliers	18.1	29,259,707	35,691,843
For purchases / expenses		1,765,000	1,924,472
		<u>32,554,553</u>	<u>39,431,565</u>
		<u>32,836,003</u>	<u>39,444,322</u>

**18.1** This includes advance of Rs.10,460,000/- (2022: 10,460,000/-) given to associated undertaking - Sitara Chemtek private Limited.

	Note	2023 Rupees	2022 Rupees
<b>19. Deposits and prepayments</b>			
Deposits			
Guarantee margin		26,521,800	26,521,800
Prepayments		170,436	1,360,436
		<u>26,692,236</u>	<u>27,882,236</u>
<b>20. Other receivables</b>			
Considered good			
Receivable against:			
Sale of investment property		86,477,073	86,478,525
Rent		905,080	5,273,519
Gas Infrastructure Development Cess		53,562,194	53,562,194
Others	20.1	130,893,750	141,200,405
		<u>271,838,097</u>	<u>286,514,643</u>

**20.1** It includes an amount of Rs. Nil. (2022: Rs. 10,300,000/-) receivable against 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 year was Rs. 10,300,000. (2022: Rs. 35,000,000/-).

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>21. Tax refunds due from government</b>			
Sales tax		34,573,186	78,292,067
Income tax		41,846,878	42,304,655
		<u>76,420,064</u>	<u>120,596,722</u>
<b>22. Cash and bank balances</b>			
Cash in hand		6,389,436	1,948,404
Cash at banks			
In current accounts		302,011,384	302,305,428
		<u>308,400,820</u>	<u>304,253,832</u>
<b>23. Sales - net</b>			
Electricity		1,252,480,653	566,219,136
Steam		15,688,277	5,751,252
		1,268,168,930	571,970,388
Less: Sales tax		189,939,551	84,884,576
		<u>1,078,229,379</u>	<u>487,085,812</u>
Less: Electricity duty		10,543,688	4,773,965
		<u>1,067,685,691</u>	<u>482,311,847</u>
<b>24. Cost of generation</b>			
Cost of generation	24.1	<u>1,018,864,041</u>	<u>476,833,064</u>
<b>24.1 Cost of generation</b>			
Cost of oil and lubricants		967,434,235	435,988,609
Salaries, wages and benefits		21,962,109	14,412,393
Staff retirement benefits		618,309	561,349
Stores, spares and loose tools		2,551,559	1,675,488
Travelling and conveyance		175,150	110,978
Vehicles running and maintenance		1,514,889	979,540
Insurance		3,939,530	2,406,313
Repairs and maintenance		2,027,878	1,482,572
Entertainment		310,259	153,060
Depreciation	11.2	17,211,387	18,012,653
Other		1,118,736	1,050,109
		<u>1,018,864,041</u>	<u>476,833,064</u>

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>25. Other income</b>			
Income from assets other than financial assets:			
Sale of scrap and waste		1,581,245	546,869
Rental Income		7,010,869	6,349,255
Gain on disposal of			
Property, plant and equipment		-	482,387
Investment property		9,531,550	-
Balances written back		26,775,363	5,343,500
Reversal of provision for slow moving and obsolete items		1,432,773	-
		<u>46,331,800</u>	<u>12,722,011</u>
<b>26. Operating expenses</b>			
Directors' remuneration		7,800,000	13,000,000
Salaries and benefits		12,537,249	7,139,964
Staff retirement benefits		343,376	282,049
Postage and telephone		1,620,000	1,125,317
Vehicles running and maintenance		2,916,136	519,355
Travelling and conveyance		484,238	1,179,416
Printing and stationery		970,939	868,301
Entertainment		500,420	421,201
Legal and professional		1,967,440	2,651,150
Fee, subscription and periodicals		4,433,478	4,345,986
Rent, rates and taxes		463,395	316,022
Advertisement		143,138	299,530
Insurance		280,782	254,649
Auditors' remuneration	26.1	1,414,875	1,404,875
Repairs and maintenance		1,121,748	647,448
Donations	26.2	445,375	340,000
Depreciation on property, plant and equipment	11.2	7,811,397	9,588,504
Depreciation on investment property	12	2,109,904	2,344,338
Utilities		1,528,695	1,944,824
Other		211,958	482,121
		<u>49,104,543</u>	<u>49,155,050</u>

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

		<b>2023</b>	2022
		<b>Rupees</b>	Rupees
<b>26.1</b>	<b>Auditors' remuneration</b>		
	Audit fee	1,125,000	1,125,000
	Fee for the review of half yearly financial information	145,000	135,000
	Other Certifications	60,875	60,875
	Out of pocket expenses	84,000	84,000
		<u>1,414,875</u>	<u>1,404,875</u>
<b>26.2</b>	The directors or their spouses had no interest in the institutions/funds to whom donations were made.		
		<b>2023</b>	2022
	<b>Note</b>	<b>Rupees</b>	Rupees
<b>27.</b>	<b>Other operating expenses</b>		
	Provision for doubtful receivables	5,273,519	-
<b>28.</b>	<b>Finance cost</b>		
	Interest / mark-up on :		
	Long term financing	6,658,415	1,920,960
	Short term bank borrowings	133,113,777	118,218,381
	Bank charges and commission	2,100,597	2,670,751
		<u>141,872,789</u>	<u>122,810,092</u>
<b>29.</b>	<b>Provision for taxation</b>		
	Current		
	For the year	29.1 1,626,313	1,467,657
	For prior years	805,370	(100,496)
	Deferred	29.2 -	-
		<u>2,431,683</u>	<u>1,367,161</u>
<b>29.1</b>	The profits and gains derived by the Parent from electric power generation project are exempt from levy of income tax under clause (132) of Part-I and clause 11A (v) of Part-IV of the Second Schedule to the Income Tax Ordinance, 2001 except rental income which is subject to tax under separate block income. No provision for current taxation is made in view of tax losses.		
<b>29.2</b>	Deferred tax asset after considering tax losses available for adjustment works out to Rs. 1,252,251/- (2022 : Rs.1,322,769/-). This is not recognized in these financial statements due to uncertain future results.		

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	2023 Rupees	2022 Rupees
<b>29.3 Relationship between tax expense and accounting loss</b>		
(Loss) for the year before taxation	(101,097,401)	(153,764,348)
Tax on accounting profit at the applicable tax rate of 29%	-	-
Tax effect of :		
Separate block of rental income	2,032,891	1,841,284
Expenses that are admissible in earning rental income	(406,578)	(373,627)
	1,626,313	1,467,657
Prior year adjustment	805,370	373,610
	<u>2,431,683</u>	<u>1,841,267</u>
<b>30. Earnings per share - Basic and diluted</b>		
(Loss) for the year attributable to shareholders of the Parent (Rupees)	<u>(103,529,084)</u>	<u>(155,605,615)</u>
Weighted average number of ordinary shares	<u>19,092,000</u>	<u>19,092,000</u>
(Loss) per share - Basic and diluted (Rupees)	<u>(5.42)</u>	<u>(8.15)</u>

**30.1** There is no dilutive effect on the basic (loss) per share of the Group.

## 31. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2023		2022	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	-----Rupees-----			
Remuneration	6,545,455	5,922,982	10,909,091	5,922,982
Medical allowance	654,545	592,298	1,090,909	592,298
Perquisites	600,000	-	1,000,000	-
Contribution to provident fund	-	-	-	122,652
	<u>7,800,000</u>	<u>6,515,280</u>	<u>13,000,000</u>	<u>6,637,932</u>
Number of persons	1	2	1	2

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

**31.1** The Chief Executive Officer and Director are entitled to free use of Company maintained car and other perquisites. One executive is entitled to conveyance facility. The monetary value of these benefits approximates Rs. 2,708,385/- (2022: 233,571/-). The Directors have waived off their meeting fee.

## 32. TRANSACTIONS WITH RELATED PARTIES

The Group in the normal course of business carries out transactions with various related parties which comprise of associated undertakings, directors of the Group, key management personnel and post employment benefit plan. Amounts due from and due to related parties are shown under the relevant notes to the financial statements. Remuneration to Chief Executive Officer, Directors and Executives of the Parent is disclosed in Note 31. Other significant transactions with related parties are as follows:

Name of the related party	Relationship and Percentage	Transactions during the year	2023 Rupees	2022 Rupees
Sitara Fabrics Limited	Associated company by virtue of common directorship	Sale of electricity and steam	69,226,595	22,320,680
		Receipt from the sale of gas generators	10,300,000	-
		Organisational expenses recovered	2,400,000	8,000,000
Sitara Energy Limited Staff Provident Fund Trust	Other related party	Company's Contribution for the year	961,685	843,398

## 33. PLANT CAPACITY AND ACTUAL PRODUCTION

	2023	2022
Number of generators installed	20	20
Number of generators worked	6	14
Installed energy generation capacity (Mega watt hours)	683,893	683,893
Actual energy generation (Mega watt hours)	33,105	15,375
Actual average load (Mega watt)	3.78	1.76

Reasons for low generation:

- Installed generators include three standby generators and closure of eleven (2022: two) generators due to major overhauling.
- Planned utilisation as per demand.

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

		2023	2022
<b>34.</b>	<b>DISCLOSURE WITH REGARDS TO PROVIDENT FUND</b>		
	Size of the fund (Rupees)	10,838,751	13,052,961
	Cost of investments made (Rupees)	7,103,435	8,103,435
	Percentage of investments made (% age)	74.76%	62.08%
	Fair value of investments (Rupees)	8,923,923	8,908,057

**34.1** The figures for 2023 are based on the un-audited financial statements of the provident fund. Investment has been made in mutual fund in accordance with the provisions of section 218 of the Companies Act 2017 and conditions specified thereunder.

		2023	2022
<b>35.</b>	<b>NUMBER OF EMPLOYEES</b>		
	Total number of employees as at June 30,	75	66
	Average number of factory employees during the year	72	72

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group finances its operations through mix of equity, debt and working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

		2023 Rupees	2022 Rupees
<b>36.1</b>	<b>FINANCIAL INSTRUMENTS BY CATEGORY</b>		
	<b>Financial assets at amortised cost:</b>		
	Long term loan	1,000,000	1,000,000
	Long term Deposits	1,511,200	1,511,200
	Trade debts	715,739,254	523,174,623
	Loans and advances	281,450	12,757
	Deposits and prepayments	26,521,800	26,521,800
	Other receivables	218,275,903	232,952,449
	Cash and bank balances	308,400,820	304,253,832
		<u>1,271,730,427</u>	<u>1,089,426,661</u>
	<b>Financial liabilities at amortised cost:</b>		
	Long term financing	72,916,000	8,333,346
	Trade and other payables	847,961,308	699,765,826
	Unclaimed dividend	3,702,824	3,702,824
	Interest / markup payable	533,063,544	439,722,115
	Short term bank borrowings	883,950,807	993,950,807
		<u>2,341,594,483</u>	<u>2,145,474,918</u>



# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## 36.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Group's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Group are explained below:

### 36.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Parent is exposed to concentration of credit risk towards the major customers M/S Sitara Chemical Industries Limited, M/S Sitara Peroxide Limited and M/S Sitara Spinning Mills Limited. The trade debts receivable from these customers constitute 84.73 % (2022: 74.68%) of total receivables. The maximum exposure to credit risk at the reporting date is as follows:

	<b>2023</b> <b>Rupees</b>	2022 Rupees
Long term loan	1,000,000	1,000,000
Long term Deposits	1,511,200	1,511,200
Trade debts	715,739,254	523,174,623
Loans and advances	281,450	12,757
Deposits and prepayments	26,521,800	26,521,800
Other receivables	218,275,903	232,952,449
Bank balances	302,011,384	302,305,428
	<u>1,265,340,991</u>	<u>1,087,478,257</u>

Due to Group's long standing relations with counterparties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Group.

For trade debts credit quality of the customer is assessed, taking into consideration its financial position and previous dealings, individual credit limits are set. The management regularly monitor and review customers credit exposure.

The Group's most significant customers are M/S Sitara Chemical Industries Limited, M/S Sitara Peroxide Limited and M/S Sitara Spinning Mills Limited. The break-up of amount due from customers is as follows:

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	<b>2023</b> <b>Rupees</b>	2022 Rupees
Sitara Chemical Industries Limited	98,092,508	22,073,758
Sitara Peroxide Limited	273,518,788	132,107,472
Sitara Spinning Mills Limited	234,866,151	236,530,097
Other industrial users	109,261,807	132,463,296
	<u>715,739,254</u>	<u>523,174,623</u>

The aging of trade debts as at statement of financial position date is as under:

	<b>2023</b> <b>Rupees</b>	2022 Rupees
Not past due	250,063,716	123,512,811
Past due		
4 to 6 months	71,547,699	58,314,496
7 to 12 months	115,652,221	21,278,635
More than 1 year	278,475,618	320,068,681
	<u>465,675,538</u>	<u>399,661,812</u>
	<u>715,739,254</u>	<u>523,174,623</u>
Not past due		
Related parties	40,531,668	8,488,636
Others	209,532,048	115,024,175
	<u>250,063,716</u>	<u>123,512,811</u>
Past due		
Related parties	27,035,273	62,079,793
Others	438,640,265	337,582,019
	<u>465,675,538</u>	<u>399,661,812</u>
	<u>715,739,254</u>	<u>523,174,623</u>

Appropriate provision has been made in respect of other receivables considered doubtful. The credit risk exposure is limited in respect of bank balances as these are placed with local banks having good credit rating from international and local credit rating agencies.

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

The bank balances along with credit rating is as follows.

	<b>2023</b> <b>Rupees</b>	2022 Rupees
Credit Rating		
AAA	117,226,747	82,524,036
AA+	295,778	58,155,356
A	58,052,961	-
Others	126,435,898	161,626,036
	<u>302,011,384</u>	<u>302,305,428</u>

Based on the past experience and taking into consideration, the financial position, and previous record of recoveries, the Company believes that trade debts past due do not require any impairment. The credit risk exposure is limited in respect of deposits and bank balances as majority of deposits and all bank balances are placed with local banks having good credit rating.

## 36.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group's approach to manage liquidity is to maintain sufficient level of liquidity of the Group on the basis of expected cash flows, requirements of holding highly liquid assets and maintaining adequate reserve borrowing facilities to cover liquidity risk. This includes maintenance of statement of financial position liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2023 and 2022:

	<b>2023</b>				
	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Six months or less</b>	<b>Six to twelve months</b>	<b>Two to five years</b>
	-----Rupees in thousand-----				
<b>Financial liabilities:</b>					
Long term financing	72,916	72,916	14,583	14,583	43,750
Unclaimed dividend	3,703	3,703	3,703		
Trade and other payables	847,961	847,961	847,961	-	-
Short term bank borrowings	883,951	1,080,674	217,207	863,467	-
Interest / mark up payable	554,957	554,958	533,064	-	21,894
	<u>2,363,488</u>	<u>2,560,211</u>	<u>1,616,518</u>	<u>878,050</u>	<u>65,644</u>

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	2022				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
-----Rupees in thousand-----					
<b>Financial liabilities:</b>					
Long term financing	8,333	8,768	8,768	-	-
Unclaimed dividend	3,703	3,703	3,703		
Trade and other payables	699,766	699,766	699,766	-	-
Short term bank borrowings	993,951	1,106,413	174,952	931,461	-
Interest / mark up payable	439,722	439,722	439,722	-	-
	2,145,475	2,258,372	1,326,910	931,461	-

The contractual cash flows relating to mark up on short term bank borrowings have been determined on the basis of mark up rates as applicable at the year end. The Group will manage the liquidity risk from its own source through equity and working capital management. The Group has liquid assets of Rs. 1,322.5 million (2022: Rs.1,140 million) and unavailed short term borrowing facilities of Rs.90.05 million (2022: Rs.180.05 million) as at the year end.

## 36.2.3 Market risk management

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

### i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk arises from long term and short term bank borrowings. The interest rate profile of the Group's interest bearing financial instruments is presented in relevant notes to the financial statements.

### Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period.

### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not effect profit and loss account.

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

## **Cash flow sensitivity analysis for variable rate instruments**

Had the interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, loss for the year and equity would have been lower / higher by 9.8 million (2022: Rs. 10.02 million).

### **ii) Currency risk**

Currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. Currency risk is covered through forward foreign exchange contracts whenever it is considered appropriate to hedge foreign currency exposure. The Group is not exposed to any currency risk.

### **iii) Equity price risk**

Trading and investing in quoted equity securities give rise to equity price risk. At the date of statement of financial position, the Group is not exposed to equity price risk.

## **36.3 Fair value of financial instruments**

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## **36.4 Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay long term and short term financing from / to financial institutions.

The Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term financing' and 'short term bank borrowings' as shown in the statement of financial position). Total capital comprises shareholders' equity as shown in the statement of financial position under 'share capital and reserves' and net debt (Debt less cash and cash equivalents).

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

The salient information relating to capital risk management of the Company was as follows:

	Note	2023 Rupees	2022 Rupees
Total Debt	6 & 9	883,950,807	1,002,284,153
Less: Cash and cash equivalents	22	308,400,820	304,253,832
Net Debt		575,549,987	698,030,321
Total equity		1,142,881,986	1,246,411,070
Total capital		1,718,431,973	1,944,441,391
Gearing ratio		33.49%	35.90%

## 37. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Group and authorised for issue on October 02, 2023.

## 38. GENERAL

**38.1** Figures have been rounded off to the nearest Rupee except where mentioned rounded off Rupees in thousands.

### 38.2 Re-Arrangements / Re-classification

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There were no significant reclassification / restatement to these financial statements during the year except as mentioned below.

Nomenclature of " Cost of oil, gas and lubricants " has been changed to " Cost of oil and lubricants ".



Chief Executive Officer



Director



Chief Financial Officer

**FORM OF PROXY  
ANNUAL GENERAL MEETING**

I/We \_\_\_\_\_ /s/Dr/O/No \_\_\_\_\_  
of \_\_\_\_\_ being a member of  
SITARA ENERGY LIMITED and holder of \_\_\_\_\_ Ordinary Shares as per Share Register Folio  
No. \_\_\_\_\_ and/or CDC Participant ID No. \_\_\_\_\_ and Account / Sub-account  
No. \_\_\_\_\_ do hereby appoint Mr./Mrs./Miss \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ (ailing \_\_\_\_\_) Mr./Mrs./Miss \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend, act and vote for me/us on my/our  
behalf at Annual General Meeting of the Company to be held on Saturday, October 28, 2023 at 2:30 pm at 6<sup>th</sup>  
Floor, Business Center, Mumtaz Hasan Road, Karachi, in person and via Zoom video link and at any adjournment  
thereof in the same manner as I/we myself/ourselves would vote if personally present at such meeting.

\_\_\_\_\_  
Signature of Shareholder  
Folio / CDC A/C No.

\_\_\_\_\_  
Signature of Proxy

Fifty Rupees  
Revenue Stamp

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Witness:

Witness:

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_   
CNIC or \_\_\_\_\_  
Passport No. \_\_\_\_\_

2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_   
CNIC or \_\_\_\_\_  
Passport \_\_\_\_\_

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on member's behalf.
2. If a member is unable to attend the meeting, He/She may complete and sign this form and send it to the Company's Share Registrar M/s. THK Associates (Pvt) Limited, Plot No. 32/C, Jamil Commercial Street 2, D.H.A., Phase VII, Karachi so as to reach not less than 48 hours before the time appointed for holding the Meeting.
3. For CDC Account Holders / Corporate Entities; in addition to the above, the following requirements have to be met:
  - (a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers be stated on the form.
  - (b) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
  - (c) The proxy shall produce his original CNIC or original passport at the time of the meeting. In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted [unless it has been provided earlier] along with proxy form to the Company.

Affix  
Correct  
Postage

M/s THK Associates (Pvt) Limited  
Plot No. 32-C, Jami Commercial  
Street 2, D.H.A. Phase VII,  
Karachi -75500



# ستارہ انرجی لمیٹڈ

پرائیویٹ لمیٹڈ

اجلاس عام

اجلاس عام کی تاریخ اور مقام: ستارہ انرجی لمیٹڈ کے اجلاس عام اور اجلاس عام کے اجلاس عام اور اجلاس عام

کی تاریخ اور مقام: ستارہ انرجی لمیٹڈ کے اجلاس عام اور اجلاس عام کے اجلاس عام اور اجلاس عام

کی تاریخ اور مقام: ستارہ انرجی لمیٹڈ کے اجلاس عام اور اجلاس عام کے اجلاس عام اور اجلاس عام

اجلاس عام 28 اکتوبر 2023ء کو سہ پہر 2:30 بجے 6 بجے تک منعقد ہوگا اور اس اجلاس عام کی تاریخ اور مقام: ستارہ انرجی لمیٹڈ کے اجلاس عام اور اجلاس عام کے اجلاس عام اور اجلاس عام

2023-24

تاریخ: ستمبر 2023ء

نام	پتہ
نام	پتہ
پتہ	پتہ
پتہ	پتہ
پتہ	پتہ
پتہ	پتہ
پتہ	پتہ
پتہ	پتہ
پتہ	پتہ

یہ اجلاس عام مندرجہ ذیل کے مقاصد کے لیے منعقد کیے گئے ہیں: (i) اس اجلاس عام کی تاریخ اور مقام: ستارہ انرجی لمیٹڈ کے اجلاس عام اور اجلاس عام کے اجلاس عام اور اجلاس عام

انگریزی میں منعقد کرنے کے لیے اجلاس عام کی تاریخ اور مقام: ستارہ انرجی لمیٹڈ کے اجلاس عام اور اجلاس عام کے اجلاس عام اور اجلاس عام

اجلاس عام کی تاریخ اور مقام: ستارہ انرجی لمیٹڈ کے اجلاس عام اور اجلاس عام کے اجلاس عام اور اجلاس عام

اجلاس عام کی تاریخ اور مقام: ستارہ انرجی لمیٹڈ کے اجلاس عام اور اجلاس عام کے اجلاس عام اور اجلاس عام

اجلاس عام کی تاریخ اور مقام: ستارہ انرجی لمیٹڈ کے اجلاس عام اور اجلاس عام کے اجلاس عام اور اجلاس عام

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M/s THK Associates (Pvt) Limited  
Plot No. 32-C, Jami Commercial  
Street 2, D.H.A. Phase VII,  
Karachi -75500

# Sitara Energy Limited

## **CIRCULATION OF ANNUAL AUDITED ACCOUNTS**

The Company Secretary  
Sitara Energy Limited  
501-502, Business Centre,  
Munirka Haven Road,  
Karachi

Subject: Circulation of Annual Audited Accounts via Email or any other Media

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO No. 47(01)/2016 dated 11<sup>th</sup> May, 2016, that have allowed companies to circulate their Annual Audited Accounts (i.e. Annual Balance Sheet and Profit and Loss Accounts, Auditor's Report and Directors' Report etc. ("Annual Report")) along with the Notice of Annual General Meeting ("Notice") to its shareholders through Email or any other Electronic Media at the registered addresses.

Shareholders who wish to receive the hard copy of Financial Statements shall have to fill the below form and send us to Company address.

I/We hereby consent Option 1 or Option 2 to the above SROs for Audited Financial Statements and Notice of General Meeting(s) delivered to me/hand from instead Email or any other Electronic Media.

Option 1 Via Email

Name of the Members/Shareholders

\_\_\_\_\_

CNIC NO.

\_\_\_\_\_

Folio / CDC Account Number

\_\_\_\_\_

Valid Email Address

(to receive Financial Statements alongwith  
Notice of General Meetings instead of  
hardcopy/CD/DVD/USB)

\_\_\_\_\_

\_\_\_\_\_

Option 2 Via Hard copy

Name of the Members/Shareholders

\_\_\_\_\_

CNIC NO.

\_\_\_\_\_

Folio / CDC Account Number

\_\_\_\_\_

Mailing Address

(to receive Financial Statements alongwith  
Notice of General Meetings instead of  
Email/CD/DVD/USB and other Electronic Media)

\_\_\_\_\_

\_\_\_\_\_

I/We hereby confirm that the above mentioned information is correct and in case of any change thereon, I/We will immediately intimate to the Company's Share Registrar. I/we further confirm that the transmission of Company's Annual Audited Financial Statements and Notice of General Meeting(s) through my/our above address would be taken as compliance with the Companies Act, 2017.



If undelivered please return to:

**Sitara Energy Limited**

601-602 Business Centre,  
Mumtaz Hassan Road, Karachi-74000  
Tel: 021-32420620-32413944  
Fax: 021-32415452