



**Quarter Report (Un-Audited)  
March 31, 2022**



**Sitara Energy  
Limited**



## Sitara Energy Limited

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## Consolidated Accounts

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## Board of Directors

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

## Chief Financial Officer

Mr. Ijaz A. Babar - FCA

## Company Secretary

Mr. Mazhar Ali Khan

## Legal Advisor

Sahibzada Muhammad Arif

## Share Registrar

THK Associates (Private) Limited  
Plot No. 32-C, Jami Commercial Street 2,  
D.H.A., Phase VII, Karachi - 75500.  
UAN : +92 (21) 111-000-322  
Ph: +92 (21) 35310183-84  
Fax: +92 (21) 35310191  
E-mail: sfc@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

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

## Bankers

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

## Website

<http://www.sitara.pk>

**DIRECTORS' REVIEW**

The Board of Directors of Sitara Energy Limited (the Company) is pleased to present their report together with the Condensed Interim Financial Information and its subsidiary for the 3rd quarter ended on March 31, 2022.

**Operational Financial Results:**

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

Financial Highlights	July – March 2022	July – March 2021
	Rupees in thousand	Rupees in thousand
Sales – net	255,680	497,033
Cost of generation	254,256	462,217
Gross profit / (loss)	1,424	34,816
Gross profit /(loss) ratio to revenue	0.56%	7.01%
(Loss) after tax	(117,879)	(95,675)
(Loss) per share – Basic & diluted (Rupees)	(6.17)	(5.01)

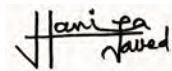
The sales of the Company decreased to Rs. 255.680 Million during nine (9) months of current financial year as compared with Rs 497.033 Mln during corresponding nine (9) months of last financial year due to continuous increasing trend in the prices of furnace oil and RLNG leading to higher cost of production/tariff and resultant lower demand from Bulk Power Consumers(BPCs). Accordingly, gross profit of the Company substantially decreased to Rs 1.424 Mln during nine (9) months of current financial year as compared with Rs 34.816 Mln during corresponding nine (9) months of last financial year.

Net loss of the company increased to Rs. 117.879 Million during nine (9) months of current financial year in comparison with net loss of Rs 95.675 Million during corresponding nine (9) months of last financial year due to very thin gross margin coupled with increase in finance cost. The management of the company is continuously pursuing austerity measures to keep the losses at its minimum level under the prevailing circumstances.

The profitability of the company during the remaining period of current financial year 2021-22 will largely depends upon viable prices of fuels (RLNG & RFO) on the one hand and discontinuation of subsidy in tariff by the government export oriented sector and increase in industrial tariff by NEPRA/DISCOs.

We extend our deep gratitude to all our stakeholders, specially our bankers and suppliers, who stood fast by the company for their continued support. We also appreciate the dedication and hard work of all the employees of the company in adverse business conditions.

By order of the board



DIRECTOR



Javed Iqbal  
Chief Executive Officer

Faisalabad:  
April 26, 2022

ستارہ انرجی لمیٹڈ اور اسکی ذیلی کمپنی کا بورڈ آف ڈائریکٹرز کمپنی کی تیسری سہ ماہی 31 مارچ 2022ء کی رپورٹ بمقتضیٰ عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### عملیاتی مالی نتائج:-

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


مالیاتی اعداد و شمار	جولائی- مارچ 2022ء	جولائی- مارچ 2021ء
	پاکستانی روپے ہزاروں میں	پاکستانی روپے ہزاروں میں
فروخت آمدنی	255,680	497,033
پیداواری لاگت	254,256	462,217
مجموعی منافع / (نقصان)	1,424	34,816
آمدنی میں مجموعی منافع / (نقصان) کا تناسب	0.56%	7.01%
ٹیکسیشن کے بعد (نقصان)	(117,879)	(95,675)
ٹی ٹی بی (نقصان) Basic & diluted (Rs.)	(6.17)	(5.01)

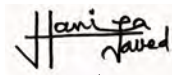
رواں مالی سال کے نومبینوں کی فروخت آمدنی گزشتہ نومبینوں کی فروخت آمدنی 497.033 ملین روپے سے کم ہو کر 255.680 ملین روپے ہو گئی ہے۔ جسکی بڑی وجہ فرنس آئل اور کالنگ گیس (RLNG) کی قیمتوں میں مسلسل اضافے کا رجحان کی وجہ سے پیداواری لاگت اٹریف میں اضافے اور نیچٹا بلک پاور کونزیمز (BPCs) کی طرف سے بجلی کی طلب میں کمی ہے۔ اس کے مطابق موجودہ مالی سال کے نومبینوں کا مجموعی منافع گزشتہ مالی سال کے نومبینوں کے مجموعی منافع 34.816 ملین روپے سے کافی حد تک کم ہو کر 1.424 ملین روپے ہو گیا ہے۔

رواں مالی سال کے نومبینوں کا صاف نقصان گزشتہ مالی سال کے نومبینوں کے صاف نقصان 95.675 ملین روپے سے بڑھ کر 117.879 ملین روپے ہو گیا ہے۔ جسکی وجہ بہت کم مجموعی مارجن اور فنانس کی لاگت میں اضافہ ہے۔ کمپنی کی انتظامیہ موجودہ حالات میں نقصان کو کم کرنے کے لئے مسلسل کفایت شعاری، سادگی کے ساتھ اقدامات کر رہی ہے۔

مالی سال 2021-22 کے باقی عرصے میں کمپنی کا منافع بہت حد تک ایک طرف مناسب قیمتوں پر فیول کی فراہمی (فرنس ایل رمانگ گیس) اور ایکسپورٹ اور بیٹ سیلٹر کے لئے گورنمنٹ کارعاشی بجلی کا خاتمہ اور نیچر ا ڈیسلکوز کی طرف سے ٹریف میں اضافے پر ہے۔

ہم اپنے تمام سٹیک ہولڈرز خصوصاً ہمارے بنک اور سپلائرز (Suppliers) کی تہد دل سے حمایت پر اُن کے قدردان ہیں۔ ہم کمپنی کے تمام عملے کی سخت محنت اور لگن پر اُن کے مشکور ہیں۔

بجکم بورڈ  
  
 جاوید اقبال  
 چیف ایگزیکٹو آفیسر

Haniqa  
  
 ڈائریکٹر

فیصل آباد  
 26 اپریل 2022ء



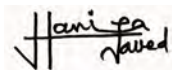
**SITARA ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	Note	Nine month ended March 31,		Quarter ended March 31,	
		2022	2021	2022	2021
----- Rupees in '000' -----					
Sales - net	9	255,680	497,033	146,238	119,454
Cost of generation	10	254,256	462,217	138,600	107,823
Gross profit		1,424	34,816	7,638	11,631
Other income		5,208	4,468	1,794	1,475
		6,632	39,284	9,432	13,106
Operating expenses		36,347	42,229	12,057	13,072
Other operating expenses		-	11,921	-	-
Finance cost		87,108	79,177	32,416	26,036
		123,455	133,327	44,473	39,108
(Loss) for the period before taxation		(116,823)	(94,043)	(35,041)	(26,002)
Provision for taxation	11	1,056	1,632	430	323
(Loss) for the period		(117,879)	(95,675)	(35,471)	(26,325)
(Loss) per share - Basic and diluted (Rupees)		(6.17)	(5.01)	(1.86)	(1.38)

The annexed notes 1 to 14 form an integral part of this condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# Statement of other Comprehensive Income

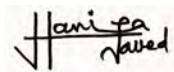
## SITARA ENERGY LIMITED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine month ended		Quarter ended	
	March 31,		March 31,	
	2022	2021	2022	2021
	-----Rupees in '000'-----			
(Loss) for the period	(117,879)	(95,675)	(35,471)	(26,325)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) for the period	<u>(117,879)</u>	<u>(95,675)</u>	<u>(35,471)</u>	<u>(26,325)</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



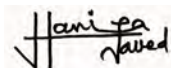
**SITARA ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	<b>Nine month ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>-----Rupees in '000'-----</b>	
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) for the period before taxation	(116,823)	(94,043)
Adjustments for :		
Depreciation of property, plant and equipment	20,667	15,896
Depreciation of investment property	1,758	1,768
Provision for staff retirement benefits	647	699
Loss on disposal of operating assets	-	11,921
Finance cost	87,108	79,177
Operating cash flows before working capital changes	(6,643)	15,418
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	612	(638)
Stock of oil and lubricants	3,777	(8,596)
Trade debts	(40,134)	(192,180)
Loans and advances	478	14,802
Deposits and prepayments	4,010	331
Other receivables	24,270	(70,992)
Tax refunds due from Government	3,320	23,849
Increase in current liabilities		
Trade and other payables	2,593	(7,700)
	(1,074)	(241,124)
Cash (used in) operating activities	(7,717)	(225,706)
Staff retirement benefits paid	(627)	(723)
Finance cost paid	(3,773)	(4,463)
Income tax paid	(757)	(1,114)
Net cash (used in) operating activities	(12,874)	(232,006)
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of operating assets	-	66,000
Advance for purchase of land	-	(500)
Net cash generated from investing activities	-	65,500
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of :		
Long term financing	(12,500)	-
Decrease in short term bank borrowings - net	(33,001)	(7,001)
Dividend paid	-	(1)
Net cash (used in) financing activities	(45,501)	(7,002)
Net (decrease) in cash and cash equivalents (a+b+c)	(58,375)	(173,508)
Cash and cash equivalents at the beginning of the period	234,175	274,642
Cash and cash equivalents at the end of the period	175,800	101,134

The annexed notes 1 to 14 form an integral part of this condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# Statement of Changes in Equity

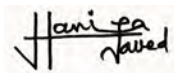
## SITARA ENERGY LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves		Total	
		Share premium	General reserve	Unappropriated profit / (loss)		Sub total
-----Rupees in '000'-----						
Balance as at July 01, 2020 - Restated (Audited)	190,920	143,190	970,000	233,318	1,203,318	1,537,428
Total comprehensive (loss) for the period						
(Loss) for the period	-	-	-	(95,675)	(95,675)	(95,675)
Other comprehensive income	-	-	-	-	-	-
Balance as at March 31, 2021 - (Un-audited)	190,920	143,190	970,000	137,643	1,107,643	1,441,753
Total comprehensive (loss) for the period						
(Loss) for the period	-	-	-	(53,809)	(53,809)	(53,809)
Other comprehensive income	-	-	-	-	-	-
Balance as at June 30, 2021 - (Audited)	190,920	143,190	970,000	83,834	1,053,834	1,387,944
Total comprehensive (loss) for the period						
(Loss) for the period	-	-	-	(117,879)	(117,879)	(117,879)
Other comprehensive income	-	-	-	-	-	-
Balance as at March 31, 2022 - (Un-audited)	190,920	143,190	970,000	(34,045)	935,955	1,270,065

The annexed notes 1 to 14 form an integral part of this condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**SITARA ENERGY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

**1. STATUS AND ACTIVITIES**

- 1.1 Sitara Energy Limited (the Company) is incorporated in Pakistan as a public limited Company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017 on May 30, 2017) and is listed on Pakistan stock exchange. The main object of the Company is generation and distribution of electricity. The registered office of the Company is situated at 601-602 Business Centre, Mumtaz Hasan Road, Karachi in the province of Sindh. The project is located at Tehsil Jaranwala, District Faisalabad in the province of Punjab.
- 1.2 These condensed interim financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.
- 1.3 The Company suffered financial and operational difficulties due to non availability of system gas along with substantial increase in gas tariff and abnormal increase in rate of furnace oil. The Company has suffered loss of Rs. 117.879 million during the period, energy generation decreased upto 69% as compared to nine months of last reporting year due to adverse market conditions compared to energy cost.

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

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

The action steps and their impact is as under:

- The company is curtailing operating and administration costs including salaries and wages cost at sustainable level. The company is further making all possible efforts to improve operational efficiency with minimum operation and maintenance cost.
- The management is making all out efforts to dispose off the non core assets such as investment property. The company is planning to add solar power plant in the coming years through disposal of investment properties to make the company's project viable. The government policies are also very favourable for the installation of solar power plants.
- All these factors indicate that the company will continue as going concern.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Statement of compliance**

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

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

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

**2.1.2** These condensed interim financial statements do not include all the information required for complete set of financial statements, and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2021.

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

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

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

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

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2021 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2021.

## **2.3 Basis of preparation**

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

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

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2021.

## **2.5 Estimates, judgments and risk management policies**

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

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

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in these condensed interim financial statements are the same as those disclosed in the published audited financial statements for the year ended June 30, 2021.

**2.5.2** Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2021.

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Note	Rupees in '000'	
<b>3. Long term financing</b>			
Secured			
From banking company			
Under mark up arrangement			
Demand finance	3.1	12,500	25,000
Less: Current portion			
Payable within one year		<u>12,500</u>	<u>16,667</u>
		<u>-</u>	<u>8,333</u>

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

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

Effective rate of mark up charged during the period ranges from 11.65% to 14.74% per annum (June 2021 : 11.45% to 11.79% per annum).

#### 4. CONTINGENCIES

There are no significant changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2021.

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Note	Rupees in '000'	
<b>5. Property, plant and equipment</b>			
Operating assets	5.1	659,806	680,473
Advance for purchase of property		<u>16,500</u>	<u>16,500</u>
		<u>676,306</u>	<u>696,973</u>
<b>5.1 Operating assets</b>			
Book value at beginning of period / year		680,473	754,882
Add: Addition during the period / year	5.1.1	-	31,213
Less: Transferred to investment property during the period/year		-	(2,472)
Disposal during the period / year		-	(77,921)
Depreciation charge during the period / year		<u>(20,667)</u>	<u>(25,228)</u>
		<u>659,806</u>	<u>680,473</u>
<b>5.1.1 Additions to operating assets, during the period / year were as follow</b>			
Vehicles		<u>-</u>	<u>31,213</u>
		<u>-</u>	<u>31,213</u>

## Notes to the Financial Statements

	<b>(Un-audited) March 31, 2022</b>	<b>(Audited) June 30, 2021</b>						
<b>----- Rupees in '000' -----</b>								
<b>6. Investment property</b>								
Cost	432,582	432,582						
Accumulated depreciation	(23,187)	(21,429)						
Net book value	409,395	411,154						
<b>6.1 Reconciliation of written down value for the period / year</b>								
Book value at beginning of period / year	411,154	411,286						
Transferred to investment property during the period/year	-	2,472						
Depreciation charged during the period / year	(1,758)	(2,605)						
	409,396	411,154						
<b>7. Stock of oil and lubricants</b>								
Furnace oil	22,141	26,132						
Diesel oil	2,828	1,814						
Lube oil	2,533	3,333						
Waste	70	70						
	27,572	31,349						
<b>8. Cash and bank balances</b>								
Cash in hand	35,876	878						
Cash at banks								
In current accounts	139,924	233,297						
	175,800	234,175						
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="text-align: center; width: 20%;"><b>Nine months ended March 31,</b></th> <th style="text-align: center; width: 20%;"><b>Quarter ended March 31,</b></th> </tr> <tr> <td></td> <th style="text-align: center;"><b>2022</b></th> <th style="text-align: center;"><b>2021</b></th> </tr> </thead> </table>				<b>Nine months ended March 31,</b>	<b>Quarter ended March 31,</b>		<b>2022</b>	<b>2021</b>
	<b>Nine months ended March 31,</b>	<b>Quarter ended March 31,</b>						
	<b>2022</b>	<b>2021</b>						
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="text-align: center; width: 20%;"><b>2022</b></th> <th style="text-align: center; width: 20%;"><b>2021</b></th> <th style="text-align: center; width: 20%;"><b>2021</b></th> </tr> </thead> </table>				<b>2022</b>	<b>2021</b>	<b>2021</b>		
	<b>2022</b>	<b>2021</b>	<b>2021</b>					
<b>Note ----- Rupees in '000' -----</b>								
<b>9. Sales - net</b>								
Electricity	299,843	561,902	171,889	136,100				
Steam	2,269	9,008	909	1,359				
	302,112	570,910	172,798	137,459				
Less: Sales tax	(43,896)	(69,892)	(25,107)	(17,040)				
	258,216	501,018	147,691	120,419				
Less: Electricity duty	(2,535)	(3,985)	(1,452)	(965)				
	255,680	497,033	146,238	119,454				
<b>10. Cost of generation</b>								
Cost of gas, oil and lubricants	10.1.1 226,471	403,559	130,068	93,869				
Salaries, wages and benefits	9,921	22,571	2,527	6,725				
Retirement benefits	422	468	145	161				
Stores, spares and loose tools	817	14,867	236	1,532				
Insurance	1,759	2,435	555	849				
Repairs and maintenance	134	1,676	60	630				
Depreciation	13,509	12,112	4,503	2,723				
Other	1,223	4,529	506	1,334				
	254,256	462,217	138,600	107,823				

# Notes to the Financial Statements

Note	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2022	2021	2022	2021
	----- Rupees in '000' -----			

## 10.1.1 Cost of gas, oil and lubricants

Gas	-	199,630	-	2,616
Oil and lubricants	226,471	203,929	130,068	91,253
	<u>226,471</u>	<u>403,559</u>	<u>130,068</u>	<u>93,869</u>

## 11. Provision for taxation

Current				
For the period	11.1	1,156	1,078	430
For prior period		(100)	554	-
		<u>1,056</u>	<u>1,632</u>	<u>430</u>
				<u>323</u>

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

## 12. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

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

Name of the related party	Relationship and Percentage	Transactions during the year	Nine months ended	
			March 31,	
			2022	2021
----- Rupees in '000' -----				
Sitara Fabrics Limited	Associated company by virtue of common directorship	Sale of Electricity & Steam	16,261	74,884
		Organisational expenses charged	4,000	-
		Receipt against sale of gas generators	10,700	-
Sitara Energy Ltd Staff Provident Fund Trust	Other related party	Contribution for the period	647	699

## 13. DATE OF AUTHORISATION FOR ISSUE

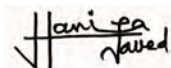
This condensed interim financial information was authorised for issue on April 26, 2022 by the Board of Directors of the Company.

## 14. GENERAL

- 14.1 Provisions for taxation made in these condensed interim financial statements are subject to adjustment in annual financial statements.
- 14.2 There is no unusual item included in these condensed interim financial statements which is affecting equity, liabilities, assets, (loss), comprehensive (loss) or cash flows of the Company.
- 14.3 Figures have been rounded off to the nearest thousand of Rupees except (loss) per share which is in Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# Statement of Financial Position

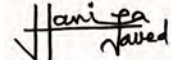
## SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

		(Un-audited) March 31, 2022	(Audited) June 30, 2021		(Un-audited) March 31, 2022	(Audited) June 30, 2021	
Note		-----Rupees in '000'-----		Note	-----Rupees in '000'-----		
<b>SHARE CAPITAL AND RESERVES</b>				<b>NON-CURRENT ASSETS</b>			
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each		<u>300,000</u>	<u>300,000</u>	Property, plant and equipment	6 676,325	696,993	
				Investment property	7 409,395	411,154	
				Long term loan	1,000	1,000	
				Long term deposits	1,511	1,511	
					1,088,231	1,110,668	
Issued, subscribed and paid up capital		190,920	190,920				
Reserves							
Capital reserve							
Share premium		143,190	143,190				
Revenue reserves							
General reserve		970,000	970,000				
Unappropriated profit		(20,513)	97,907				
		1,283,597	1,402,017				
<b>NON - CURRENT LIABILITIES</b>				<b>CURRENT ASSETS</b>			
Long term financing	4	-	8,333	Stores, spares and loose tools	273,286	273,898	
				Stocks	656,725	660,502	
				Trade debts	635,795	595,660	
				Loans and advances	107,930	38,363	
				Deposits and prepayments	28,824	32,834	
				Other receivables	314,877	409,471	
				Tax refunds due from Government	113,425	116,669	
				Cash and bank balances	8 176,967	237,972	
					2,307,829	2,365,369	
Trade and other payables		695,915	692,971				
Unclaimed dividend		3,703	3,703				
Interest / mark up payable		405,239	321,904				
Short term bank borrowings		993,950	1,026,951				
Current portion of Long term financing		12,500	16,667				
Provision for taxation - income tax	11	1,156	3,482				
		2,112,463	2,065,677				
<b>CONTINGENCIES AND COMMITMENTS</b>							
	5	-	-				
		<u>3,396,060</u>	<u>3,476,027</u>		<u>3,396,060</u>	<u>3,476,027</u>	

The annexed notes 1 to 14 form an integral part of this condensed interim consolidated financial statements.



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DIRECTOR



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# Statement of Profit or Loss

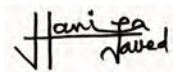
## SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Note	Nine months ended		Quarter ended	
		March 31, 2022	2021	March 31, 2022	2021
Rupees in '000'					
Sales - net	9	255,680	697,033	146,238	119,454
Cost of generation	10	254,256	656,689	138,600	107,823
Gross profit		1,424	40,344	7,638	11,631
Other income		5,208	4,468	2,215	1,475
		6,632	44,812	9,853	13,106
Operating expenses		36,414	42,270	7,221	13,077
Other operating expenses		-	11,921	-	-
Finance cost		87,108	79,177	33,967	26,036
		123,522	133,368	41,188	39,113
(Loss) for the period before taxation		(116,890)	(88,556)	(31,335)	(26,007)
Provision for taxation	11	1,530	4,132	430	323
(Loss) for the period		(118,420)	(92,688)	(31,765)	(26,330)
Attributable to:					
Shareholders of the Parent		(118,420)	(92,691)	(31,765)	(26,333)
Non-controlling interest		-	3	-	3
		(118,420)	(92,688)	(31,765)	(26,330)
(Loss) per share - Basic and diluted					
Attributable to shareholders of the Parent (Rupees)		(6.20)	(4.85)	(1.66)	(1.38)

The annexed notes 1 to 14 form an integral part of this condensed interim consolidated financial statements.



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# Statement of other Comprehensive Income

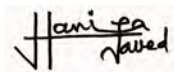
**SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	Nine Months ended March 31,		Quarter ended March 31,	
	2022	2021	2022	2021
	-----Rupees in '000'-----			
(Loss) for the period	(118,420)	(92,688)	(31,765)	(26,330)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) for the period	<u>(118,420)</u>	<u>(92,688)</u>	<u>(31,765)</u>	<u>(26,330)</u>
Attributable to:				
Shareholders of the Parent	(118,420)	(92,691)	(31,765)	(26,333)
Non-controlling interest	-	3	-	3
	<u>(118,420)</u>	<u>(92,688)</u>	<u>(31,765)</u>	<u>(26,330)</u>

The annexed notes 1 to 14 form an integral part of this condensed interim consolidated financial statements.



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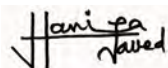
**SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	Nine month ended March 31,	
	2022	2021
	-----Rupees in '000'-----	
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) for the period before taxation	(116,890)	(88,556)
Adjustments for :		
Depreciation of property, plant and equipment	20,668	15,897
Depreciation of investment property	1,758	1,768
Provision for staff retirement benefits	647	699
Loss on disposal of operating assets	-	11,921
Finance cost	87,108	79,177
Operating cash flows before working capital changes	(6,709)	20,906
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	612	(638)
Stocks	3,777	876
Trade debts	(40,134)	(206,680)
Loans and advances	478	14,802
Deposits and prepayments	4,010	331
Other receivables	24,270	(70,992)
Tax refunds due from Government	3,320	23,849
Increase in current liabilities		
Trade and other payables	2,550	(7,950)
	(1,117)	(246,402)
Cash (used in) operating activities	(7,826)	(225,496)
Staff retirement benefits paid	(627)	(723)
Finance cost paid	(3,773)	(4,463)
Income tax paid	(3,278)	(1,114)
Net cash (used in) operating activities	(15,504)	(231,796)
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of Operating assets	-	66,000
Advance for purchase of land	-	(500)
Net cash generated from investing activities	-	65,500
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Long term financing	(12,500)	-
Decrease in short term bank borrowings - net	(33,001)	(7,001)
Dividend paid	-	(1)
Net cash (used in) financing activities	(45,501)	(7,002)
Net (decrease) in cash and cash equivalents (a+b+c)	(61,005)	(173,298)
Cash and cash equivalents at the beginning of the period	237,972	282,311
Cash and cash equivalents at the end of the period	176,967	109,013

The annexed notes 1 to 14 form an integral part of this condensed interim consolidated financial statements.



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DIRECTOR



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# Statement of Changes in Equity

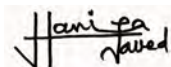
## SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Issued, subscribed and paid up capital	Capital reserves	Revenue reserves		Total	Non controlling interest	
		Share premium	General reserve	Unappropriated profit			Sub total
-----Rupees in '000'-----							
Balance as at July 01, 2020 - Restated (Audited)	190,920	143,190	970,000	237,391	1,207,391	1,541,501	8
Total comprehensive (loss) for the period							
(Loss) for the period	-	-	-	(92,688)	(92,688)	(92,688)	-
Other comprehensive income	-	-	-	(92,688)	(92,688)	(92,688)	-
Balance as at March 31, 2021 - (Un-audited)	190,920	143,190	970,000	144,703	1,114,703	1,448,813	8
Total comprehensive (loss) for the period						(139,488)	
(Loss) for the period	-	-	-	(46,800)	(46,800)	(46,800)	1
Other comprehensive income	-	-	-	-	-	-	-
Transferred to unappropriated profit due to further acquisition	-	-	-	4	4	4	(9)
Balance as at June 30, 2021 - (Audited)	190,920	143,190	970,000	97,907	1,067,907	1,402,017	-
Total comprehensive (loss) for the period							
(Loss) for the period	-	-	-	(118,420)	(118,420)	(118,420)	-
Other comprehensive income	-	-	-	-	-	-	-
Balance as at March 31, 2022 - (Un-audited)	190,920	143,190	970,000	(20,513)	949,487	1,283,597	-

The annexed notes 1 to 14 form an integral part of this condensed interim consolidated financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY  
NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2022**

**1. GROUP STATUS AND ACTIVITIES**

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

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

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

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

The Parent suffered financial and operational difficulties due to non availability of system gas along with substantial increase in gas tariff and abnormal increase in rate of furnace oil. The Group has suffered loss of Rs. 118.420 million during the period, energy generation decreased upto 69% as compared to last period due to adverse market conditions compared to energy cost.

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

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

The action steps and their impact is as under:

- the company is curtailing operating and administration costs including salaries and wages cost at sustainable level. The company is further making all possible efforts to improve operational efficiency with minimum operation and maintenance cost.
- The management is making all out efforts to dispose off the non core assets such as investment property. The company is planning to add solar power plant in the coming years through disposal of investment properties to make the company's project viable. The government policies are also very favourable for the installation of solar power plants.
- All these factors indicate that the company will continue as going concern.

**2. BASIS OF CONSOLIDATION**

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Statement of compliance

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

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

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

3.1.3 These condensed interim financial statements are unaudited as required under section 237 of Companies Act, 2017 and should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2021.

3.1.4 These condensed interim consolidated financial statements do not include all the information required for complete set of consolidated financial statements, and should be read in conjunction with the Group's published audited consolidated financial statements for the year ended June 30, 2021.

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

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

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

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

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2021 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2021.

#### 3.3 Basis of preparation

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

#### 3.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the published audited consolidated financial statements for the year ended June 30, 2021.

**3.5 Estimates, judgments and risk management policies**

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

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

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in this condensed interim consolidated financial statements are the same as those disclosed in the published audited consolidated financial statements for the year ended June 30, 2021.

**3.5.2** Risk management policies and procedures are consistent with those disclosed in the published audited consolidated financial statements for the year ended June 30, 2021.

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Note	Rupees in '000'	
<b>4. Long term financing</b>			
Secured			
From banking company			
Under mark up arrangement			
Demand finance	4.1	12,500	25,000
Less: Current portion			
Payable within one year		12,500	16,667
		-	8,333

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

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

Effective rate of mark up charged during the period ranges from 11.65% to 14.74% per annum (June 2021 : 11.45% to 11.79% per annum).

**5. CONTINGENCIES AND COMMITMENTS****Contingencies**

There are no significant changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2021.

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
		Rupees in '000'	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	6.1	659,825	680,493
Advance for purchase of land		16,500	16,500
		676,325	696,993
<b>6.1 Operating fixed assets</b>			
Book value at beginning of period / year		680,493	754,904
Add: Addition during the period / year	6.1.1	-	31,213
Less: Transferred to investment property during the period/year		-	(2,472)
Disposal during the period / year		-	(77,921)
Depreciation charge during the period / year		(20,668)	(25,231)
		659,825	680,493
<b>6.1.1 Additions to operating assets during the period / year were as follow</b>			
Vehicles		-	31,213
		-	31,213
<b>7. Investment property</b>			
Cost		432,582	432,582
Accumulated depreciation		(23,187)	(21,429)
Net book value		409,395	411,154
<b>7.1 Reconciliation of written down value for the period / year</b>			
Book value at beginning of period / year		411,154	411,286
Transferred to investment property during the period/year		-	2,472
Depreciation charged during the period / year		(1,758)	(2,605)
		409,395	411,154
<b>8. Cash and bank balances</b>			
Cash in hand		35,941	3,565
Cash at banks			
In current accounts		141,026	234,407
		176,967	237,972
<b>9. Sales - net</b>			
		<b>Nine months ended</b>	<b>Quarter ended</b>
		<b>March 31,</b>	<b>March 31,</b>
		<b>2022</b>	<b>2021</b>
		<b>2022</b>	<b>2021</b>
		Rupees in '000'	
Electricity		299,843	561,902
Steam		2,269	9,008
Land		-	200,000
		302,112	770,910
Less: Sales tax		(43,896)	(69,892)
		258,216	701,018
Less: Electricity duty		(2,535)	(3,985)
		255,680	697,033
		171,889	136,100
		909	1,359
		-	-
		172,798	137,459
		(25,107)	(17,040)
		147,691	120,419
		(1,452)	(965)
		146,238	119,454



	Nine months ended		Quarter ended		
	March 31,		March 31,		
	2022	2021	2022	2021	
-----Rupees in '000'-----					
<b>10. Cost of generation and sales</b>					
Cost of generation	10.1	254,256	462,217	138,600	107,823
Cost of sales - land		-	194,472	-	-
		<u>254,256</u>	<u>656,689</u>	<u>138,600</u>	<u>107,823</u>

**10.1 Cost of generation**

Cost of fuel, oil, gas and lubricants	10.1.1	226,471	403,559	130,068	93,869
Salaries, wages and benefits		9,921	22,571	2,527	6,725
Retirement benefits		422	468	145	161
Stores, spares and loose tools		817	14,867	236	1,532
Insurance		1,759	2,435	555	849
Repairs and maintenance		134	1,676	60	630
Depreciation		13,509	12,112	4,503	2,723
Other		1,223	4,529	506	1,334
		<u>254,256</u>	<u>462,217</u>	<u>138,600</u>	<u>107,823</u>

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

Gas	-	199,630	-	2,616
Oil and lubricants	226,471	203,929	130,068	91,253
	<u>226,471</u>	<u>403,559</u>	<u>130,068</u>	<u>93,869</u>

**11. Provision for taxation**

Current					
For the year	11.1	1,630	3,578	430	323
For prior years		(100)	554	-	-
		<u>1,530</u>	<u>4,132</u>	<u>430</u>	<u>323</u>

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

**12. AGGREGATE TRANSACTIONS WITH RELATED PARTIES**

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

Name of the related party	Relationship and Percentage	Transactions during the year	Nine months ended	
			March 31,	
			2022	2021
-----Rupees in '000'-----				
Sitara Fabrics Limited	Associated company by virtue of common directorship	Sale of Electricity & Steam	16,261	74,884
		Organisational expenses charged	4,000	-
		Receipt against sale of gas generators	10,700	-
Sitara Energy Ltd Staff Provident Fund Trust	Other related party	Contribution for the period	647	699

## 13. DATE OF AUTHORISATION FOR ISSUE

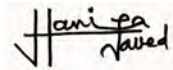
These condensed interim consolidated financial statements were authorised for issue on April 26, 2022 by the Board of Directors of the Parent.

## 14. GENERAL

- 14.1** Provisions for taxation made in these condensed interim financial statements are subject to adjustment in annual financial statements.
- 14.2** There is no unusual item included in these condensed interim consolidated financial statements which is affecting equity, liabilities, assets, (loss), comprehensive (loss) or cash flows of the Group.
- 14.3** Figures have been rounded off to the nearest thousand of Rupees except (loss) per share which is in Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER





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