

# Quarterly Financial Statements

September 2012 (Un-Audited)



# Sitara Energy Limited



## COMPANY INFORMATION

BOARD OF DIRECTORS	:	Mr. Javed Iqbal Chief Executive Officer Mr. Sarosh Javed Mr. Mukhtar Ahmed Sheikh Mst. Naseem Akhter Mr. Rana M Arshad Iqbal Mrs. Noureen Javed Mrs. Haniah Javed
AUDIT COMMITTEE	:	Mr. Sarosh Javed Mr. Javed Iqbal Mst. Naseem Akhter
HUMAN RESOURCE & REMUNERATION COMMITTEE	:	Mr. Rana M Arshad Iqbal Mr. Javed Iqbal Mr. Sarosh Javed
CHIEF FINANCIAL OFFICER	:	Mr. Maqbool Ahmed Chaudhry
SECRETARY	:	Mr. Mazhar Ali Khan
AUDITORS	:	M/s Avais Hyder Liaquat Nauman Chartered Accountants
BANKERS	:	Faysal Bank Limited Allied Bank Limited United Bank Limited Bank Alfalah Limited The Bank of Punjab Meezan Bank Limited MCB Islamic Banking National Bank of Pakistan Al-Baraka Bank (Pakistan) Limited Standard Chartered Bank (Pakistan) Limited
SHARE REGISTRAR	:	Noble Computer Services (Pvt) Limited 1 <sup>st</sup> Floor, House of Habib Building (Siddiqsons Tower) 3-Jinnah C.H. Society, Main Shahrah-e-Faisal, Karachi-75350 PABX: (92-21) 34325482-87 Fax: (92-21) 34325442 E-mail: ncsl@noble-computers.com Website: www.noble-computers.com
LEGAL ADVISOR	:	Sahibzada Muhammad Arif
REGISTERED OFFICE	:	601-602 Business Centre, Mumtaz Hassan Road, Karachi-74000
PLANT	:	33 K.M., Sheikhpura Road, Faisalabad.



## DIRECTOR'S REPORT

For the quarter ended September 30, 2012

Dear Shareholders,

We are pleased to present the un-audited financial and operating results of Sitara Energy Limited together with the un-audited consolidated financial statement of the company and its subsidiary, Sitara International (Private) Limited for the first quarter ended September 30, 2012.

The net sales of the company during the period under review is Rs. 1,246.998 million compared with Rs. 1,130.584 million in the same period last year.

The increase in sales price is mainly due to increase in cost of oil, gas and other costs. Electricity generation also increased to 94,313,650 units against last year same period generation of 81,978,963 units.

The financial results for the first quarter and comparative for the same previous year as reflected in these accounts show following performance of the company.

	<b>July - September 2012</b>	<b>July - September 2011</b>
	(Rupees in thousands)	
Sale of energy	<b>1,217,894</b>	1,108,222
Sale of steam	<b>29,104</b>	22,363
Cost of generation	<b>1,118,489</b>	1,009,777
Profit before tax	<b>36,271</b>	20,704
Profit after tax	<b>36,271</b>	20,704
Earning per share (Rs.)	<b>1.90</b>	1.08

### **Future Prospects**

The profitability of company during the financial year 2012-13 will largely depends on supply agreement with FESCO and availability of natural gas.

For and on behalf of the Board

Faisalabad:  
October 30, 2012

**JAVED IQBAL**  
Chief Executive Officer



**SITARA ENERGY LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2012 (UN-AUDITED)**

	September 2012	June 2012
	( Rupees in thousand )	
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	1,966,490	1,982,368
Investment in subsidiary	49,995	49,995
Long term deposits	1,200	1,200
	<u>2,017,685</u>	<u>2,033,563</u>
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	367,748	379,030
Stock of oil and lubricants	62,620	76,913
Trade Debts	746,784	499,775
Loans and advances	18,682	12,101
Deposits and prepayments	7,413	2,685
Other receivables	22,378	22,378
Tax refunds due from Government - income tax	5,637	5,637
Cash and bank balances	10,760	5,110
	<u>1,242,022</u>	<u>1,003,629</u>
Non-Current assets held for sale	253,371	253,371
<b>LESS: CURRENT LIABILITIES</b>		
Trade and other payables	243,471	263,525
Interest / mark up payable	78,057	57,263
Short term bank borrowings	1,216,991	1,030,968
Current portion of : Redeemable capital	155,000	155,000
Liabilities against assets subject to finance lease	2,270	2,190
Provision for taxation - income tax	853	853
	<u>1,696,642</u>	<u>1,509,799</u>
	<u>(201,249)</u>	<u>(252,799)</u>
	<u>1,816,436</u>	<u>1,780,764</u>
<b>WORKING CAPITAL</b>		
<b>NET CAPITAL EMPLOYED</b>		
<b>REPRESENTED BY:</b>		
<b>CAPITAL AND RESERVES</b>		
Authorised capital	<u>300,000</u>	<u>300,000</u>
Issued, subscribed and paid up capital	190,920	190,920
Capital reserve - share premium	143,190	143,190
General reserve	620,000	620,000
Unappropriated profit	550,814	514,543
	<u>1,504,924</u>	<u>1,468,653</u>
<b>NON CURRENT LIABILITIES</b>		
Redeemable capital	310,000	310,000
Liabilities against assets subject to finance lease	1,512	2,111
	<u>1,816,436</u>	<u>1,780,764</u>

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**



**SITARA ENERGY LIMITED**  
**CONDENSED INTERIM PROFIT & LOSS ACCOUNT**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)**

	September 2012 ( Rupees in thousand )	September 2011
Sales - net	1,246,999	1,130,585
Cost of generation	<u>1,118,489</u>	<u>1,009,777</u>
Gross profit	128,510	120,808
Other operating income / (expenses)	<u>408</u>	<u>(3,965)</u>
	128,918	116,843
Operating expenses	<u>18,688</u>	<u>20,813</u>
Other operating expenses	1,909	1,090
Finance cost	<u>72,050</u>	<u>74,236</u>
	92,647	96,139
Profit for the period before taxation	<u>36,271</u>	<u>20,704</u>
Provision for taxation	<u>-</u>	<u>-</u>
Profit for the period	<u>36,271</u>	<u>20,704</u>
Earning per share - Basic	<u>1.90</u>	<u>1.08</u>

**NOTES TO THE ACCOUNTS:**

- ( a ) The company is engaged in the business of generation and distribution of electricity.
- ( b ) These accounts are unaudited and being submitted to the shareholders, as required by the Section 245 of the Companies Ordinance, 1984.
- ( c ) The accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the preceding annual accounts of the company.
- ( d ) Previous period's figures have been re arranged wherever necessary for the purpose of comparison.

CHIEF EXECUTIVE OFFICER

DIRECTOR



**SITARA ENERGY LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)**

	September 2012	September 2011
	(Rupees in thousand)	
<b>a) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	36,271	20,704
Adjustments for:		
Depreciation of property, plant and equipment	20,151	17,923
Provision for staff retirement benefits	670	636
Gain on disposals of property, plant and equipment	-	(1,275)
Loss on non-current assets held for sale	-	5,465
Finance cost	72,050	74,236
Operating cash flows before working capital changes	<u>129,142</u>	<u>117,689</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	11,282	3,536
Stock of oil and lubricants	14,292	30,518
Trade debts	(247,009)	(31,269)
Loans and advances	(5,675)	(15,559)
Deposits and prepayments	(4,728)	(5,783)
Increase / (decrease) in current liabilities		
Trade and other payables	<u>(20,285)</u>	<u>36,253</u>
Cash (used in) / generated from operating activities	<u>(252,123)</u>	<u>17,696</u>
	<u>(122,981)</u>	<u>135,385</u>
Income tax paid	(906)	(542)
Staff retirement benefits paid	(438)	(415)
Finance cost paid	(51,256)	(71,366)
Net cash (used in) / generated from operating activities	<u>(175,581)</u>	<u>63,062</u>
<b>b) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(4,273)	(66,865)
Proceed from disposal of:		
Property, plant and equipment	-	9,720
Net cash (used in) investing activities	<u>(4,273)</u>	<u>(57,145)</u>
<b>c) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of:		
Redeemable capital	-	(60,000)
Liabilities against assets subject to finance lease	(519)	(472)
Increase in short term bank borrowings - net	186,023	69,466
Net cash generated from financing activities	<u>185,504</u>	<u>8,994</u>
Net increase in cash and cash equivalents (a+b+c)	5,650	14,911
Cash and cash equivalents at the beginning of the period	<u>5,110</u>	<u>2,785</u>
Cash and cash equivalents at the end of the period	<u>10,760</u>	<u>17,696</u>

CHIEF EXECUTIVE OFFICER

DIRECTOR



**SITARA ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)**

	Quarter ended September 30, 2012	Quarter ended September 30, 2011
	(Rupees in thousands)	
Profit for the period	36,271	20,704
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u><u>36,271</u></u>	<u><u>20,704</u></u>

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)**

	Issued, subscribed and paid up capital	Capital reserves Share premium	General reserve	Revenue reserves Unappropriated profit	Sub total	Total
	(Rupees in thousand)					
Balance as at June 30, 2011	190,920	143,190	590,000	312,167	902,167	1,236,277
Total comprehensive income for the 1st quarter	-	-	-	20,704	20,704	20,704
Balance as at September 30, 2011	190,920	143,190	590,000	332,871	922,871	1,256,981
Dividend for the year-ended June 30, 2011 : Rs. 1/- per share	-	-	-	(19,092)	(19,092)	(19,092)
Transferred to general reserve	-	-	30,000	(30,000)	-	-
Total comprehensive income for the nine months	-	-	-	230,764	230,764	230,764
Balance as at June 30, 2012	190,920	143,190	620,000	514,543	1,134,543	1,468,653
Total comprehensive income for the 1st quarter	-	-	-	36,271	36,271	36,271
Balance as at September 30, 2012	<u><u>190,920</u></u>	<u><u>143,190</u></u>	<u><u>620,000</u></u>	<u><u>550,814</u></u>	<u><u>1,170,814</u></u>	<u><u>1,504,924</u></u>

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**



**SITARA ENERGY LIMITED**  
**CONDENSED INTERIM COST OF GENERATION**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)**

Description	September 30, 2012	September 30, 2011
	( Rupees in thousand )	
Cost of fuel and lubricants	828,054	829,094
Sui gas	210,415	124,956
Salaries, wages and benefits	12,419	12,110
Stores, spares and loose tools	41,078	18,504
Insurance	1,372	1,305
Repair and maintenance	2,540	3,472
Depreciation	19,189	17,009
Other	3,422	3,327
	<b>1,118,489</b>	<b>1,009,777</b>

**ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)**

Description	September 30, 2012		September 30, 2011	
	Acquisition	Disposal	Acquisition	Disposal
	( Rupees in thousand )			
<b>Operating Assets</b>				
<b>Owned</b>				
Freehold land	-	-	-	1,195
Electric appliances	-	-	9	-
Furniture & fixtures	1,215	-	-	-
Vehicles	72	-	94	1,265
<b>Non-Operating Land</b>				
Cost of land	2,980	-	77,423	7,098
	<b>4,267</b>	<b>-</b>	<b>77,526</b>	<b>9,558</b>

CHIEF EXECUTIVE OFFICER

DIRECTOR





**SITARA ENERGY LIMITED & ITS SUBSIDIARY COMPANY**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2012 (UN-AUDITED)**

September  
2012  
June  
2012  
( Rupees in thousand )

**NON CURRENT ASSETS**

Property, plant and equipment	1,908,221	1,923,601
Long term deposits	1,200	1,200
	<b>1,909,421</b>	<b>1,924,801</b>

**CURRENT ASSETS**

Land held for resale - at cost	33,165	33,165
Stores, spares and loose tools	367,748	379,030
Stocks	62,620	76,913
Investment property	63,403	63,403
Trade debts	749,767	502,758
Loans and advances	19,578	12,997
Deposits and prepayments	7,413	2,685
Short term investments	3,480	3,480
Other receivables	22,378	22,378
Tax refunds due from Government - income tax	5,785	5,785
Cash and bank balances	13,636	8,093
	<b>1,348,973</b>	<b>1,110,687</b>

Non-Current assets held for sale	253,371	253,371
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**LESS: CURRENT LIABILITIES**

Trade and other payables	244,393	263,948
Interest / mark up payables	78,057	57,263
Short term bank borrowings	1,216,991	1,030,968
Current portion of : Redeemable capital	155,000	155,000
Liabilities against assets subject to finance lease	2,270	2,191
Provision for taxation-income tax	995	994
	<b>1,697,706</b>	<b>1,510,364</b>

<b>WORKING CAPITAL</b>	<b>(95,362)</b>	<b>(399,677)</b>
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<b>NET CAPITAL EMPLOYED</b>	<b>1,814,059</b>	<b>1,778,495</b>
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**REPRESENTED BY:  
CAPITAL AND RESERVES**

Authorised capital	300,000	300,000
Issued, subscribed and paid up capital	190,920	190,920
Capital reserve	143,190	143,190
Share premium	356	356
Fair value reserve	620,000	620,000
Revenue reserve	548,074	511,911
General reserve	1,502,540	1,466,377
Unappropriated profit	7	7
Non-controlling interest	1,502,547	1,466,384

**NON CURRENT LIABILITIES**

Redeemable capital	310,000	310,000
Liabilities against assets subject to finance lease	1,512	2,111
	<b>1,814,059</b>	<b>1,778,495</b>

CHIEF EXECUTIVE OFFICER

DIRECTOR



**SITARA ENERGY LIMITED & ITS SUBSIDIARY COMPANY**  
**CONDENSED INTERIM CONSOLIDATED PROFIT & LOSS ACCOUNT**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)**

	September 2012 ( Rupees in thousand )	September 2011
Sales - net	1,246,999	1,133,336
Cost of generation and sales	<u>1,118,489</u>	<u>1,012,527</u>
Gross profit	128,510	120,809
Other operating income / (expenses)	<u>464</u>	<u>(3,909)</u>
	128,974	116,900
Operating expenses	<u>18,853</u>	<u>20,956</u>
Other operating expenses	1,909	1,090
Finance cost	<u>72,050</u>	<u>74,318</u>
	92,812	96,364
Profit for the period before taxation	<u>36,162</u>	<u>20,536</u>
Provision for taxation	-	28
Profit for the period	<u>36,162</u>	<u>20,508</u>
Attributable to:		
Ordinary shareholder	36,158	20,506
Non-controlling interest	4	2
	<u>36,162</u>	<u>20,508</u>
Earning per share - Basic	<u>1.89</u>	<u>1.07</u>

**NOTES TO THE ACCOUNTS:**

- ( a ) Sitar Energy Ltd. ("the company") is engaged in the business of generation and distribution of electricity. Sitar International (Pvt) Ltd. ("the subsidiary") is engaged in the business of trading in textile products, chemicals and real estate.
- ( b ) These accounts are unaudited and being submitted to the shareholders, as required by the Section 245 of Companies Ordinance, 1984.
- ( c ) The accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the preceding annual accounts of the company.
- ( d ) Previous period's figures have been re arranged wherever necessary for the purpose of comparison.

CHIEF EXECUTIVE OFFICER

DIRECTOR



**SITARA ENERGY LIMITED & ITS SUBSIDIARY COMPANY**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)**

	September 2012	September 2011
	(Rupees in thousand)	
<b>a) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	36,162	20,536
Adjustment for:		
Depreciation of property, plant and equipment	20,153	17,924
Provision for staff retirement benefits	670	636
Gain on disposals of property, plant and equipment	-	(1,275)
Loss on non-current assets held for sale	-	5,465
Finance cost	72,050	74,318
Operating cash flows before working capital changes	<u>129,035</u>	<u>117,604</u>
Changes in working capital		
(Increase) / decrease in current assets		
Land held for resale - at cost	-	(7,749)
Stores, spares and loose tools	11,282	3,536
Stocks	14,292	33,245
Trade debts	(247,009)	(22,099)
Loans and advances	(5,675)	(15,559)
Deposits and prepayments	(4,728)	(5,839)
Increase / (decrease) in current liabilities		
Trade and other payables	(20,285)	54,577
Cash (used in) / generated from operating activities	<u>(123,088)</u>	<u>157,716</u>
Income tax paid	(906)	(542)
Staff retirement benefits paid	(438)	(415)
Finance cost paid	(51,256)	(73,449)
Net cash (used in) / generated from operating activities	<u>(175,688)</u>	<u>83,310</u>
<b>b) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(4,273)	(66,865)
Proceed from disposal of:		
Property, plant and equipment	-	9,720
Net cash (used in) investing activities	<u>(4,273)</u>	<u>(57,145)</u>
<b>c) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of:		
Redeemable capital	-	(60,000)
Liabilities against assets subject to finance lease	(519)	(472)
Increase / (decrease) in short term bank borrowings - net	186,023	53,166
Net cash generated from / (used in) financing activities	<u>185,504</u>	<u>(7,306)</u>
Net increase in cash and cash equivalents (a+b+c)	5,543	18,859
Cash and cash equivalents at the beginning of the period	<u>8,093</u>	<u>5,029</u>
Cash and cash equivalents at the end of the period	<u>13,636</u>	<u>23,888</u>

CHIEF EXECUTIVE OFFICER

DIRECTOR



**SITARA ENERGY LIMITED & ITS SUBSIDIARY COMPANY**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)**

	Quarter ended September 30, 2012	Quarter ended September 30, 2011
	(Rupees in thousands)	
Profit for the period	36,162	20,508
Other comprehensive income for the period		
Un-realized gain on investments classified as available for sale	-	(543)
Total comprehensive income for the period	36,162	19,965
Attributable to:		
Ordinary shareholder	36,158	19,963
Non-controlling interest	4	2
	36,162	19,965

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)**

	Issued, subscribed and paid up capital	Capital reserves			Revenue reserves			Total	Non- Controlling interest
		Share premium	Fair value reserve	Sub total	General reserve	Unappropriated profit	Sub total		
(Rupees in thousand)									
Balance as at June 30, 2011	190,920	143,190	(283)	142,907	590,000	309,874	899,874	1,233,701	7
Total comprehensive income for the 1st quarter	-	-	(260)	(260)	-	20,508	20,508	20,248	-
Balance as at September 30, 2011	190,920	143,190	(543)	142,647	590,000	330,382	920,382	1,253,949	7
Dividend for the year ended June 30, 2011 : Rs. 1/- per share	-	-	-	-	-	(19,092)	(19,092)	(19,092)	-
Transferred to general reserve	-	-	-	-	30,000	(30,000)	-	-	-
Total comprehensive income for the nine months	-	-	899	899	-	230,622	230,622	231,521	-
Balance as at June 30, 2012	190,920	143,190	356	143,546	620,000	511,912	1,131,912	1,466,378	7
Total comprehensive income for the 1st quarter	-	-	-	-	-	36,162	36,162	36,162	-
Balance as at September 30, 2012	190,920	143,190	356	143,546	620,000	548,074	1,168,074	1,502,540	7

CHIEF EXECUTIVE OFFICER

DIRECTOR



**SITARA ENERGY LIMITED & ITS SUBSIDIARY COMPANY**  
**CONDENSED INTERIM CONSOLIDATED COST OF SALES**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)**

Description	September 30, 2012	September 30, 2011
	( Rupees in thousand )	
Cost of fuel and lubricants, yarn cloth & chemicals	828,054	831,844
Sui gas	210,415	124,956
Salaries, wages and benefits	12,419	12,110
Stores and spares	41,078	18,504
Insurance	1,372	1,305
Repair and maintenance	2,540	3,472
Depreciation	19,189	17,009
Other	3,422	3,327
	<b>1,118,489</b>	<b>1,012,527</b>

**CONSOLIDATED ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)**

Description	September 30, 2012		September 30, 2011	
	Acquisition	Disposal	Acquisition	Disposal
	(Rupees in '000')			
<b>Operating Assets</b>				
<b>Owned</b>				
Freehold land	-	-	-	1,195
Electric appliances	-	-	9	-
Furniture & fixtures	1,215	-	-	-
Vehicles	72	-	94	1,265
<b>Non-Operating Land</b>				
Cost of land	2,980	-	77,423	7,098
	<b>4,267</b>	<b>-</b>	<b>77,526</b>	<b>9,558</b>

CHIEF EXECUTIVE OFFICER

DIRECTOR