

2020 ANNUAL REPORT



Sitara Energy Limited



Sitara Energy Limited

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Board of Directors

Mrs. Noureen Javed (Chairperson)
Mr. Javed Iqbal (Chief Executive Officer)
Mr. Abdullah Javed
Mr. Shahid Hameed Sheikh
Mst. Naseem Akhtar
Ms. Hariah 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
1st Floor, 40-C, Block-6,
P.E.C.H.S. Karachi 75400.
UAN : +92 (21) 111-000-322
Ph: +92 (21) 34168270
Fax: +92 (21) 34168271
E-mail : sa@thk.com.pk

Registered Office

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

Plant

33 K.M., Sheikhupura Road, Faisalabad

Audit Committee

Mr. Shahid Hameed Sheikh (Chairman)
Mr. Abdullah Javed
Mr. Mubashir Ahmed Zareen

Human Resource & Remuneration Committee

Mr. Mubashir Ahmed Zareen (Chairman)
Mr. Javed Iqbal
Mr. Abdullah Javed

Auditors

RSM Avais Hyder Liaquat Nauman
(Chartered Accountants)

Bankers

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

Website

http://www.sitara.pk

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 30th Annual General Meeting of the shareholders of Sitara Energy Limited (the "Company") will be held on Monday, 26th day of October 2020 at 5:30 p.m. via Zoom videolink, to transact the following business:

ORDINARY BUSINESS:

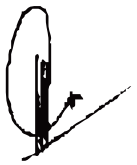
i To confirm the minutes of the Annual General Meeting held on October 26, 2019.

ii. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2020 together with the Reports of the Directors and Auditors thereon.

iii. To appoint Auditors and to fix their remuneration for the year ending June 30, 2021. 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 the Board Audit Committee, the 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



Karachi:
October 01, 2020

MAZHAR ALI KHAN
Company Secretary

NOTES:

CORONA VIRUS CONTINGENCY PLANNING FOR ANNUAL GENERAL MEETING OF SHAREHOLDERS

Due to current COVID-19 situation, as per the advice of the Government and directives of the Securities and Exchange Commission of Pakistan ("SECP") in terms of its Circular No.5 of 2020 dated March 17, 2020 and Circular No.25 of 2020 dated August 31, 2020 and Pakistan Stock Exchange Limited ("PSX") through its notice Ref: PSX/N-372 dated March 19, 2020 has advised companies to modify their usual planning for general meetings for the safety and well-being of shareholders and the public at large.

Considering the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies.

Accordingly, 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 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 agm2020@tower.sitara.com.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

AGM will be held through Zoom application – a video link facility.

Members who will be registered, after necessary verification as per the above requirement, will be provided a password protected zoom video link by the Company via email. The said link will remain open from 5:00 p.m. on the date of AGM till the end of the meeting.

Members may send their comments and suggestion relating to the agenda items of the AGM at least two (2) working days before the AGM at agm2020comments@tower.sitara.com.pk. Shareholders are requested to mention their full name/CNIC # and Folio/CDC Account for this purpose.

Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.

CLOSURE OF SHARE TRANSFER BOOKS.

The Share Transfer Books of the Company will remain closed from October 20, 2020 to October 26, 2020 (both days inclusive). Transfers receive in order at the office of Share Registrar M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi before the close of business on October 19, 2020 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, 1st Floor, 40-C, Block-6, P.E.C.H.S., 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 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 provide 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. The proxies shall produce their original CNIC or original passport at the time of meeting.

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

ELECTRONIC CIRCULATION OF ANNUAL REPORTS VIA E MAIL OR CD/DVD:

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

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) and send at the Company's address.

PLACEMENT OF FINANCIAL STATEMENTS:

The audited financial statements of the Company for the year ended June 30, 2020 have been placed at the Company's website: www.sitara.pk.

Members are requested to promptly notify any change in their addresses.

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 Director

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.

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 may be 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 co-operate 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.

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 order of the Board

JAVED IQBAL
Chief Executive Officer

Chairperson's Review

I am pleased to welcome you on 30th Annual General Meeting of your company and present on behalf of the Board of Directors, the Audited Statement of Accounts for the year ended June 30, 2020 along with my review on the performance of your company.

The company declared net loss of Rs 135.629 million during year 2019-20 as compared with net loss of Rs. 191.810 million during year 2018-19. Accordingly, loss per share is Rs. 7.10 in year 2019-20 in comparison with loss per share of Rs 10.05 in year 2018-19. However, finance cost remained higher during the major part of the year. Other income also fallen during the year 2020.

Further, the government continued policy of subsidized tariff of gas and electricity to textile sector, which is our major customers' base.

However, the management of the company took all austerity measures to minimize manufacturing and operating expenses largely but all such efforts were offset by increase in finance cost.

In short, our company's business became non-competitive due to abnormal increase in our cost of production on account of fuel prices and spare part and finance cost, without any corresponding improvement in tariff.

The profitable operation of the company depend upon viable fuel costs, increase in the tariff for bulk power consumers and conducive regulatory framework for power producers.

The focus of company's management will remain on sound business plans for the overall success of the company. I am confident that the company will be successful in meeting the future challenges and targets with its dedicated professional team and work force.

The Company complies with all the requirements as set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2017 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 the company is carried out.

The overall performance of the Board has been assessed as satisfactory under the given circumstances. Improvements are an ongoing process leading to action plans for the achievement of company's objectives, including Vision and Mission Statements.

The board meets frequently to discharge its responsibilities in a timely manner. The non-executive and independent directors are equally involved in important decisions.

On my behalf and on behalf of the Board of Directors of the company, I take this opportunity of acknowledging the devoted and sincere services of employees of all cadres of the company. I am also grateful to our financial institutions who are reposing confidence in such difficult scenario, shareholders, vendors and valued customers and the government organizations



Faisalabad
October 01, 2020

Ms. Noureen Javed
Chairperson

The Board of Directors of Sitara Energy Limited feel pleasure in submitting Annual Report along with audited Financial Statements together with Auditors' Report thereon for the financial year ended June 30, 2020.

Financial Results

Net sales revenue for the year decreased to Rs. 958.056 million in year 2020 as compared with Rs. 1,036.690 million in year 2019 due to decrease in sales volume by 15% approximately. However, gross profit for the year increased to Rs. 91.671 million in year 2020, due to reduction in cost of generation and slight increase in sale price, in comparison with Rs. 1.311 million in year 2019.

The net loss decreased to Rs. 135.629 million in year 2020, due to decrease in cost of generation as well as operational expenses, in comparison with Rs. 191.810 million in year 2019. However, finance cost remained slightly higher. Further, other income also fallen during year 2020.

Financial results for the year ended June 30, 2020 are summarized below:

Description	2020		2019	
	SEL	Consolidated	SEL	Consolidated
	Rupees in Thousands			
Sales	958,056	958,056	1,036,691	1,085,210
Gross profit	91,671	91,671	1,311	3,831
(Loss) / Profit before taxation	(134,172)	(130,762)	(189,473)	(187,207)
Provision for taxation	1,457	1,457	2,378	2,995
Net (Loss) / Profit after taxation	(135,629)	(132,219)	(191,811)	(190,203)
Unapproriated profit brought forward	377,132	377,795	568,943	567,998
Profit available for appropriation	241,503	245,576	377,132	377,795
Earning/(Loss) per share - Basic Rs.	(7.10)	(6.85)	(10.05)	(9.96)

Corporate and Financial Reporting Framework

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

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, the 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.

f) There is no significant doubt about the Company's ability to continue as a going concern read with observation given in Note No. 1.3

g) There has been no material departure from the best practices of Code of Corporate Governance, as detailed in listing regulations.

h) Summary of key operating and financial data for the last ten years is annexed.

I The investments of Staff Provident Fund Trust as at June 30, 2020 was Rs. 7.104 million.

j) During the year, four meetings of the Board of Directors were held. Attendance by each director was as follows:-

Name of Director	Meetings attended
Mr. Javed Iqbal	4
Mrs. Noureen Javed	4
Mr. Abdullah Javed	4
Ms. Haniah Javed	4
Mr. Mubashir Ahmed Zareen	4
Mst. Naseem Akhtar	4
Mr. Shahid Hameed Sheikh	4
Name of Chief Financial Officer & Company Secretary	
Mr. Ijaz A Babar (CFO)	4
Mr. Mazhar Ali Khan (Company Secretary)	4

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

Name of Member	Meetings attended / Status
Mr. Shahid Hameed Sheikh	4 / Chairman
Mr. Abdullah Javed	4 / Member
Mr. Mubashir Ahmed Zareen	4 / Member

l) During the year, four meetings of the Human Resource and Remuneration committee were held. Attendance by each member was as follows:-

Name of Member	Meetings attended / Status
Mr. Mubashir Ahmed Zareen	4 / Chairman
Mr. Javed Iqbal	4 / Member
Mr. Abdullah Javed	4 / Member

m) Pattern of Shareholding as at June 30, 2020 is annexed.

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

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

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 2019-2020.

o) Statement of compliance with Code of Corporate Governance is also annexed.

p) 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' Remuneration of Chief Executive Officer

There is no change in the remuneration of Chief Executive Officer since last three years. The complete information on remuneration and perquisites is given in Note No. 32 to the 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 2020, the company has donated Rs. 3,110,000/- (2019: Rs 775,000/-) to the welfare institution operating in the fields of education and distribution of Rashan Bags during COVID-19.

Future Prospects and Outlook

The profitability of the company during the financial year 2020-21 will largely depends upon affordable prices of RFO and natural gas/liquefied natural gas on the one hand and increase in consumer end tariff by NEPRA on the other hand.

NEPRA rendered its decision (Review Petition Determination) on December 19, 2019 in respect of Review Petition filed by the company in May 2017 against Power Acquisition Determination on April 14, 2017 by NEPRA. FESCO had filed its Power Acquisition Request in August 2011. Being aggrieved with Review Petition Determination, the company filed a Writ Petition in Islamabad High Court, Islamabad and a stay has been granted by Islamabad High Court Islamabad in March 2020. The company has a good prima facie case and hope for a favourable eventual outcome.

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 our dedicated team of professionals and engineers who served the company with enthusiasm, and hope that the same spirit of devotion shall remain intact in the future ahead to the Company.

by order of the Board



October 01, 2020
Faisalabad

JAVED IQBAL
Chief Executive Officer

ریسپیکٹ پارٹیز

ریسپیکٹ پارٹیز کے درمیان تمام لین دین آرم لینتھ پرائس پر کی گئی ہے جو کہ کمپیٹیبل اَن کنٹرولڈ پرائسز (Comparable uncontrolled prices method) کے تحت ہیں۔ کمپنی نے ٹرانسفر پرائسنگ کی پالیسی پر کمپلس پر مشتمل جس درآمد کیا گیا ہے جو کہ پاکستان اسٹاک ایکسچینج کے مسلک ریگولیشنز میں درج ہیں۔

بورڈ کمیٹی ریسپونسز کے توضیحات

بہترین پریکٹس جو کہ ہمارا نصب العین ہے اور اس کی وجہ سے ہم ترقی کی راہ پر گامزن ہیں۔ اور یہی نصب العین ہمیں نئے اور بہترین ذرائع میں سرمایہ کاری کی ترغیب دیتا ہے تاکہ ہم اپنے لوگوں کی تمام کوششوں میں ذہنی تشویش کو ختم کریں۔ ان کو بہترین تعلیمی ماحول مہیا کریں تاکہ وہ بہترین ڈیولپمنٹ اور تحقیق کی راہ ہموار ہو۔

کارپوریٹ سوشل ذمہ داری

کمپنی نے ہمیشہ اپنی سماجی ذمہ داری کو محسوس کیا ہے تاکہ معاشرہ کو بہتر بنانے اور قوم کی فلاح و بہبود میں اپنا حصہ ڈالے۔ مالی سال 2020-21 میں کمپنی نے 3,110,000 روپے (2019-20: 77,500 روپے) فلاحی اداروں کو بطور عطیہ دیئے اور کووڈ-19 COVID کے دوران راشن بیگ تقسیم کیے۔

مستقبل کے امکانات

مالی سال 2020-21 میں کمپنی کا منافع بہت حد تک فرنس آئل اور نیچرل گیس/ایل این جی کی سستی قیمتوں پر فرنس آئل اور دوسری صرف پیپرا کا مکزیمم کے تیرف کے حق میں فیصلے پر ہے۔

پیپرا کے 4 اپریل 2017ء کے (Power Acquisition Determination) کے فیصلے کے خلاف کمپنی نے مئی 2017 کو ایک تحمیلداری کی درخواست پیپرا میں دائر کی اور جس پر پیپرا نے 9 دسمبر 2019ء کو اپنے فیصلے (Power acquisition determination) کو برقرار رکھا۔ کمپنی نے اگست 2021 میں پیپرا کو پورا کیوریشن ریکوسٹ Review Petition۔ دائر کروائی Determination جاری کرنے پر کمپنی نے اسلام آباد ہائی کورٹ میں علمداری کی درخواست جمع کروائی جس کے نتیجے میں اسلام آباد ہائی کورٹ نے مارچ 2020ء میں سٹے آرڈر جاری کیا۔ کمپنی کیس اچھا ہونے کی امید رکھتی ہے۔ اور امید رکھتی ہے کہ کمپنی کے حق میں فیصلہ آئے گا۔

آڈیٹرز

کمپنی کے موجودہ آڈیٹرز آر ایس ایم اے ہیدر یہ تحمان، چارٹرڈ اکاؤنٹنٹس جو کہ ریٹائر ہو رہے ہیں، اہل ہونے پر انہوں نے آپ کو دوبارہ تقرری کے لیے پیش کیا ہے۔ جس کے بارے کمپنی نے دوبارہ تقرری کے لیے خواہش کی ہے۔

قدردانی

بورڈ آف ڈائریکٹرز اپنے تمام سٹیک ہولڈرز کے قدردان ہیں کہ انہوں نے کمپنی پر عمل بھروسہ کرتے ہوئے اس کی حمایت کی۔ بورڈ اس بات کو بھی تسلیم کرتا ہے کہ جس طرح پیشہ ور ہر ین ہر انجینئرز نے اپنی مکمل تندہی اور خوش اسلوبی کے ساتھ کمپنی کی ترقی میں اپنا کردار ادا کیا وہ قابل تحسین ہے۔ اور یہ امید کرتا ہے کہ اسی جذبہ اور لگاؤ کے ساتھ کمپنی سے منسلک رہتے ہوئے مستقبل میں بھی اپنا کردار ادا کرتے رہیں گے۔

بحکم بورڈ

جاوید اقبال

چیف ایگزیکٹو آفیسر

یکم اکتوبر 2020ء

فیصل آباد

محترمہ ماہ جبیں وحید	4
جناب مبشر احمد زرین	4
محترم نسیم اختر	4
جناب شاہد حمید شیخ	4

چیف فنانشل آفیسر اور کمپنی سیکرٹری کا نام

جناب ایجاز احمد بابر (چیف فنانشل آفیسر)	4
جناب مظہر علی خان (کمپنی سیکرٹری)	4

k. اس سال آڈٹ کمیٹی کی کل چار میٹنگ منعقد ہوئیں ہر فرد کی حاضری کی تفصیل مندرجہ ذیل ہے:

ممبر کا نام	میٹنگ حاضری	رکنیت
جناب شاہد حمید شیخ	4	چیئرمین
جناب عبداللہ جاوید	4	ممبر
جناب مبشر احمد زرین	4	ممبر

l. اس سال نامزدگی اور معاوضہ کمیٹی کی کل چار میٹنگ منعقد ہوئی جس کی تفصیل مندرجہ ذیل ہیں:

ممبر کا نام	میٹنگ حاضری	رکنیت
جناب مبشر احمد زرین	4	چیئرمین
جناب جاوید اقبال	4	ممبر
جناب عبداللہ جاوید	4	ممبر

m. 30 جون 2020ء کو ڈائریکٹرز ہولڈنگ پیٹرن درج ہے۔

n. مندرجہ ذیل افراد کی کمپنی میں شیئر ہولڈنگ 5% اور اس سے زیادہ ہے

افراد کا نام		شیئر ہولڈنگ
جناب جاوید اقبال	سی۔ای۔او	6 877 303
محترمہ نازیہ جاوید		1 995 500
سٹیٹ لائف انشورنس کارپوریشن آف پاکستان		1 528 500
نیشنل بنک آف پاکستان		1 550 147
محترمہ نورین جاوید	چیئرپرسن	1 078 237

سال 2019-20ء کے دوران کمپنی کے ڈائریکٹرز میں کوئی تبدیلی نہیں ہوئی۔ سوائے چیف ایگزیکٹو آفیسر کی تنخواہ اور ان کی بیگم اور چھوٹے بچوں کی کسی حرف سے کوئی کاروبار نہیں ہوا۔

o. کوڈ آف کارپوریٹ گورننس کی تمام شقوں کا انکمپلائنس ہے۔

p. تمام ریسیڈنٹ پاکستانی اور ہندو انڈ کمپنیز کے ساتھ تین دن آرم لینتھ پرنسپل (Arms Length Price) کے مطابق طے کیا جاتا ہے۔

چیف ایگزیکٹو آفیسر کا معاوضہ

چیف ایگزیکٹو آفیسر کے معاوضے میں پچھلے تین سال سے کوئی تبدیلی نہیں ہوئی۔ معاوضے اور بینیفٹس کی تفصیل اضافی شیٹ کے نوٹ نمبر 32 میں دے دی گئی ہیں۔

ویب ریفرنس

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ SECP/Misc/03/2017-334 مورخہ 10 جولائی 2017ء کے تحت کمپنی نے اپنی کارآمد ویب سائٹ تیار کر رکھی ہے۔ جس میں کمپنی کے سالانہ، ششماہی اور سہ ماہی رپورٹ اور نوٹس باقاعدگی سے لگائے جاتے ہیں۔ کمپنی کی ویب سائٹ کا پتہ http://sitara.pk ہے۔

ستارہ انرجی لمیٹڈ کے بورڈ آف ڈائریکٹرز کمپنی کی سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز رپورٹ برائے مالی سال 30 جون 2020ء کو پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

مالی نتائج

سال 2020ء میں فروخت آمدنی کم ہو کر 958.056 ملین روپے ہوگئی جبکہ پچھلے سال فروخت آمدنی 1,036.690 ملین روپے تھی جو کہ فروخت آمدنی کے تقریباً 7.6% کم ہونے کی وجہ ہے۔ تاہم مجموعی منافع سال 2020ء میں بڑھ کر 91.671 ملین روپے ہوگیا ہے جو کہ سال 2019ء میں 1.311 ملین روپے تھا۔ یہ منافع فروخت کی قیمت میں مصنوعی اضافہ اور جنریشن کی لاگت میں کمی کی وجہ سے ہے۔

سال 2020ء میں مالی نقصان کم ہو کر 130.762 ملین روپے رہ گیا ہے جو کہ پریشن خرچات کم ہونے کے ساتھ ساتھ جنریشن لاگت میں کمی کی وجہ سے ہوا جو کہ سال 2019ء میں مالی نقصان 189.473 ملین روپے تھا۔ جنریشن لاگت میں معمولی اضافہ ہوا ہے۔ مزید یہ کہ دیگر آمدنی میں بھی کمی واقع ہوئی ہے۔

مالی نتائج 30 جون 2020ء نیچے دیئے گئے ہیں

تفصیل	مالی سال 2020		مالی سال 2019	
	متواتر انرجی	کنسولیڈیٹڈ	متواتر انرجی	کنسولیڈیٹڈ
	پاکستانی روپے ہزاروں میں			
فروخت آمدنی	958,056	958,056	1,036,691	1,085,210
مجموعی منافع	91,671	91,671	1,311	3,831
آپریشن سے قبل (نقصان)	(134,172)	(130,762)	(189,473)	(187,207)
ڈیپریسیشن	1,457	1,457	2,378	2,995
فنانس کاسٹ کے بعد نقصان	(135,629)	(132,219)	(191,811)	(190,203)
غیر تقسیم شدہ منافع آگے لایا	377,132	377,795	568,943	567,998
تقسیم کے لیے دستیاب منافع پر ہولڈ ایشن	241,503	245,576	377,132	377,795
فی شیئر (نقصان) Basic and diluted	(7.10)	(6.85)	(10.05)	(9.96)

کارپوریٹ اور مالیاتی رپورٹنگ کا ڈھانچہ

کوڈ آف کارپوریٹ گورننس کی تعمیل کرتے ہوئے کارپوریٹ اور سیکیورٹی رپورٹنگ کے ڈھانچے کی تفصیل مندرجہ ذیل ہے:

a۔ سیکیورٹی گوشوارے کمپنیز ایکٹ 2017ء کی ضروریات کے مطابق تیار کیے گئے ہیں جو کہ منصفانہ مالی حالت، آپریٹنگ نتائج، کیش فلاؤ اور ایکوئٹی میں تبدیلیوں کو پیش کرتے ہیں۔

b۔ کمپنی کے کھاتہ جات بالکل صحیح صورت میں رکھے گئے ہیں۔

c۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دور اندیشی پر مبنی ہیں۔

d۔ حسابات کی تیاری میں پاکستان میں رائج شدہ بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز کی پیروی کی گئی ہے۔

e۔ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اس کی مؤثر طریقے سے نگرانی کی جاتی ہے۔

f۔ نوٹ نمبر 1.3 کے جائزے کے ساتھ کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہے۔

g۔ ضابطہ کار پوریٹ گورننس، ہر سٹاک ایکسچینج رپورٹنگ ریگولیشن میں سے کسی خاطر خواہ شق سے انحراف نہیں ہوا ہے۔

h۔ کمپنی کا گزشتہ دو سال کا کیلنڈر آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

i۔ اسٹاف پراویڈنٹ فنڈ کی سرمایہ کاری کی گئی مالی سال 30 جون 2020ء میں 7.104 ملین روپے رہی ہے۔

j۔ اس سال بورڈ آف ڈائریکٹرز کی چار میٹنگز منعقد ہوئی۔ ڈائریکٹرز کی حاضری کی تفصیل مندرجہ ذیل ہے:

نام	حاضری میٹنگ
جناب جاوید اقبال	4
محترمہ نورین جاوید	4
جناب عبداللہ جاوید	4

AS AT JUNE 30, 2020

NUMBER OF SHARE HOLDERS	SHAREHOLDINGS		TOTAL NUMBER OF SHARES
	FROM	TO	
510	1	100	7,377
379	101	500	177,458
105	501	1,000	101,458
127	1,001	5,000	367,741
28	5,001	10,000	216,289
8	10,001	15,000	100,000
3	15,001	20,000	58,000
6	20,001	25,000	136,948
2	25,001	30,000	55,400
1	30,001	35,000	34,000
2	35,001	40,000	76,000
1	45,001	50,000	49,500
1	50,001	55,000	51,500
1	55,001	60,000	59,000
1	65,001	70,000	66,500
1	80,001	85,000	83,000
1	85,001	90,000	90,000
1	95,001	100,000	100,000
1	140,001	145,000	142,500
2	145,001	150,000	294,500
1	195,001	200,000	200,000
1	200,001	205,000	203,500
1	255,001	260,000	256,117
1	260,001	265,000	263,151
1	410,001	415,000	414,500
1	595,001	600,000	600,000
1	655,001	660,000	656,000
1	670,001	675,000	674,661
1	730,001	735,000	732,360
1	1,070,001	1,075,000	1,073,237
1	1,545,001	1,550,000	1,550,000
1	1,625,001	1,630,000	1,628,500
1	1,895,001	1,900,000	1,895,500
1	6,675,001	6,680,000	6,677,303
1,195			**19,092,000**

Pattern of Shareholding

	Number	Share Held	Percentage
Associated Companies, Undertaking and Related Parties			
Sitara Fabrics Limited	1	656,000	3.44
Directors, CEO & their Spouse and Minor Children			
Mr. Javed Iqbal	1	6,677,303	34.97
Mrs. Naureen Javed	1	1,073,237	5.62
Mr. Abdullah Javed	1	1,000	0.01
Ms. Haniah Javed	1	1,000	0.01
Mrs. Naseem Akhtar	1	1,000	0.01
Mr. Mubashir ahmad Zareen	1	5,000	0.03
Mr. Shahid Hameed Sheikh	1	500	0.00
NIT AND ICP			
Investment Corporation of Pakistan	1	500	0.00
Bank, Development Finance Institutions, Non Banking Finance Institutions.	3	1,551,644	8.12
Insurance Companies	1	1,628,500	8.53
Mutual Funds	2	519,268	2.71
Foreign Companies	1	1,000	0.01
Joint Stock Companies	8	1,145,162	6.00
General Public (Local)	1,146	5,722,115	29.99
General Public (Foreign)	23	84,534	0.44
Others	2	24,237	0.12
	1,195	**19,092,000**	**100.00**

No trade in the shares of the company was carried out by its Directors, CEO, CFO, Company Secretary and and their spouses and minor children during 2019-2020.

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

PARTICULARS	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
						Rupees in thousand					
FINANCIAL POSITION											
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	920,000	920,000	820,000	720,000	620,000	590,000	540,000
Fixed assets at cost	2,252,688	2,377,007	2,378,647	2,387,252	2,427,988	2,360,966	2,270,025	2,280,107	2,244,936	2,249,956	2,237,936
Accumulated depreciation	1,489,621	1,499,634	1,472,349	1,443,573	1,416,939	1,326,594	1,232,748	1,161,137	1,074,287	999,716	934,534
Current assets	2,113,831	2,024,518	2,065,888	2,092,220	1,850,913	1,461,309	1,337,901	1,484,527	1,003,629	951,136	1,065,017
Current liabilities	1,814,410	1,715,607	1,808,698	1,816,238	1,464,328	1,143,122	1,219,313	1,283,248	1,509,799	1,838,056	1,496,000
INCOME											
Sales	958,056	1,036,691	2,412,173	2,116,462	3,074,266	3,658,739	5,035,627	5,183,842	4,866,139	3,753,492	3,875,481
Other income	18,385	77,896	109,920	11,934	15,875	120,831	73,659	1,805	96,523	9,841	4,794
Pre tax profit/(loss)	(134,172)	(189,473)	(81,858)	(96,561)	162,421	104,975	203,674	249,313	251,916	91,527	106,926
Taxation	1,457	2,338	-	-	-	-	(853)	-	448	487	(269)
STATISTICS AND RATIOS											
Pre tax profit/(loss) to sales %	(14.00)	(18.28)	(3.39)	(4.56)	5.28	2.87	4.04	4.81	5.18	2.44	2.76
Pre tax profit/(loss) to capital %	(40.16)	(56.71)	(24.50)	(28.90)	48.61	31.42	60.96	74.62	75.40	27.39	32.00
Current ratio	1.17	1.18	1.14	1.15	1.26	1.28	1.10	1.16	0.66	0.52	0.71
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) /earing after tax per share (Rs.)	(7.10)	(10.05)	(4.29)	(5.06)	8.51	5.50	10.71	13.06	13.17	4.77	5.61
Cash dividend %	-	-	-	-	20.00	12.50	20.00	10.00	10.00	10.00	20.00
Break up Value Per Share (Rs.)	80.96	88.06	98.11	102.39	109.45	102.19	98.70	88.98	76.93	64.75	61.99

Statement of Compliance
With Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: **SITARA ENERGY LIMITED**
Year Ended: **June 30, 2020**

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	4
Female	3

2 The composition of the Board of Directors as follows:

Category	Names
Independent Director	Mr. Shahid Hameed Sheikh Mr. Mubashir Ahmed Zareen
Executive Directors	Mr. Javed Iqbal
Non-Executive Directors	Mr. Abdullah Javed
Female Non-Executive Directors	Mrs. Naureen Javed Ms. Haniah Javed Mst. Naseem Akhter

- As per section 6 (2) of CCCG regulations 2019, the requirement for minimum 2.33 independent directors would be applicable from the completion of existing term. The existing Board will complete its 3 year term in April 2022. Therefore, the company is compliant as regards to the requirement of independent directors with 2 independent directors

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 has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9 Three (03) directors have already completed directors' training program in prior years. However, Mr. Shahid Hameed Sheikh (Independent Director) has completed this program during the year ended June 30, 2020. The remaining three (03) directors 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;

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)
Mr. Abdullah Javed	Non-Executive 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)
Mr. Abdullah Javed	Non Executive 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 quarterly meetings during the financial year ended June 30, 2020

b. HR and Remuneration Committee: Two quarterly meetings during the financial year ended June 30, 2020

15. The board has set up an effective internal audit function who are 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.

Naureen Javed

Faisalabad
October 01, 2020

Mrs. Naureen Javed
Chairperson

INDEPENDENT AUDITORS 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 2020, 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, 2020 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 was the Key audit matters:

Key Audit Matters	How our audit addressed the key audit matter
Contingencies	
Refer to note 9 to the financial statements. 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 Honourable Supreme Court of Pakistan, Honorable Lahore High Court Lahore and High Court of Sindh and Appellate Tribunal Inland Revenue (ATIR). 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.	In this respect, we performed following audit procedures: • Obtained and reviewed details of the pending litigations and discussed the same with the Company's management; • Reviewed judgments of the courts and assessment orders passed by the tax authorities in relation to the issues involved; • Obtained confirmations from the Company's external legal and tax counsels for their views on legal cases;

Key Audit Matters	How our audit addressed the key audit matter
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.	• 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 • Reviewed disclosures made in respect of these litigations in the financial statements.
Loan to subsidiary	
Refer Note 18 to the financial statements The Company has made investment in subsidiary in shape of interest free loan of Rs. 620.703 million. The subsidiary was formed with the object to carry out textile and real estate business. The company has made investment to diversify. 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. 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.	Our audit procedures include the following Obtained understanding of Company's plan and business rationale for loan to subsidiary and reviewed of minutes of Board of Directors' meetings. Evaluated appropriateness of company's methodology for assessing recoverability of loan. Assessed whether carrying amount of loan to subsidiary may be impaired by reviewing market value of subsidiary's assets. Inspected and verified amount of loan given through supporting documents comprising banking instruments. Circulated external confirmation and assessed the reply received. Reviewed Disclosures made related to loan in the financial statements.

Information Other than the Financial Statements and Auditors 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 there on.

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.

Auditors 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.
- 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 identifyd uring 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: October 01, 2020

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, 2020 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, 2020.

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Place: Faisalabad
Date: October 01, 2020

Statement of Financial Position as at June 30, 2020

	Note	2020 Rupees	2019 Rupees
SHARE CAPITAL AND RESERVES			
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each.		300,000,000	300,000,000
Issued, subscribed and paid up capital	3	190,920,000	190,920,000
Capital reserve - share premium		143,190,000	143,190,000
Revenue reserves	4	1,211,503,365	1,347,132,350
		1,545,613,365	1,681,242,350
NON-CURRENT LIABILITIES			
Long term financing	5	4,166,665	20,833,332
CURRENT LIABILITIES			
Trade and other payables	6	548,960,895	632,337,068
Unclaimed dividend		3,702,824	3,702,824
Interest / mark up payable	7	221,382,158	75,875,863
Short term bank borrowings	8	1,013,750,876	982,313,899
Current portion of:			
Long term financing	5	25,000,000	20,833,334
Provision for taxation - income tax	29	1,613,587	544,487
		1,814,410,340	1,715,607,475
CONTINGENCIES AND COMMITMENTS	9	-	-
		3,364,190,370	3,417,683,157

	Note	2020 Rupees	2019 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	10	786,566,383	902,345,223
Investment property	11	411,286,511	439,313,305
Investment in subsidiary	12	49,995,000	49,995,000
Long term loan	13	1,000,000	1,000,000
Long term deposits	14	1,511,200	511,200
		1,250,359,094	1,393,164,728
CURRENT ASSETS			
Stores, spares and loose tools	15	273,128,896	276,563,046
Stock of oil and lubricants	16	19,384,985	22,156,719
Trade debts	17	516,749,670	561,032,586
Loans and advances	18	639,671,245	631,525,535
Deposits and prepayments	19	35,221,595	33,264,471
Other receivables	20	221,983,614	101,647,232
Tax refunds due from Government	21	133,048,804	183,959,261
Cash and bank balances	22	274,642,467	214,369,579
		2,113,831,276	2,024,518,429
		3,364,190,370	3,417,683,157

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, 2020

	Note	2020 Rupees	2019 Rupees
Sales - net	23	958,056,228	1,036,690,600
Cost of generation	24	866,384,864	1,035,379,142
Gross profit		91,671,364	1,311,458
Other income	25	18,385,065	77,895,810
		110,056,429	79,207,268
Operating expenses	26	68,754,563	94,410,493
Other operating expenses	27	6,740,105	21,547,752
Finance cost	28	168,733,946	152,721,890
		244,228,614	268,680,135
(Loss) for the year before taxation		(134,172,185)	(189,472,867)
Provision for taxation	29	1,456,800	2,337,715
(Loss) for the year		(135,628,985)	(191,810,582)
(Loss) per share - Basic and diluted	30	(7.10)	(10.05)

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

Statement of other Comprehensive Income for the Year Ended June 30, 2020

	2020 Rupees	2019 Rupees
(Loss) for the year	(135,628,985)	(191,810,582)
Other comprehensive income for the year	-	-
Total comprehensive (Loss) for the year	(135,628,985)	(191,810,582)

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, 2020

	2020 Rupees	2019 Rupees
(a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) for the year before taxation	(134,172,185)	(189,472,867)
Adjustments for:		
Depreciation of property, plant and equipment	17,515,399	28,383,393
Depreciation of investment property	2,619,589	2,910,654
Provision for staff retirement benefits	972,481	1,951,579
Provision for doubtful advances	5,000,000	-
Loss / (Gain) on disposal of		
Property, plant and equipment - net	1,618,471	21,547,752
Investment property	(11,434,795)	(74,777,600)
Balances written off	121,634	-
Finance cost	168,733,946	152,721,890
Operating cash flows before working capital changes	50,974,540	(56,735,199)
Changes in working capital		
Decrease / (Increase) in current assets		
Stores, spares and loose tools	3,326,150	3,696,105
Stock of oil and lubricants	2,771,734	20,982,952
Trade debts	44,282,916	194,525,370
Loans and advances	(14,491,883)	27,106,701
Deposits and prepayments	(1,957,124)	2,803,557
Other receivables	(120,336,382)	44,658,233
Sales Tax refunds due from government	42,075,992	(26,759,096)
(Decrease) in current liabilities		
Trade and other payables	(83,220,842)	(82,242,262)
	(127,549,439)	184,771,560
Cash (used in) / generated from operating activities	(76,574,899)	128,036,361
Income tax refund received / (paid)-net	9,792,938	(1,808,678)
Staff retirement benefits paid	(1,249,446)	(1,933,058)
Finance cost paid	(23,227,651)	(106,486,717)
Net cash (used in) / generated from operating activities	(91,259,058)	17,807,908

Statement of Cash Flows for the Year Ended June 30, 2020

	2020 Rupees	2019 Rupees
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of		
Property, plant and equipment	95,280,982	120,600,000
Investment property	36,842,000	92,180,000
Recovery of advances given for purchase of land	8,471,988	-
Advance for purchase of vehicle	(7,000,000)	-
Increase in long term deposits	(1,000,000)	-
Net cash generated from investing activities	132,594,970	212,780,000
(c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Liabilities against assets subject to finance lease	-	(2,460,908)
Increase / (Decrease) in short term bank borrowings - net	18,936,976	(34,346,783)
Dividend paid	-	(5,117)
Net cash generated from / (used in) financing activities	18,936,976	(36,812,808)
Net increase in cash and cash equivalents (a+b+c)	60,272,888	193,775,100
Cash and cash equivalents at the beginning of the year	214,369,579	20,594,479
Cash and cash equivalents at the end of the year	274,642,467	214,369,579

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, 2020

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves			Total
		Share premium	General reserve	Unappropriated profit	Sub total	
	Rupees					
Balance as at July 01, 2018	190,920,000	143,190,000	970,000,000	568,942,932	1,538,942,932	1,873,052,932
Total comprehensive (loss) for the year						
(Loss) for the year	-	-	-	(191,810,582)	(191,810,582)	(191,810,582)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(191,810,582)	(191,810,582)	(191,810,582)
Balance as at June 30, 2019	190,920,000	143,190,000	970,000,000	377,132,350	1,347,132,350	1,681,242,350
Total comprehensive (loss) for the year						
(Loss) for the year	-	-	-	(135,628,985)	(135,628,985)	(135,628,985)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(135,628,985)	(135,628,985)	(135,628,985)
Balance as at June 30, 2020	190,920,000	143,190,000	970,000,000	241,503,365	1,211,503,365	1,545,613,365

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, 2020

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. Sheikhupura 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 system gas along with substantial increase in gas tariff and abnormal increase in rate of furnace oil. The Company has suffered loss of Rs. 135.629 million during the year, energy generation decreased as compared to last 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 suffered losses in the earlier years as well as during the current year. However, fuel prices has started to decline in the recent periods and are likely to remain at the existing level in the foreseeable future. The management is making efforts to add customers for better utilisation of production facilities. The modalities and terms and conditions are under negotiation. The management has decided to implement a multi-faced plan to improve the financial and operational conditions.
The action steps and their impact is as under:

- The management of the company has curtailed its operating expenses without affecting the operatoinal efficieny of the company.

- All out efforts are being made by the management to dispose off the non-core assets such as investment property (Land) and reduce the borrowing and consequent financial charges. As the value of investment property is reasonably appreciating, the management is hopefull that the disposal will contribute significant funds to reduce the finance cost burden.

- The management is also making efforts to re-negotiate terms of loan with the lenders. The lenders of the company are fully cooperative and considering restructuring/rescheduling of the credit facilities at concessional markup rate. SBP policy rate is also a favourable factor in the lowering of finance cost.

All these factors indicate 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.

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, 2019 and therefore, have been applied in preparing these financial statements.

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

The application of amendments has no material impact on the financial statements of the company.

Amendments to IAS 19 Employee Benefits on plan amendment, curtailment or settlement,

These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The change in the effect of the asset ceiling that may result from the plan amendment in determined in a second step and is recongnised in the normal manner in comprehensive income.

The standard requires to use updated assumptions from re-measurement to determine current service cash and net interest from the remainder of the reporting period after the change in the plan.

The application of amendments has no material impact on the financial statements of the company.

IFRIC 23 Uncertainty over Income Tax Treatments:

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires to:

- Determine whether uncertain tax positions are assessed separately or as a group; and

- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

    - If yes, determine accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.

    - If no, reflect the effect of uncertainty in determining accounting tax position using either the most likely amount or the expected value method.

The application of IFRIC has no material impact on the financial statements of the company.

Annual improvements to IFRS - Standard 2015-2017 Cycle

The Annual Improvements include amendments to the following Standards:

- **IAS 12 Income Taxes**
  The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits.

The application of amendments has no material impact on the financial statements of the company.

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, 2019 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in the sefinancial 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, 2020 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:

- **Amendments to IAS 1 and IAS 8 - Definition of Material**
  The amendments are made to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

  The concept of "observing" material information with immaterial information has been included as part of the new definition.
  The threshold for materiality influencing users has been changed from "Could influence" to "Could reasonably be expected to influence".

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments are effective for accounting period beginning on or after 1 January, 2020.

The application of amendments is not expected to have a significant impact on the company's financial statements.

- **Amendments to IFRS 3 - Definition of a Business**

The amendments relates to the definition of a “business” in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not.

The amendments clarify that to be considered a "business", an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and asset is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in single identifiable asset or group of similar assets.

The amendments are applicable to transactions that are either business combinations or asset acquisitions. The amendments are effective for reporting periods beginning on or after 1 January 2020.

The application of amendments is not expected to have any effect on the company's financial statements.

- **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate**

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

The amendments are effective for reporting periods starting on or after 01 January 2020.

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

The Amendments to References to the Conceptual Framework for Financial Reporting

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

IASB has also issued amendments to References to the conceptual framework in IFRS,s. The amendments are intended to replace reference to a previous version of the IASB,s conceptual framework with a reference to the current version.

The amendments are effective for accounting periods beginning on or after 1 January 2020.

The application of amendments is 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 induded in equity.

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.

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.

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 other 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. Again 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.

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 undert he 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 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 impairment of investments in subsidiary, contingencies, investment property valuation, 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.

3. Issued, subscribed and paid up capital

2019	**2020**		**2020**	2019
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 (2019: 656,000) shares are held by an associated undertaking - Sitara Fabrics Limited.

4. Revenue reserves	Note	**2020** **Rupees**	2019 Rupees
General reserve	4.1	970,000,000	970,000,000
Unappropriated profit			
Opening balance		377,132,350	568,942,932
Total comprehensive loss for the year		(135,628,985)	(191,810,582)
		241,503,365	377,132,350
		1,211,503,365	1,347,132,350

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

	Note	2020 Rupees	2019 Rupees
5. Long term financing			
Secured			
From banking company			
Under mark up arrangements			
Demand finance I	5.1	29,166,665	41,666,666
Less: Current portion			
Installments due		(8,333,333)	(4,166,667)
Payable within one year		(16,666,667)	(16,666,667)
		(25,000,000)	(20,833,334)
		4,166,665	20,833,332

5.1 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 September 30, 2021. It is 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 15.39% to 18.06% per annum. (2019: 14.75% to 15.33% per anum)

	Note	2020 Rupees	2019 Rupees
6. Trade and other payables			
Creditors		448,786,468	555,795,097
Accrued liabilities		90,050,333	70,814,905
Provident fund - related party		152,290	429,255
Withholding taxes		9,275,869	4,766,876
Other		695,935	530,935
		548,960,895	632,337,068
7. Interest / mark up payable			
Interest / mark up on secured:			
Long term financing		1,087,462	1,599,499
Short term bank borrowings		220,294,696	74,276,364
		221,382,158	75,875,863
8. Short term bank borrowings			
Secured - under mark up arrangements			
Morabaha finance I	8.2	114,000,000	114,000,000
Term finance	8.3	100,000,000	199,959,892
Running finances	8.4	799,750,876	668,354,007
		1,013,750,876	982,313,899

8.1 The aggregate unavailed short term financing facilities available to the Company are Rs. 560.249 million (2019: Rs. 591.686 million). Total availed limits are Rs. 1,014 million out of which Rs. 913.75 million are expired and renewable.

8.2 It is subject to mark up at the rate of 6 months KIBOR plus 2.75% per annum (2019: 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 short term term finance (Refer Note 8.3) 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 (2019: 8.67% to 13.61% per annum).

8.3 It is subject to mark up at the rate of 1 month KIBOR plus 2.5% per annum (2019: 1 month KIBOR plus 2.5% per annum). It is secured against first joint pari passu 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 running finances (Refer Note 8.4) and by personal guarantee of directors of the Company.

Effective mark up rate charged during the year ranges from 10.83% to 16.31% per annum (2019: 9.42% to 15.30% 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 (2019: 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 short term finance (Refer Note 8.3), 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 13.22% to 16.61% per annum (2019: 8.92% to 13.88% 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. 154,809,000/- (2019: Rs. 155,809,000/-)

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/- (2019 : 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.137,952,501/- (2019 : Rs.137,952,501/-) not acknowledged. The Company has challenged the levy from year 2011 to 2015 before the Honourable Lahore High Court Lahore on the gorund that GIDC cannot be recovered on the basis of section 8 of GIDC Act, 2015. Present interim order of first installment has been granted. 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. The Honorable Supreme Court of Pakistan has passed a judgement subsequently on August 13, 2020 holding that GIDC is payable in 24 installments without late payment surcharge (2019 : LPS - Rs. 208,501,487). The company has file d a revision petition before the Honorable Supreme Court of Pakistan.

In view of the above pending appeal/revision 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 Company file d re view 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 favor 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/- (2019: 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 favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.

	Note	2020 Rupees	2019 Rupees
10. Property, plant and equipment			
Operating assets	10.1	763,066,383	877,373,235
Advance for purchase of land		16,500,000	24,971,988
Advance for purchase of vehicle		7,000,000	-
		786,566,383	902,345,223

10.1 Operating assets

	Note	Company owned										Assets subject to finance lease		
		Freehold land	Building on freehold land	Plant and machinery	Electric Installations	Factory equipment	Electric Appliances	Furniture and fixtures	Office equipment	Vehicles	Sub total	Vehicles	Sub total	Total
		Rupees												
At July 01, 2018														
Cost		40,772,399	227,631,323	1,845,145,556	169,920,812	4,297,647	10,575,556	6,802,670	15,689,755	48,122,879	2,368,958,597	9,688,145	9,688,145	2,378,646,742
Accumulated depreciation		-	(165,443,029)	(1,133,632,095)	(118,551,047)	(3,551,975)	(6,633,161)	(4,390,718)	(11,239,048)	(23,808,404)	(1,468,249,477)	(4,099,573)	(4,099,573)	(1,472,349,050)
Net book value		40,772,399	61,188,294	711,513,461	51,369,765	745,672	3,942,395	2,411,952	4,450,707	24,314,475	900,709,120	5,588,572	5,588,572	906,297,692
Year ended June 30, 2019														
Opening net book value		40,772,399	61,188,294	711,513,461	51,369,765	745,672	3,942,395	2,411,952	4,450,707	24,314,475	900,709,120	5,588,572	5,588,572	906,297,692
Transfer from Capital work in progress		51,167,500	90,439,188	-	-	-	-	-	-	-	141,606,688	-	-	141,606,688
Transferred from leasehold to owned assets														
Cost		-	-	-	-	-	-	-	-	9,688,145	9,688,145	(9,688,145)	(9,688,145)	-
Accumulated depreciation		-	-	-	-	-	-	-	-	(4,848,318)	(4,848,318)	4,848,318	4,848,318	-
		-	-	-	-	-	-	-	-	4,839,827	4,839,827	(4,839,827)	(4,839,827)	-
Disposals:														
Cost		(51,167,500)	(90,439,188)	-	-	-	-	-	-	(1,639,810)	(143,246,498)	-	-	(143,246,498)
Accumulated depreciation		-	-	-	-	-	-	-	-	1,098,746	1,098,746	-	-	1,098,746
		(51,167,500)	(90,439,188)	-	-	-	-	-	-	(541,064)	(142,147,752)	-	-	(142,147,752)
Depreciation charge		-	(6,118,829)	(10,103,494)	(5,136,977)	(74,567)	(394,240)	(241,195)	(445,071)	(5,120,275)	(27,634,648)	(748,745)	(748,745)	(28,383,393)
Closing net book value		40,772,399	55,069,465	701,409,967	46,232,788	671,105	3,548,155	2,170,757	4,005,636	23,492,963	877,373,235	-	-	877,373,235
At June 30, 2019														
Cost		40,772,399	227,631,323	1,845,145,556	169,920,812	4,297,647	10,575,556	6,802,670	15,689,755	56,171,214	2,377,006,932	-	-	2,377,006,932
Accumulated depreciation		-	(172,561,858)	(1,143,735,589)	(123,688,024)	(3,626,542)	(7,027,401)	(4,631,913)	(11,684,119)	(32,678,251)	(1,499,633,697)	-	-	(1,499,633,697)
Net book value		40,772,399	55,069,465	701,409,967	46,232,788	671,105	3,548,155	2,170,757	4,005,636	23,492,963	877,373,235	-	-	877,373,235
At July 01, 2019														
Cost		40,772,399	227,631,323	1,845,145,556	169,920,812	4,297,647	10,575,556	6,802,670	15,689,755	56,171,214	2,377,006,932	-	-	2,377,006,932
Accumulated depreciation		-	(172,561,858)	(1,143,735,589)	(123,688,024)	(3,626,542)	(7,027,401)	(4,631,913)	(11,684,119)	(32,678,251)	(1,499,633,697)	-	-	(1,499,633,697)
Net book value		40,772,399	55,069,465	701,409,967	46,232,788	671,105	3,548,155	2,170,757	4,005,636	23,492,963	877,373,235	-	-	877,373,235
Year ended June 30, 2020														
Opening net book value		40,772,399	55,069,465	701,409,967	46,232,788	671,105	3,548,155	2,170,757	4,005,636	23,492,963	877,373,235	-	-	877,373,235
Additions		-	-	-	-	-	-	-	108,000	-	108,000	-	-	108,000
Disposals:														
Cost		-	-	(121,656,400)	-	-	-	-	-	(2,770,938)	(124,427,338)	-	-	(124,427,338)
Accumulated depreciation		-	-	26,038,492	-	-	-	-	-	1,489,393	27,527,885	-	-	27,527,885
		-	-	(95,617,908)	-	-	-	-	-	(1,281,545)	(96,899,453)	-	-	(96,899,453)
Depreciation Charge		-	5,506,947	(1,815,186)	(4,623,279)	(67,111)	(354,816)	(217,076)	(403,264)	(4,527,720)	(17,515,399)	-	-	(17,515,399)
Closing net book value		40,772,399	49,562,518	603,976,873	41,609,509	603,994	3,193,339	1,953,681	3,710,372	17,683,698	763,066,383	-	-	763,066,383
At June 30, 2020														
Cost		40,772,399	227,631,323	1,723,489,156	169,920,812	4,297,647	10,575,556	6,802,670	15,797,755	53,400,276	2,252,687,594	-	-	2,252,687,594
Accumulated depreciation		-	(178,068,805)	(1,119,512,283)	(128,311,303)	(3,693,653)	(7,382,217)	(4,848,989)	(12,087,383)	(35,716,578)	(1,489,621,211)	-	-	(1,489,621,211)
Net book value		40,772,399	49,562,518	603,976,873	41,609,509	603,994	3,193,339	1,953,681	3,710,372	17,683,698	763,066,383	-	-	763,066,383
Annual rate of depreciation (%)		-	10	10	10	10	10	10	10	20		20		

	Note	2020 Rupees	2019 Rupees
10.2 Depreciation for the year has been allocated as under:			
Cost of generation	24	12,012,523	21,433,867
Operating expenses	26	5,502,876	6,949,526
		17,515,399	28,383,393

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 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	9210
c) Office # 606 and 608, Sixth Floor Business Centre, Mumtaz Hasan Road, Karachi, 74000	Office	2.24	610.95
d) 318, 3rd Floor Siddique Trade Centre, Main Boulevard, Gulberg, Lahore	Office	3	818

10.4 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Particulars of buyers
Operating assets						
Plant and machinery (Sold by negotiation)	55,443,347	11,320,612	44,122,735	34,000,000	(10,122,735)	Sitara Spinning Mills Limited601-602 Business Centre, Mumtaz Hasan Road, Karachi
	35,009,490	10,868,363	24,141,127	28,205,128	4,064,001	Sitara Fabrics Limited Associated company by virtue of common directorship 601-602, Business Centre, Mumtaz Hasan Road, Karachi
	31,203,563	3,849,517	27,354,046	31,623,932	4,269,886	Sitara Fabrics Limited Associated company by virtue of common directorship House # 6 Green Village Chak # 204 Faisalabad
Vehicles (Sold by negotiation)	2,770,938	1,489,393	1,281,545	1,451,922	170,377	Ahsan Majeed Khan Ex-Marketing Manager House # 313, N - Block, Phase # 8, Defence Housing Authority, Lahore
2020	124,427,338	27,527,885	96,899,453	95,280,982	(1,618,471)	

Description	Cost	Accumulated depreciation	Written downv alue	Sale proceeds	Gain / (Loss)	Particulars of buyers
Freehold land (Sold by negotiation)	2,477,845	-	2,477,845	3,810,000	1,332,155	Zubair Aslam S/o Muhammad Aslam Sajid House # P-238 Makhai Street Raja Colony Faisalabd
	4,955,690	-	4,955,690	7,620,000	2,664,310	Jamila Akhtar W/o Muhammad Aslam Sajid House # P-238 Makhai Street Raja Colony Faisalabd
	7,433,535	-	7,433,535	11,430,000	3,996,465	Umair Aslam S/o Muhammad Aslam Sajid House # P-238 Makhai Street Raja Colony Faisalabd
	9,911,380	-	9,911,380	15,240,000	5,328,620	Muhammad Imran S/o Muhammad Aslam Sajid House # P-238 Makhai Street Raja Colony Faisalabd
	6,566,290	-	6,566,290	11,430,000	4,863,710	Muhammad Aslam Sajid S/o Haji Fazal Din House # P-238 Makhai Street Raja Colony Faisalabd
	9,911,380	-	9,911,380	15,240,000	5,328,620	Rizwan Aslam S/o Muhammad Aslam Sajid House # P-238 Makhai Street Raja Colony Faisalabd
	9,911,380	-	9,911,380	15,240,000	5,328,620	Irfan Aslam S/o Muhammad Aslam Sajid House # P-238 Makhai Street Raja Colony Faisalabd
Building on freehold land (Sold by negotiation)	90,439,188	-	90,439,188	39,990,000	(50,449,188)	Abaan Enterprises1st Floor, Saddique Plaza,Near Akkas Studio, Circular Road, Faisalabad.

Description	Cost	Accumulated depreciation	Written downv alue	Sale proceeds	Gain / (Loss)	Particulars of buyers
Vehicles (Sold by negotiation)	1,639,810	1,098,746	541,064	600,000	58,936	Mr. Shaukat Ali S/o Ch.Tufail Muhammad Chak no. 65 WB Tehsil & District, Vehari
2019	**143,246,498**	**1,098,746**	**142,147,752**	**120,600,000**	**(21,547,752)**	

11. Investment property

	Freehold land	Building on freehold land	Total
	----------Rupees----------		
At July 01, 2018			
Cost	-	42,400,000	42,400,000
Accumulated depreciation	-	(13,293,460)	(13,293,460)
Net book value	-	29,106,540	29,106,540
Year ended June 30, 2019			
Opening net book value	-	29,106,540	29,106,540
Additions	15,601,160	-	15,601,160
Transferred from non-operating land	463,373,659	-	463,373,659
Disposals during the year	(65,857,400)	-	(65,857,400)
Depreciation charge	-	(2,910,654)	(2,910,654)
Closing net book value	413,117,419	26,195,886	439,313,305
At June 30, 2019			
Cost	413,117,419	42,400,000	455,517,419
Accumulated depreciation	-	(16,204,114)	(16,204,114)
Net book value	413,117,419	26,195,886	439,313,305
At July 01, 2019			
Cost	413,117,419	42,400,000	455,517,419
Accumulated depreciation	-	(16,204,114)	(16,204,114)
Net book value	413,117,419	26,195,886	439,313,305
Year ended June 30, 2020			
Opening net book value	413,117,419	26,195,886	439,313,305
Disposals during the year	(25,407,205)	-	(25,407,205)
Depreciation charge	-	(2,619,589)	(2,619,589)
Closing net book value	387,710,214	23,576,297	411,286,511
At June 30, 2020			
Cost	387,710,214	42,400,000	430,110,214
Accumulated depreciation	-	(18,823,703)	(18,823,703)
	387,710,214	23,576,297	411,286,511
Annual rate of depreciation (%)	-	10	

11.1 This includes land worth Rs. 140.655 million (2019: 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. 723.818 million as at June 27, 2020 (2019: Rs. 703.924 million), valuation has been carried out by independent valuers Anderson consulting private limited. The valuation is based on the unobservable inputs - level 3 classification.

11.3 The forced sale value of investment property is approximately Rs. 615.245 million as at June 30,2020 (2019: Rs. 598.336 miilion).

11.4 Disposal of investment property

Description	Cost	Accumulated depreciation	Written downvalue	Sale proceeds	Gain / (Loss)	Particulars of buyers
Investment property-Land (Sold by negotiation)	12,062,700	-	12,062,700	16,575,000	4,512,300	Muhammad Zahid S/o BashirAhmad House # 175-C Street # 1/1 Raza Town Canal Road Faisalabad
	12,062,700	-	12,062,700	16,575,000	4,512,300	Nazir Nasir S/o Bashir AhmadHouse # 1235 Block # 40 Bismillahpur Samanabad Faisalabad
	648,805	-	648,805	892,000	243,195	Umar Daraz S/o Khalid Mehmood House # 6 Green Village Chak # 204 Faisalabad
	633,000	-	633,000	2,800,000	2,167,000	Rukhsana W/oMuhammad Afzal House # P-20 Asif Street Civil Lines Bilal Road Faisalabad
2020	**25,407,205**	**-**	**25,407,205**	**36,842,000**	**11,434,795**	

Description	Cost	Accumulated depreciation	Written downvalue	Sale proceeds	Gain / (Loss)	Particulars of buyers
Investment property-Land (Sold by negotiation)	1,266,000	-	1,266,000	3,500,000	2,234,000	Mr. Umer Afzal House # P-20,Bilal Road Civil Lines Faisalabad.
	949,500	-	949,500	2,625,000	1,675,500	Ms.Sumbal Umer House # P-20,Bilal Road Civil Lines Faisalabad.
	3,270,450	-	3,270,450	7,000,000	3,729,550	Mr. Amir Afzal House # P-57 A,Bilal Road Civil Lines Faisalabad.
	3,150,547	-	3,150,547	6,125,000	2,974,453	Mr. Yasir Habib House # P-20,Bilal Road Civil Lines Faisalabad.
	1,266,000	-	1,266,000	3,500,000	2,234,000	Mr. Muhammad Afzal House # P-20,Bilal Road Civil Lines Faisalabad.

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Particulars of buyers
	1,266,000	-	1,266,000	3,500,000	2,234,000	Ms.Rukhsana Afzal House # P-20,Bilal Road Civil Lines Faisalabad.
	2,004,568	-	2,004,568	3,500,000	1,495,432	Ms. Ume Habiba House # P-20,Bilal Road Civil Lines Faisalabad.
	3,529,561	-	3,529,561	6,785,000	3,255,439	Muhammad Imran S/o Muhammad Ali Wahla wahla House, Wariach Chowk House #P-65, Khayaban Colony No.2 Faisalabad.
	650,000	-	650,000	1,250,000	600,000	Mr. Mamoor Ijaz S/o Ijaz Ahmad Sheikh Chak no. 213 RB House # 96-97 Saeed Colony No. 1 Faisalabad.
	650,000	-	650,000	1,250,000	600,000	Mr. Mansoor Ijaz S/o Ijaz Ahmad Sheikh Chak no. 213 RB House # 96-97 Saeed Colony No. 1 Faisalabad.
	650,000	-	650,000	1,250,000	600,000	Mr. Amir Ijaz S/o Ijaz Ahmad Sheikh Chak no. 213 RB House # 96-97 Saeed Colony No. 1 Faisalabad.
	26,978,515	-	26,978,515	58,675,000	31,696,485	Sitara Builders (Pvt) Ltd. Sitara Tower, Bilal Road Faisalabad.
	2,818,259	-	2,818,259	5,530,000	2,711,741	Bisharat Aslam S/o Muhammad Aslam House # 547 Jinah colony Block A Faisalabad
	8,184,568	-	8,184,568	16,050,000	7,865,432	Muhammad Imran S/o Muhammad Ali Wahla House # P650 Khayaban Colony No.2 Faisalabad
	1,409,188	-	1,409,188	2,765,000	1,355,812	M/s yasmeen Akhter W/o Muhmood Ul Hassan House # 41 Street # 5 Raza Garden East Canal Road Faisalabad

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Particulars of buyers
	935,238	-	935,238	1,840,000	904,762	M/s Shireen Babar W/o Babar Anwar House # P66 Khizar Street Saeed Colony No. 2 Faisalabad.
	941,567	-	941,567	1,845,000	903,433	Ahmad Babar S/o Babar Anwar House # P66 Khizar Street Saeed Colony No. 2 Faisalabad.
	941,451	-	941,451	1,845,000	903,549	Raza Anwar S/o Babar Anwar House # P66 Khizar Street Saeed Colony No. 2 Faisalabad.
	611,340	-	611,340	1,200,000	588,660	Awais Ahmad House # 17 Khizar Street Susan Road Saeed Colony Faisalabad.
	611,340	-	611,340	1,200,000	588,660	Sania Awais House # 17 Khizar Street Susan Road Saeed Colony Faisalabad.
	611,222	-	611,222	1,200,000	588,778	Adeel Ahmad House # 17 Khizar Street Susan Road Saeed Colony Faisalabad.
	611,222	-	611,222	1,200,000	588,778	Sana Adeel House # 17 Khizar Street Susan Road Saeed Colony Faisalabad.
	1,275,432	-	1,275,432	3,500,000	2,224,568	Hina Ahmad House # J 44 Block Extension Muhala Paradise Valley 1 Faisalabad.
	1,275,432	-	1,275,432	3,500,000	2,224,568	Saima Mansoor House # J 44 Block Extension Muhala Paradise Valley 1 Faisalabad.
2019	**65,857,400**	**-**	**65,857,400**	**140,635,000**	**74,777,600**	

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 foot)
a) Chak # 125 G.B, Tehsil Jaranwala, District Faisalabad.	Plots	332	N/A
b) Chak # 165 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	1379	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	2607	N/A
e) Chak # 198 R.B, Tehsil Faisalabad, District Faisalabad.	Plots	639	N/A
f) Chak # 200 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	6125	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	59.5	N/A
j) Chak # 61 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	1378	N/A
k) Ground floor, Sitara Tower situated at Bilal Square, New Civil Lines, Faisalabad	held for earning rentals	18	5031-61

	2020 Rupees	2019 Rupees
12. Investment in subsidiary		
Sitara International (Private) Limited 4,999,500 (2019: 4,999,500) ordinary shares of Rs. 10/- each fully paid in cash. Ownership interest 99.99% (2019: 99.99%)	49,995,000	49,995,000

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.

		2020 Rupees	2019 Rupees
13.	**Long term loan**		
	Considered good		
	Due from executive	1,000,000	1,000,000

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.

		2020 Rupees	2019 Rupees
14.	**Long term deposits**		
	Security deposits	1,511,200	511,200
15.	**Stores, spares and loose tools**		
	Stores	16,080,806	16,354,063
	Spares	271,300,945	274,456,064
	Loose tools	1,622,223	1,627,997
		289,003,974	292,438,124
	Less: Provision for slow moving and obsolete items	(15,875,078)	(15,875,078)
		273,128,896	276,563,046

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

		Note	2020 Rupees	2019 Rupees
16.	**Stock of oil and lubricants**			
	Furnace oil		13,816,388	18,482,761
	Diesel oil		2,787,524	1,198,792
	Lube oil		2,711,747	2,397,840
	Wastes		69,326	77,326
			19,384,985	22,156,719
17.	**Trade debts**			
	Unsecured			
	Considered good			
	Related parties			
	Sitara Chemtek (Private) Limited	17.1	751,722	1,726,344
	Sitara Fabrics Limited	17.2	55,065,271	84,163,277
			55,816,993	85,889,621
	Others		460,932,677	475,142,965
			516,749,670	561,032,586

17.1 The maximum aggregate amount due from Sitara Chemtek (Private) Limited at the end of any month during the year was Rs. 1,726,344/- (2019: Rs. 2,080,344/-)

17.2 The maximum aggregate amount due from Sitara Fabrics Limited at the end of any month during the year was Rs. 84,230,777/- (2019: Rs. 139,468,141/-)

	Note	2020 Rupees	2019 Rupees
18. Loans and advances			
Considered good			
Loans to staff		108,000	1,102,010
Loan to subsidiary	18.1	620,703,590	620,703,590
Advances			
Income tax		462,505	1,808,678
Suppliers		7,594,508	7,220,957
For purchases / expenses		2,832,116	690,300
Letters of credit fee and expenses		7,970,526	-
		18,859,655	9,719,935
Suppliers - Considered doubtful		5,000,000	-
Less: Provision for doubtful advances		(5,000,000)	-
		-	-
		639,671,245	631,525,535

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 every month during the year is Rs.620,703,590/- (2019: Rs.636,304,750/-)

	Note	2020 Rupees	2019 Rupees
19. Deposits and prepayments			
Considered good			
Deposits			
Security deposit		-	150,000
Guarantee margin		31,375,800	31,375,800
		31,375,800	31,525,800
Prepayments		3,845,795	1,738,671
		35,221,595	33,264,471
20. Other receivables			
Considered good			
Receivable against:			
Sale of investment property		180,423,825	100,338,825
Rent		6,073,519	1,308,407
Others	20.1	35,486,270	-
		221,983,614	101,647,232

20.1 It includes the sale of generators to associate undertaking Sitara Fabrics Limited. The maximum aggregate amount due from Sitara Fabrics Limited at the end of any month during the year was Rs. 35,000,000/-.

	Note	2020 Rupees	2019 Rupees
21. Tax refunds due from government			
Sales tax		90,989,815	133,065,806
Income tax		42,058,989	50,893,455
		133,048,804	183,959,261
22. Cash and bank balances			
Cash in hand		42,045,181	15,986,569
Cash at banks			
In current accounts		232,597,286	198,383,010
		247,642,467	214,369,579
23. Sales - net			
Electricity		1,121,277,820	1,139,146,994
Steam		10,298,340	12,982,174
		1,131,576,160	1,152,129,168
Less: Sales tax		164,417,050	110,220,318
		967,159,110	1,041,908,850
Less: Electricity duty		9,102,882	5,218,250
		958,056,228	1,036,690,600
24. Cost of generation			
Cost of gas, oil and lubricants	24.1	804,505,588	932,829,537
Salaries, wages and benefits		28,352,775	39,128,566
Staff retirement benefits		621,460	1,073,877
Stores, spares and loose tools		9,526,873	26,314,448
Travelling and conveyance		1,544,353	1,527,955
Vehicles running and maintenance		1,392,788	705,994
Insurance		3,438,069	3,984,258
Repairs and maintenance		3,278,087	5,432,228
Entertainment		676,571	1,562,193
Depreciation	10.2	12,012,523	21,433,867
Other		1,035,777	1,386,219
		866,384,864	1,035,379,142
24.1 Cost of gas, oil and lubricants			
Gas		26,115,172	435,083,040
Oil and lubricants		778,390,416	497,746,497
		804,505,588	932,829,537

	Note	2020 Rupees	2019 Rupees
25. Other income			
Income from assets other than financial assets:			
Sale of scrap and waste		603,249	1,447,090
Rental Income		6,347,021	1,671,120
Gain on disposal of Investment property		11,434,795	74,777,600
		18,385,065	77,895,810
26. Operating expenses			
Director's remuneration		15,880,000	16,580,000
Salaries and benefits		14,568,470	29,312,799
Staff retirement benefits		351,021	877,702
Postage and telephone		1,298,432	1,771,667
Vehicles running and maintenance		2,714,676	6,219,063
Travelling and conveyance		892,701	5,405,150
Printing and stationery		1,198,079	1,015,436
Entertainment		1,004,771	2,515,723
Legal and professional		5,584,004	6,542,523
Fee, subscription and periodicals		2,972,783	2,923,554
Rent, rates and taxes		484,906	536,174
Advertisement		96,200	271,628
Insurance		641,644	1,362,038
Auditors' remuneration	26.1	1,299,875	1,299,875
Repairs and maintenance		2,639,503	1,884,728
Donations	26.2	3,110,000	775,000
Depreciation on property, plant and equipment	10.2	5,502,876	6,949,526
Depreciation on investment property	11.1	2,619,589	2,910,654
Utilities		4,848,049	3,697,750
Other		1,046,984	1,559,503
		68,754,563	94,410,493
26.1 Auditors' remuneration			
Audit fee		1,050,000	1,050,000
Fee for the review of half yearly financial information		105,000	105,000
Other Certifications		60,875	60,875
Out of pocket expenses		84,000	84,000
		1,299,875	1,299,875

26.2 The directors or their spouses had no interest in the instituitions/funds to whom donations were made.

	Note	2020 Rupees	2019 Rupees
27. Other operating expenses			
Balances Written off		121,634	-
Loss on disposal of Property, plant and equipment - net		1,618,471	21,547,752
Provision for doubtful advances		5,000,000	
		6,740,105	21,547,752
28. Finance cost			
Interest / mark-up on :			
Liabilities against assets subject to finance lease		-	83,552
Long term financing		5,898,014	3,271,972
Short term bank borrowings		158,944,823	145,730,824
Bank charges and commission		3,891,109	3,635,542
		168,733,946	152,721,890
29. Provision for taxation			
Current			
For the year	29.1	1,613,587	544,487
For prior years		(156,787)	1,793,228
		1,456,800	2,337,715

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 normal tax regime.

	2020 Rupees	2019 Rupees
30. Earnings per share - Basic and diluted		
(Loss) for the year (Rupees)	(135,628,985)	(191,810,582)
Weighted average number of ordinary shares	19,092,000	19,092,000
(Loss) per share - Basic and diluted (Rupees)	(7.10)	(10.05)

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

	2020		2019	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	---------- Rupees ----------			
Remuneration	13,254,545	5,740,718	13,254,545	7,559,345
Medical allowance	1,325,455	574,072	1,325,455	755,935
Perquisites	1,300,000	-	2,000,000	-
Contribution to provident fund	-	120,949	-	122,652
	15,880,000	6,435,739	16,580,000	8,437,932
Number of persons	1	2	1	3

31.1 The Chief Executive Officer and director are entitled to free use of Company maintained cars. One executive is entitled to conveyance facility. The monetary value of these benefits approximates Rs. 989,209/- (2019: Rs. 1,038,642/-). The Directors have 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	2020 Rupees	2019 Rupees
Sitara International (Private) Limited	Subsidiary Company by holding 99.99% shares (2019: 99.99%)	Loan Given	-	11,000,000
		Land purchased	-	15,601,160
Sitara Chemtek (Private) Limited	Associated company by virtue of common directorship	Sale of electricity	-	3,687,920
Sitara Fabrics Limited	Associated company by virtue of common directorship	Sale of electricity and steam	26,055,629	117,361,940
		Sale of gas generators	70,000,000	-
Sitara Energy Limited Staff Provident Fund Trust	Other related party	Contribution for the year	972,481	1,951,579

		2020	2019
33. PLANT CAPACITY AND ACTUAL PRODUCTION			
Number of generators installed		22	25
Number of generators worked		16	15
Installed energy generation capacity (Mega watt hours)		718,057	769,303
Actual energy generation (Mega watt hours)		57,193	69,721
Actual average load (Mega watt)		6.53	7.96

Reasons for low generation:
- Installed generators include four stand by generators and closure of two (2019: six) generators due to major overhauling.
- Adjustment in planned optimum capacity utilisation level.
- Extra capacity for future growth.

		2020	2019
34. DISCLOSURE WITH REGARDS TO PROVIDENT FUND			
Size of the fund	(Rupees)	17,474,250	28,175,867
Cost of investments made	(Rupees)	7,103,435	8,723,435
Percentage of investments made	(% age)	40.65%	30.96%
Fair value of investments	(Rupees)	12,954,857	22,002,437

34.1 The figures for 2020 are based on the un-audited financial statements of the provident fund. Investment has been made in Defense Saving Certificates and mutual fund in accordance with the provisions of section 218 of the Companies Act 2017 and conditions specified thereunder.

	2020	2019
35. NUMBER OF EMPLOYEES		
Total number of employees as at June 30,	113	106
Average number of employees during the year	102	139

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.

	2020 Rupees	2019 Rupees
36.1 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets at amortised cost:		
Deposits	31,375,800	31,525,800
Trade debts	516,749,670	561,032,586
Loans and advances	620,811,590	621,805,600
Other receivables	221,983,614	101,647,232
Cash and bank balances	274,642,467	214,369,579
	1,665,563,141	1,530,380,797
Financial liabilities at amortised cost:		
Long term financing	29,166,665	41,666,666
Trade and other payables	539,532,736	627,140,937
Interest / markup payable	221,382,158	75,875,863
Short term bank borrowings	1,013,750,876	982,313,899
	1,803,832,435	1,726,997,365

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 76% (2019: 75%) of total receivables. The maximum exposure to credit risk at the reporting date is as follows:

	2020 Rupees	2019 Rupees
Deposits	31,375,800	31,525,800
Trade debts	516,749,670	561,032,586
Loans and advances	620,811,590	621,805,600
Other receivables	221,983,614	101,647,232
Bank balances	232,597,286	198,383,010
	1,623,517,960	1,514,394,228

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:

	2020 Rupees	2019 Rupees
Sitara Chemical Industries Limited	80,848,783	107,456,358
Sitara Peroxide Limited	158,138,901	171,786,486
Sitara Spinning Mills Limited	184,720,500	144,184,634
Other industrial users	93,041,486	137,605,108
	516,749,670	561,032,586

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

	2020 Rupees	2019 Rupees
Not past due	203,034,265	122,596,310
Past due		
4 to 6 months	38,136,192	81,024,393
7 to 12 months	132,028,716	245,308,476
More than 1 year	143,550,497	112,103,407
	313,715,405	438,436,276
	516,749,670	561,032,586
Not past due		
Related parties	20,651,854	20,105,502
Others	182,382,411	102,490,808
	203,034,265	122,596,310
Past due		
Related parties	35,165,139	65,784,119
Others	278,550,266	372,652,157
	313,715,405	438,436,276
	516,749,670	561,032,586

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 / leasing company 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, 2020 and 2019:

	2020				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve moths	Two to five years
	---------- Rupees in thousand ----------				
Financial liabilities:					
Long term financing	29,167	35,251	20,160	10,739	4,352
Trade and other payables	539,533	539,533	539,533	-	-
Short term bank borrowings	1,013,751	1,507,227	422,616	1,084,611	-
	1,582,451	2,082,011	982,309	1,095,350	4,352

	2019				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve moths	Two to five years
	---------- Rupees in thousand ----------				
Financial liabilities:					
Long term financing	41,667	50,801	15,531	11,364	23,906
Trade and other payables	627,141	627,141	627,141	-	-
Short term bank borrowings	982,314	1,144,838	237,884	906,954	-
	1,651,122	1,822,780	880,556	918,318	23,906

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.1,146 million (2019: 959.361 million) and unavailed short term borrowing facilities of Rs. 560.249 million (2019: Rs. 591.686 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.
nterest 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 Rs.10.33 million (2019: Rs. 10.42 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 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 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 ('liabilities against assets subject to finance lease' 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).

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

	Note	2020 Rupees	2019 Rupees
Total Debt	5 & 8	1,042,917,541	1,023,980,565
Less: Cash and cash equivalents	22	274,642,467	214,369,579
Net Debt		768,275,074	809,610,986
Total equity		1,545,613,365	1,681,242,350
Total capital		2,313,888,439	2,490,853,336
Gearing ratio		33.20%	32.50%

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 01, 2020.

38. GENERAL

38.1 COVID-19:

The pandemic of COVID-19 that has spread all over the world has adversely impacted the global economy. On March 23, 2020, the Government of Pakistan announced a temporary lock down as a measure to reduce the spread of COVID-19. The management has evaluated and concluded that there are no material implications of COVID-19, that require specific disclosure in the financial statements.

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

Consolidated Financial Statements

Directors Report on Consolidated Financial Statements

The Board of Directors have pleasure in presenting the Audited Financial Statements of Sitara Energy Limited (the Parent) and Sitara International (Pvt.) Limited (the Subsidiary) for the year ended June 30, 2020.

The Parent Company holds 99.99% shares in the subsidiary which is trading in commodities.

The consolidated financials are as follows:

	30.06.2020	30.06.2019
	Rupees in thousands	
Sales - net	958,056	1,085,210
Gross Profit	91,671	3,831
(Loss) / Profit before taxation	(130,762)	(187,207)
(Loss) / Profit after taxation	(132,219)	(190,203)
(Loss) / Earning per share	(6.85)	(9.81)

by order of the Board

October 01, 2020
Faisalabad

JAVED IQBAL
Chief Executive Officer

ڈائریکٹرز رپورٹ مجموعی مالیاتی گوشوارے

بورڈ آف ڈائریکٹرز ستارہ انرجی لمیٹڈ (پیرنٹ) اور ستارہ انٹرنیشنل لمیٹڈ (سبسڈیری) ختم ہونے والے مالی سال 30 جون 2020 کے مجموعی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے آپ کی کمپنی سبسڈیری کمپنی کے 99.99% شیئرز کی ملکیت رکھتی ہے جو کہ تجارتی کے سامان/مشینری اور رئیل اسٹیٹ کے کاروبار سے منسلک ہے۔

مالیاتی گوشواروں برائے مالی سال 30 جون 2020ء اور 30 جون 2019ء کی تفصیلات درج ذیل ہیں۔

تفصیل	30 جون 2020ء	30 جون 2019ء
	پاکستانی روپے ہزاروں میں	
فروخت - نٹ	958,056	1,085,210
مجموعی منافع	91,671	3,831
ٹیکسیشن سے قبل (نقصان)	(130,762)	(187,207)
سال کے (نقصان)	(132,219)	(190,203)
فی شیئر (نقصان) Parent میں قابل وصف حصہ (روپے)	(6.85)	(9.81)

بحکم بورڈ

جاوید اقبال
چیف ایگزیکٹو آفیسر

11 اکتوبر 2020ء
فیصل آباد

INDEPENDENT AUDITORS 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 2020, 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 2020, 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:

Key Audit Matters	How our audit addressed the key audit matter
Contingencies	
Refer to note 10 to the financial statements. 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 Honourable Supreme Court of Pakistan, Honorable Lahore High Court Lahore and High Court of Sindh and Appellate Tribunal Inland Revenue (ATIR). 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.	In this respect, we performed following audit procedures: • Obtained and reviewed details of the pending litigations and discussed the same with the Company's management; • Reviewed judgments of the courts and assessment orders passed by the tax authorities in relation to the issues involved; • Obtained confirmations from the Company's external legal and tax counsels for their views on legal cases;

Key Audit Matters	How our audit addressed the key audit matter
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.	• 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 • Reviewed disclosures made in respect of these litigations in the financial statements.

Information Other than the Consolidated Financial Statements and Auditors Report Thereon

Management is responsible for other information. The other information comprises information 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 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 is responsible for overseeing the Group's financial reporting process.

Auditors 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 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: October 07, 2020

Consolidated Statement of Financial Position as at June 30, 2020

	Note	2020 Rupees	2019 Rupees
SHARE CAPITAL AND RESERVES			
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each.		300,000,000	300,000,000
Issued, subscribed and paid up capital	4	190,920,000	190,920,000
Capital reserve - share premium		143,190,000	143,190,000
Revenue reserves	5	1,215,576,297	1,347,795,237
		1,549,686,297	1,681,905,237
Non-controlling interest		7,633	7,292
		1,549,693,930	1,681,912,529
NON-CURRENT LIABILITIES			
Long term financing	6	4,166,665	20,833,332
CURRENT LIABILITIES			
Trade and other payables	7	550,128,695	633,399,868
Unclaimed dividend		3,702,824	3,702,824
Interest/ mark up payable	8	221,382,158	75,875,863
Short term bank borrowings	9	1,013,750,876	982,313,899
Current portion of:			
Long term financing		25,000,000	20,833,334
Provision for taxation - income tax	30	1,613,587	1,201,973
		1,815,578,140	1,717,327,761
CONTINGENCIES AND COMMITMENTS	10	-	-
		3,369,438,735	3,420,073,622

	Note	2020 Rupees	2019 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	11	786,588,642	902,369,956
Investment Property	12	411,286,511	439,313,305
Long term loan	13	1,000,000	1,000,000
Long term deposits	14	1,511,200	511,200
		1,200,386,353	1,343,194,461
CURRENT ASSETS			
Stores, spares and loose tools	15	273,128,896	276,563,046
Stocks	16	429,522,385	432,294,119
Investment property	17	66,975,000	63,403,000
Trade debts	18	516,749,670	561,032,586
Loans and advances	19	208,237,030	201,471,320
Deposits and prepayments	20	35,221,595	33,264,471
Other receivables	21	221,983,614	101,647,232
Tax refunds due from Government	22	134,923,161	185,111,105
Cash and bank balances	23	282,311,030	222,092,282
		2,169,052,382	2,076,879,161
		3,369,438,735	3,420,073,622

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

Consolidated Statement of Profit or Loss Account for the Year Ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales - net	24	958,056,228	1,085,209,600
Cost of generation	25	866,384,864	1,081,379,142
Gross profit		91,671,364	3,830,458
Other income	26	21,957,065	77,895,810
		113,628,429	81,726,268
Operating expenses	27	68,916,177	94,663,987
Other operating expenses	28	6,740,105	21,547,752
Finance cost	29	168,733,946	152,721,966
		244,390,228	268,933,705
(Loss) for the year before taxation		(130,761,799)	(187,207,437)
Provision for taxation	30	1,456,800	2,995,201
(Loss) for the year		(132,218,599)	(190,202,638)
Attributable to:			
Shareholders of the Parent		(132,218,940)	(190,202,799)
Non-controlling interest		341	161
		(132,218,599)	(190,202,638)
(Loss) per share - Basic and diluted			
Attributable to the shareholders of the Parent	31	(6.85)	(9.81)

The annexed notes 1 to 39 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, 2020

	2020 Rupees	2019 Rupees
(Loss) for the year	(132,218,599)	(190,202,638)
Other comprehensive income for the year	-	-
Total comprehensive (Loss) for the year	(132,218,599)	(190,202,638)
Attributable to:		
Shareholders of the Parent	(132,218,940)	(190,202,799)
Non-controlling interest	341	161
	(132,218,599)	(190,202,638)

The annexed notes 1 to 39 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, 2020

	2020 Rupees	2019 Rupees
(a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) for the year before taxation	(130,761,799)	(187,207,437)
Adjustments for:		
Increase in fair value of investment property	(3,572,000)	-
Depreciation of property, plant and equipment	17,517,873	28,386,142
Depreciation of investment property	2,619,589	2,910,654
Provision for staff retirement benefits	972,481	1,951,579
Provision for doubtful advances	5,000,000	-
Loss / (Gain) on disposal of		
Property, plant and equipment - net	1,618,471	21,547,752
Investment property	(11,434,795)	(74,777,600)
Balances written off	121,634	-
Finance cost	168,733,946	152,721,966
Operating cash flows before working capital changes	50,815,400	(54,466,944)
Changes in working capital		
Decrease / (Increase) in current assets		
Stores, spares and loose tools	3,326,150	3,696,105
Stocks	2,771,734	10,822,112
Trade debts	44,282,916	194,525,370
Loans and advances	(14,491,883)	8,296,166
Deposits and prepayments	(1,957,124)	2,803,557
Other receivables	(120,336,382)	44,658,233
Tax refunds due from government	42,075,992	(26,759,096)
(Decrease) in current liabilities		
Trade and other payables	(83,115,842)	(82,260,162)
	(127,444,439)	155,782,285
Cash (used in) / generated from operating activities	(76,629,039)	101,315,341
Income tax refund received / (paid) - net	9,792,938	(3,188,678)
Staff retirement benefits paid	(1,249,446)	(1,933,058)
Finance cost paid	(23,227,651)	(106,486,793)
Net cash (used in) operating activities	(91,313,198)	(10,293,188)

Consolidated Statement of Cash Flows for the Year Ended June 30, 2020

	2020 Rupees	2019 Rupees
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of :		
Property, plant and equipment	95,280,982	120,600,000
Investment property	36,842,000	92,180,000
Advance against purchase of vehicle	(7,000,000)	-
Recovery of advances given for purchase of land	8,471,988	-
Increase in long term deposits	(1,000,000)	-
Net cash generated from investing activities	132,594,970	212,780,000
(c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Liabilities against assets subject to finance lease	-	(2,460,908)
Increase / (Decrease) in short term bank borrowings - net	18,936,976	(34,346,783)
Dividend paid	-	(5,117)
Net cash generated from / (used in) financing activities	18,936,976	(36,812,808)
Net increase / (decrease) in cash and cash equivalents (a+b+c)	60,218,748	165,674,004
Cash and cash equivalents at the beginning of the year	222,092,282	56,418,278
Cash and cash equivalents at the end of the year	282,311,030	222,092,282

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

Consolidated Statement of Changes In Equity for the Year Ended June 30, 2019

	Capital and reserves						Non-Controlling Interest
	Issued, subscribed and paid up capital	Capital Reserve	Revenue Reserves			Total	
		Share Premium	General Reserve	Unapropriated profit	Sub total		
	---------- Rupees ----------						
Balance as at July 01, 2018	190,920,000	143,190,000	970,000,000	567,998,036	1,537,998,036	1,872,108,036	7,131
Total comprehensive income for the year							
(Loss) for the year	-	-	-	(190,202,799)	(190,202,799)	(190,202,799)	161
Comprehensive income	-	-	-	-	-	-	-
	-	-	-	(190,202,799)	(190,202,799)	(190,202,799)	161
Balance as at June 30, 2019	190,920,000	143,190,000	970,000,000	377,795,237	1,347,795,237	1,681,905,237	7,292
Total comprehensive (loss) for the year							
(Loss) for the year	-	-	-	(132,218,940)	(132,218,940)	(132,218,940)	341
Comprehensive income	-	-	-	-	-	-	-
	-	-	-	(132,218,940)	(132,218,940)	(132,218,940)	341
Balance as at June 30, 2020	190,920,000	143,190,000	970,000,000	245,576,297	1,215,576,297	1,549,686,297	7,633

The annexed notes 1 to 39 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, 2020

1. GROUP STATUS AND ACTIVITIES

1.1 The Group consists of Sitara Energy Limited (the Parent) and Sitara International (Private) Limited (the 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. Sheikhupura 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 activities of the Subsidiary are 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 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 Parent has suffered loss of Rs. 132.22 million during the year, energy generation decreased as compared to last 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 Parent's ability to continue as a going concern and, therefore the Parent may not be able to realize its assets and discharge its liabilities in the normal course of business.

The Parent suffered losses in the earlier years as well as during the current year. However, fuel prices has started to decline in the recent periods and are likely to remain at the existing level in the foreseeable future. The management is making efforts to add customers for better utilisation of production facilities. The modalities and terms and conditions are under negotiation. The management has decided to implement a multi-faced plan to improve the financial and operational conditions.

The action steps and their impact is as under:

- The management of the Parent company has curtailed its operating expenses without affecting the operational efficiency of the company.

- All out efforts are being made by the management to dispose off the non-core assets of Parents such as investment property (Land) and reduce the borrowing and consequent financial charges. As the value of investment property is reasonably appreciating, the management is hopefull that the disposal will contribute significant funds to reduce the finance cost burden.

- The Parent management is also making efforts to re-negotiate terms of loan with the lenders. The lenders of the company are fully cooperative and considering restructuring/rescheduling of the credit facilities at concessional markup rate. SBP policy rate is also a favourable factor in the lowering of

All these factors indicate 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.

Non-controlling interest 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

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 Group for the periods beginning on or after July 01, 2019 and therefore, have been applied in preparing these financial statements.

- **Amendments to IFRS 9 Prepayment Features with Negative Compensation**

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

The application of amendments has no material impact on the group's financial statements.

- **Amendments to IAS 19 Employee Benefits on plan amendment, curtailment or settlement,**

These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The change in the effect of the asset ceiling that may result from the plan amendment in determined in a second step and is recognised in the normal manner in comprehensive income.

The standard requires to use updated assumptions from re-measurement to determine current service cash and net interest from the remainder of the reporting period after the change in the plan.

The application of amendments has no material impact on the group's financial statements.

- **IFRIC 23 Uncertainty over Income Tax Treatments:**

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires to:

- Determine whether uncertain tax positions are assessed separately or as a group; and
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, determine accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - If no, reflect the effect of uncertainty in determining accounting tax position using either the most likely amount or the expected value method

The application of IFRIC has no material impact on the group's financial statements.

- **Annual improvements to IFRS - Standard 2015-2017 Cycle**

The Annual Improvements include amendments to the following Standards:

- **IAS 12 Income**

  The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits.

The application of amendments has no material impact on the group'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 Group beginning on or after July 01, 2019 but are considered not to be relevant to the Group'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, 2020 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these financial statements, except for the following:

- **Amendments to IAS 1 and IAS 8 -**

The amendments are made to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make ont he basis of those financial statements.

The concept of "observing" material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from "Could influence" to "Could reasonably be expected to influence".

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments are effective for accounting period beginning on or after 1 January, 2020.

The application of amendments is not expected to have a significant impact on the group's financial statements.

- **Amendments to IFRS 3 - Definition of a Business**

The amendments relates to the definition of a "business" in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not.

The amendments clarify that to be considered a "business", an integrated set of activities and assets must indude, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and asset is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in single identifiable asset or group of similar assets.

The amendments are applicable to transactions that are either business combinations or asset acquisitions. The amendments are effective for reporting periods beginning on or after 1 January 2020.

The application of amendments is not expected to have any effect on the group's financial statements.

- **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest**

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

The amendments are effective for reporting periods starting on or after 01 January 2020.

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

- **The Amendments to References to the Conceptual Framework for Financial Reporting**

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

IASB has also issued amendments to References to the conceptual framework in IFRS,s. The amendments are intended to replace reference to a previous version of the IASB,s conceptual framework with a reference to the current version.

The amendments are effective for accounting periods beginning on or after 1 January 2020.

The application of amendments is not expected to have any material impact on the group'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 Group'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" except short term investment property and investments which are stated at their fair values.

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.

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.

Short term investment property, is property held to earn rentals or for capital appreciation or both, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in statement of profit or loss for the period in which they arise.

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 re payment 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.

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 methodblogy 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.

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 impairment of investments in subsidiary, contingencies, investment property valuation, 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

2019	2020		**2020**	2019
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

4.1 656,000 (2019: 656,000) shares are held by an associated undertaking - Sitara Fabrics Limited.

	Note	**2020**	2019
		Rupees	Rupees
5. Revenue reserves			
General reserve	5.1	970,000,000	970,000,000
Unappropriated profit			
Opening balance		377,795,237	567,998,036
Total comprehensive loss for the year		(132,218,940)	(190,202,799)
		245,576,297	377,795,237
		1,215,576,297	1,347,795,237

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

	Note	2020 Rupees	2019 Rupees
6. Long term financing			
Secured			
From banking company			
Under mark up arrangements			
Demand finance I	6.1	29,166,665	41,666,666
Less: Current portion			
Installments due		(8,333,333)	(4,166,667)
Payable within one year		(16,666,667)	(16,666,667)
		(25,000,000)	(20,833,334)
		4,166,665	20,833,332

6.1 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 September 30, 2021. It is 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 15.39% to 18.06% per annum. (2019: 14.75% to 15.33% per anum)

	Note	2020 Rupees	2019 Rupees
7. Trade and other payables			
Creditors		449,849,268	556,688,097
Accrued liabilities		90,155,333	70,984,705
Provident fund - related party		152,290	429,255
Withholding taxes		9,275,869	4,766,876
Other		695,935	530,935
		550,128,695	633,399,868
8. Interest / mark up payable			
Interest / mark up on secured:			
Long term financing		1,087,462	1,599,499
Short term bank borrowings		220,294,696	74,276,364
		221,382,158	75,875,863
9. Short term bank borrowings			
Secured - under mark up arrangements			
Morabaha finance I	9.2	114,000,000	114,000,000
Term finance	9.3	100,000,000	199,959,892
Running finances	9.4	799,750,876	668,354,007
		1,013,750,876	982,313,899

9.1 The aggregate unavailed short term financing facilities available to the Parent are Rs. 560.249 million (2019: Rs. 591.686 million). Total availed limits are Rs. 1,014 million out of which Rs. 913.75 million are expired and renewable.

9.2 It is subject to mark up at the rate of 6 months KIBOR plus 2.75% per annum (2019: 6 months KIBOR plus 2.75% per annum) payable quarterly in arrears. It is secured against first charge over fixed assets of the Parent 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 Parent ranking pari passu with the charges created in respect of short term term finance (Refer Note 9.3) and running finances (Refer Note 9.4) and personal guarantees of directors of the Parent.

Effective mark up rate charged during the year ranges from 10.84% to 13.60% per annum (2019: 8.67% to 13.61% per annum).

9.3 It is subject to mark up at the rate of 1 month KIBOR plus 2.5% per annum (2019: 1 month KIBOR plus 2.5% per annum). It is secured against first joint pari passu charge over current assets of the Parent ranking pari passu with the charges created in respect of morabaha finance-I (Refer Note 9.2) and running finances (Refer Note 9.4) and by personal guarantee of directors of the Parent.

Effective mark up rate charged during the year ranges from 10.83% to 16.31% per annum (2019: 9.42% to 15.30% 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 (2019: 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 Parent ranking pari passu with the charges created in respect of morabaha finance-I (Refer Note 9.2) and short term finance (Refer Note 9.3), first charge over fixed assets of the Parent 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 parent. These are also secured by personal guarantee of three directors of the Parent.

Effective mark up rate charged during the year ranges from 13.22% to 16.61% per annum (2019: 8.92% to 13.88% 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. 154,809,000/- (2019 : Rs. 155,809,000/-)

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/- (2019 : 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.137,952,501/- (2019 : Rs. 137,952,501/-) not acknowledged by Parent. The Parent 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. Present interim order of first installment has been granted. Based on the opinion of the legal advisor there is every possibility that the petition may be decided in favour of the Parent company to the extent of total amount of arrears. The Honorable Supreme Court of Pakistan has passed a judgement subsequently on August 13, 2020 holding that GIDC is payable in 24 installments without late payment surcharge (2019 : LPS - Rs. 208,501,487). The Parent company has filed a revision petition before the Honorable Supreme Court of Pakistan.

In view of the above pending appeal/revision 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 ordered to recover excess amount. Being aggrieved by the orders Parent filed review petition before NEPRA which was dismissed by the Authority. The Parent file d 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/- (2019: 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.

		2020 Rupees	2019 Rupees
10.2	**Commitments**		
10.2.1	Under agreement for purchase of land	-	69,000,000

	Note	2020 Rupees	2019 Rupees
11. Property, plant and equipment			
Operating assets			
Advance for purchase of land	10.1	763,088,642	877,397,968
Advance for purchase of vehicle		16,500,000	24,971,988
		7,000,000	-
		786,588,642	902,369,956

11.1 Operating assets

	Note	Company owned											Assets subject to finance lease		
		Freehold land	Building on freehold land	Plant and machinery	Electric Installations	Factory equipment	Electric Appliances	Furniture and fixtures	Office equipment	Arms and ammunitions	Vehicles	Sub total	Vehicles	Sub total	Total
								Rupees							
At July 01, 2018															
Cost		40,772,399	227,631,323	1,845,145,556	169,920,812	4,297,647	10,575,556	6,802,670	15,770,183	29,625	48,122,879	2,369,068,650	9,688,145	9,688,145	2,378,756,795
Accumulated depreciation		-	(166,443,029)	(1,133,632,095)	(118,551,047)	(3,551,975)	(6,633,161)	(4,390,718)	(11,300,081)	(21,538)	(23,808,404)	(1,468,332,048)	(4,099,573)	(4,099,573)	(1,472,431,621)
Net book value		40,772,399	61,188,294	711,513,461	51,369,765	745,672	3,942,395	2,411,952	4,470,102	8,087	24,314,475	900,736,602	5,588,572	5,588,572	906,325,174
Year ended June 30, 2019															
Opening net book value		40,772,399	61,188,294	711,513,461	51,369,765	745,672	3,942,395	2,411,952	4,470,102	8,087	24,314,475	900,736,602	5,588,572	5,588,572	906,325,174
Transfer from Capital work in progress		51,167,500	90,439,188	-	-	-	-	-	-	-	-	141,606,688	-	-	141,606,688
Transferred from leasehold to owned assets															
Cost		-	-	-	-	-	-	-	-	-	9,688,145	9,688,145	(9,688,145)	(9,688,145)	-
Accumulated depreciation		-	-	-	-	-	-	-	-	-	(4,848,318)	(4,848,318)	4,848,318	4,848,318	-
		-	-	-	-	-	-	-	-	-	4,839,827	4,839,827	(4,839,827)	(4,839,827)	-
Disposals:															
Cost		(51,167,500)	(90,439,188)	-	-	-	-	-	-	-	(1,639,810)	(143,246,498)	-	-	(143,246,498)
Accumulated depreciation		-	-	-	-	-	-	-	-	-	1,098,746	1,098,746	-	-	1,098,746
		(51,167,500)	(90,439,188)	-	-	-	-	-	-	-	(541,064)	(142,147,752)	-	-	(142,147,752)
Depreciation charge		-	(6,118,829)	(10,103,494)	(5,136,977)	(745,67)	(394,240)	(241,195)	(447,011)	(809)	(5,120,275)	(27,637,397)	(748,745)	(748,745)	(28,386,142)
Closing net book value		40,772,399	55,069,465	701,409,967	46,232,788	671,105	3,548,155	2,170,757	4,023,091	7,278	23,492,963	877,397,968	-	-	877,397,968
At June 30, 2019															
Cost		40,772,399	227,631,323	1,845,145,556	169,920,812	4,297,647	10,575,556	6,802,670	15,770,183	29,625	56,171,214	2,377,116,985	-	-	2,377,116,985
Accumulated depreciation		-	(172,561,858)	(1,143,735,589)	(123,688,024)	(3,626,542)	(7,027,401)	(4,631,913)	(11,747,092)	(22,347)	(32,678,251)	(1,499,719,017)	-	-	(1,499,719,017)
Net book value		40,772,399	55,069,465	701,409,967	46,232,788	671,105	3,548,155	2,170,757	4,023,091	7,278	23,492,963	877,397,968	-	-	877,397,968
At July 01, 2019															
Cost		40,772,399	227,631,323	1,845,145,556	169,920,812	4,297,647	10,575,556	6,802,670	15,770,183	29,625	56,171,214	2,377,116,985	-	-	2,377,116,985
Accumulated depreciation		-	(172,561,858)	(1,143,735,589)	(123,688,024)	(3,626,542)	(7,027,401)	(4,631,913)	(11,747,092)	(22,347)	(32,678,251)	(1,499,719,017)	-	-	(1,499,719,017)
Net book value		40,772,399	55,069,465	701,409,967	46,232,788	671,105	3,548,155	2,170,757	4,023,091	7,278	23,492,963	877,397,968	-	-	877,397,968
Year ended June 30, 2020															
Opening net book value		40,772,399	55,069,465	701,409,967	46,232,788	671,105	3,548,155	2,170,757	4,023,091	7,278	23,492,963	877,397,968	-	-	877,397,968
Additions		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals:		-	-	-	-	-	-	-	108,000	-	-	108,000	-	-	108,000
Cost		-	-	(121,656,400)	-	-	-	-	-	-	(2,770,938)	(124,427,338)	-	-	(124,427,338)
Accumulated depreciation		-	-	26,038,492	-	-	-	-	-	-	1,489,393	27,527,885	-	-	27,527,885
		-	-	(95,617,908)	-	-	-	-	-	-	(1,281,545)	(96,899,453)	-	-	(96,899,453)
Depreciation Charge			(5,506,947)	(1,815,186)	(4,623,279)	(67,111)	(354,816)	(217,076)	(405,010)	(728)	(4,527,720)	(17,517,873)	-	-	(17,517,873)
Closing net book value		40,772,399	49,562,518	603,976,873	41,609,509	603,994	3,193,339	1,953,681	3,726,081	6,550	17,683,698	763,088,642	-	-	763,088,642
At June 30, 2020															
Cost		40,772,399	227,631,323	1,723,489,156	169,920,812	4,297,647	10,575,556	6,802,670	15,878,183	29,625	53,400,276	2,252,797,647	-	-	2,252,797,647
Accumulated depreciation		-	(178,068,805)	(1,119,512,283)	(128,311,303)	(3,693,653)	(7,382,217)	(4,848,989)	(12,152,102)	(23,075)	(35,716,578)	(1,489,709,005)	-	-	(1,489,709,005)
Net book value		40,772,399	49,562,518	603,976,873	41,609,509	603,994	3,193,339	1,953,681	3,726,081	6,550	17,683,698	763,088,642	-	-	763,088,642
Annual rate of depreciation (%)		-	10	-	10	10	10	10	10		20		20		

	Note	2020 Rupees	2019 Rupees
11.2 Depreciation for the year has been allocated as under:			
Cost of generation	25.1	12,012,523	21,433,867
Operating expenses	27	5,505,350	6,952,275
		17,517,873	28,386,142

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	9210
c)	Office # 606 and 608, Sixth Floor Business Centre, Mumtaz Hasan Road, Karachi, 74000.	Office	2.24	610.95
d)	318, 3rd Floor Siddique Trade Centre, Main Boulevard, Gulberg, Lahore.	Office	3	818

11.4 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Particulars of buyers
Plant and machinery	55,443,347	11,320,612	44,122,735	34,000,000	(10,122,735)	Sitara Spinning Mills Limited 601-602 Business Centre, Mumtaz Hasan Road, Karachi
(Sold by negotiation)	35,009,490	10,868,363	24,141,127	28,205,128	4,064,001	Sitara Fabrics Limited Associated company by virtue of common directorship 601-602, Business Centre, Mumtaz Hasan Road, Karachi
	31,203,563	3,849,517	27,354,046	31,623,932	4,269,886	Sitara Fabrics Limited Associated company by virtue of common directorship 601-602, Business Centre, Mumtaz Hasan Road, Karachi
Vehicles	2,770,938	1,489,393	1,281,545	1,451,922	170,377	Ahsan Majeed Khan Ex-Marketing Manager House # 313, N - Block, Phase #8, Defence Housing Authority, Lahore
(Sold by negotiation)						
2020	**124,427,338**	**27,527,885**	**96,899,453**	**95,280,982**	**(1,618,471)**	

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Particulars of buyers
Freehold land (Sold by negotiation)	2,477,845	-	2,477,845	3,810,000	1,332,155	Zubair Aslam S/o Muhammad Aslam Sajid House # P-238 Makhai Street Raja Colony Faisalabd
	4,955,690	-	4,955,690	7,620,000	2,664,310	Jamila Akhtar W/o Muhammad Aslam Sajid House # P-238 Makhai Street Raja Colony Faisalabd
	7,433,535	-	7,433,535	11,430,000	3,996,465	Umair Aslam S/o Muhammad Aslam Sajid House # P-238 Makhai Street Raja Colony Faisalabd
	9,911,380	-	9,911,380	15,240,000	5,328,620	Muhammad Imran S/o Muhammad Aslam Sajd House # P-238 Makhai Street Raja Colony Faisalabd
	6,566,290	-	6,566,290	11,430,000	4,863,710	Muhammad Aslam Sajd S/o Haji Fazal Din House # P-238 Makhai Street Raja Colony Faisalabd
	9,911,380	-	9,911,380	15,240,000	5,328,620	Rizwan Aslam S/o Muhammad Aslam Sajid House # P-238 Makhai Street Raja Colony Faisalabd
	9,911,380	-	9,911,380	15,240,000	5,328,620	Ifan Aslam S/o Muhammad Aslam Sajid House # P-238 Makhai Street Raja Colony Faisalabd
Building on freehold land (Sold by negotiation)	90,439,188	-	90,439,188	39,990,000	(50,449,188)	Abaan Enterprises 1st Floor, Saddique Plaza ,Near Akkas Studio, Circular Road, Faisalabad.
Vehicles (Sold by negotiation)	1,639,810	1,098,746	541,064	600,000	58,936	Mr. Shaukat Ali S/o Ch.Tufail Muhammad Chak no. 65 WB Tehsil & District , Vehari
2019	**143,246,498**	**1,098,746**	**142,147,752**	**120,600,000**	**(21,547,752)**	

12. Investment property

	Freehold land	Building on freehold land	Total
	---------- Rupees ----------		
At July 01, 2018			
Cost	-	42,400,000	42,400,000
Accumulated depreciation	-	(13,293,460)	(13,293,460)
Net book value	-	29,106,540	29,106,540
Year ended June 30, 2019			
Opening net book value	-	29,106,540	29,106,540
Additions	15,601,160	-	15,601,160
Transferred from non-operating land	463,373,659	-	463,373,659
Disposals during the year	(65,857,400)	-	(65,857,400)
Depreciation charge	-	(2,910,654)	(2,910,654)
Closing net book value	413,117,419	26,195,886	439,313,305
At June 30, 2019			
Cost	413,117,419	42,400,000	455,517,419
Accumulated depreciation	-	(16,204,114)	(16,204,114)
Net book value	413,117,419	26,195,886	439,313,305
At July 01, 2019			
Cost	413,117,419	42,400,000	455,517,419
Accumulated depreciation	-	(16,204,114)	(16,204,114)
Net book value	413,117,419	26,195,886	439,313,305
Year ended June 30, 2020			
Opening net book value	413,117,419	26,195,886	439,313,305
Disposals during the year	(25,407,205)	-	(25,407,205)
Depreciation charge	-	(2,619,589)	(2,619,589)
Closing net book value	387,710,214	23,576,297	411,286,511
At June 30, 2020			
Cost	387,710,214	42,400,000	430,110,214
Accumulated depreciation	-	(18,823,703)	(18,823,703)
	387,710,214	23,576,297	411,286,511
Annual rate of depreciation (%)	-	10	

12.1 This includes land worth Rs. 140.655 million (2019: Rs. 140.655 million) not in the name of the Parent. 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 Parent are pending.

12.2 The fair value of investment property is approximately Rs. 723.818 million as at June 27, 2020 (2019: Rs. 703.924 million), valuation has been carried out by independent valuers Anderson consulting private limited. The valuation is based on the unobservable inputs - level 3 classification.

12.3 The forced sale value of investment property is approximately Rs. 615.245 million as at June 30, 2020 (2019: Rs. 598.336 million).

12.4 Disposal of investment property

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Particulars of buyers
Investment Property- Land (Sold by negotiation)	12,062,700	-	12,062,700	16,575,000	4,512,300	Muhammad Zahid S/o Bashir Ahmad House # 175-C Street # 1/1 Raza Town Canal Road Faisalabad
	12,062,700	-	12,062,700	16,575,000	4,512,300	Nazir Nasir S/o Bashir Ahmad House # 1235 Block # 40 Bismillahpur Samanabad
	648,805	-	648,805	892,000	243,195	Umar Daraz S/o Khalid Mehmood House # 6 Green Village Chak# 204 Faisalabad
	633,000	-	633,000	2,800,000	2,167,000	Rukhsana W/o Muhammad Afzal House # P-20 Asif Street Civil Lines Bilal Road Faisalabad
2020	**25,407,205**	**-**	**25,407,205**	**36,842,000**	**1,174,565,437**	

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Particulars of buyers
Investment Property - Land (Sold by negotiation)	1,266,000	-	1,266,000	3,500,000	2,234,000	Mr.Umer Afzal House # P-20,Bilal Road Civil Lines Faisalabad.
	949,500	-	949,500	2,625,000	1,675,500	Ms.Sumbal Umer House # P-20,Bilal Road Civil Lines Faisalabad.
	3,270,450	-	3,270,450	7,000,000	3,729,550	Mr.Amir Afzal House # P-57 A,Bilal Road Civil Lines Faisalabad.
	3,150,547	-	3,150,547	6,125,000	2,974,453	Mr.Yasir Habib House # P-20,Bilal Road Civil Lines Faisalabad.
	1,266,000	-	1,266,000	3,500,000	2,234,000	Mr. Muhammad Afzal House # P-20,Bilal Road Civil Lines Faisalabad.
	1,266,000	-	1,266,000	3,500,000	2,234,000	Ms.Rukhsana Afzal House # P-20,Bilal Road Civil Lines Faisalabad.
	2,004,568	-	2,004,568	3,500,000	1,495,432	Ms. Ume Habiba House # P-20,Bilal Road Civil Lines Faisalabad.
	3,529,561	-	3,529,561	6,785,000	3,255,439	Muhammad Imran S/o Muhammad Ali Wahla wahla House,Wariach Chowk House # P-65,Khayaban Colony

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Particulars of buyers
	650,000	-	650,000	1,250,000	600,000	Mr.Mamoor Ijaz S/o Ijaz Ahmad Sheikh Chak no. 213 RB House # 96-97 Saeed Colony No. 1 Faisalabad.
	650,000	-	650,000	1,250,000	600,000	Mr.Mansoor Ijaz S/o Ijaz Ahmad Sheikh Chak no. 213 RB House # 96-97 Saeed Colony No. 1 Faisalabad.
	650,000	-	650,000	1,250,000	600,000	Mr.Amir Ijaz S/o Ijaz Ahmad Sheikh Chak no. 213 RB House # 96-97 Saeed Colony No. 1 Faisalabad.
	26,978,515	-	26,978,515	58,675,000	31,696,485	Sitara Builders (Pvt) Ltd. Sitara Tower, Bilal Road Faisalabad.
	2,818,259	-	2,818,259	5,530,000	2,711,741	Bisharat Aslam S/o Muhammad Aslam House # 547 Jinah colony Block A Faisalabad
	8,184,568	-	8,184,568	16,050,000	7,865,432	Muhammad Imran S/o Muhammad Ali Wahla House # P650 Khayaban Colony No.2 Faisalabad
	1,409,188	-	1,409,188	2,765,000	1,355,812	Ms Yasmeen Akhter W/o Muhmood Ul Hassan House # 41 Street # 5 Raza Garden East Canal Road Faisalabad
	935,238	-	935,238	1,840,000	904,762	Ms Shireen Babar W/o Babar Anwar House # P66 Khizar Street Saeed Colony No. 2 Faisalabad.
	941,567	-	941,567	1,845,000	903,433	Ahmad Babar S/o Babar Anwar House # P66 Khizar Street Saeed Colony No. 2 Faisalabad.
	941,451	-	941,451	1,845,000	903,549	Raza Anwar S/o Babar Anwar House # P66 Khizar Street Saeed Colony No. 2 Faisalabad.
	611,340	-	611,340	1,200,000	588,660	Awais Ahmad House # 17 Khizar Street Susan Road Saeed Colony Faisalabad.

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Particulars of buyers
	611,340	-	611,340	1,200,000	588,660	Sania Awais House # 17 Khizar Street Susan Road Saeed Colony Faisalabad.
	611,222	-	611,222	1,200,000	588,778	Adeel Ahmad House # 17 Khizar Street Susan Road Saeed Colony Faisalabad.
	611,222	-	611,222	1,200,000	588,778	Sana Adeel House # 17 Khizar Street Susan Road Saeed Colony Faisalabad.
	1,275,432	-	1,275,432	3,500,000	2,224,568	Hina Ahmad House # J 44 Block Extension Muhala Paradise Valley 1 Faisalabad.
	1,275,432	-	1,275,432	3,500,000	2,224,568	Saima Mansoor House # J 44 Block Extension Muhala Paradise Valley 1 Faisalabad.
2019	**65,857,400**	**-**	**65,857,400**	**140,635,000**	**74,777,600**	

12.5 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
a)	Chak # 125 G.B, Tehsil Jaranwala, District Faisalabad.	Plots	332	N/A
b)	Chak # 165 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	1379	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	2607	N/A
e)	Chak # 198 R.B, Tehsil Faisalabad, District Faisalabad.	Plots	639	N/A
f)	Chak # 200 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	6125	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	59.5	N/A
j)	Chak # 61 R.B, Tehsil Jaranwala, District Faisalabad.	Plots	1378	N/A
k)	Ground floor, Sitara Tower situated at Bilal Square, New Civil Lines, Faisalabad	held for earning rentals	18	5031-61

		2020 Rupees	2019 Rupees
13.	**Long term loan**		
	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.

		2020 Rupees	2019 Rupees
14.	**Long term deposits**		
	Security deposits	1,511,200	511,200
15.	**Stores, spares and loose tools**		
	Stores	16,080,806	16,354,063
	Spares	271,300,945	274,456,064
	Loose tools	1,622,223	1,627,997
		289,003,974	292,438,124
	Less: Provision for slow moving and obsolete items	(15,875,078)	(15,875,078)
		273,128,896	276,563,046

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

		2020 Rupees	2019 Rupees
16.	**Stocks**		
	Furnace oil	13,816,388	18,482,761
	Diesel oil	2,787,524	1,198,792
	Lube oil	2,711,747	2,397,840
	Waste	69,326	77,326
	Land	410,137,400	410,137,400
		429,522,385	432,294,119
17.	**Investment property**		
	Cost	25,144,683	25,144,683
	Increase in fair value of investment property	41,830,317	38,258,317
		66,975,000	63,403,000

17.1 The investment property comprises of 89 Kanals and 6 Marlas of land situated at Chak #198 R.B, Tehsil Saddar, District Faisalabad and is held for capital appreciation.

17.2 The fair value of the investment property has been determined on the basis of market value by an independent valuer as at June 30, 2020.

17.3 The forced sale value of investment property is approximately Rs. 56.93 million as at June 30, 2020.

18. Trade debts	Note	2020 Rupees	2019 Rupees
Unsecured			
Considered good			
Related parties			
Sitara Chemtek (Private) Limited	18.1	751,722	1,726,344
Sitara Fabrics Limited	18.2	55,065,271	84,163,277
		55,816,993	85,889,621
Others		460,932,677	475,142,965
		516,749,670	561,032,586

18.1 The maximum aggregate amount due from Sitara Chemtek (Private) Limited at the end of any month during the year was Rs. 1,726,344/- (2019: Rs. 2,080,344/-)

18.2 The maximum aggregate amount due from Sitara Fabrics Limited at the end of any month during the year was Rs. 84,230,777/- (2019: Rs. 139,468,141/-)

19. Loans and advances	Note	2020 Rupees	2019 Rupees
Considered good			
Loans to staff		108,000	1,102,010
Advances			
Income tax		462,505	3,188,678
Suppliers	19.1	38,163,883	37,790,332
For purchases / expenses		2,832,116	690,300
Letters of credit fee and expenses		7,970,526	-
		49,429,030	41,669,310
Suppliers - Considered doubtful		5,000,000	-
Less: Provision for doubtful advances		(5,000,000)	-
		-	-
Advances for purchase of land	19.2	158,700,000	158,700,000
		208,237,030	201,471,320

19.1 This includes advance of Rs.15,460,000/- (2019: 15,460,000/-) given to associated undertaking - Sitara Chemtek private Limited.

19.2 This includes advance of Rs. 39,700,000/- (2019 : Rs.39,700,000/-) for purchase of land through an associated undertaking - Sarosh Abdullah for development project under joint venture arrangement.

20. Deposits and prepayments	2020 Rupees	2019 Rupees
Deposits		
Security deposit	-	150,000
Guarantee margin	31,375,800	31,375,800
	31,375,800	31,525,800
Prepayments	3,845,795	1,738,671
	35,221,595	33,264,471

	Note	2020 Rupees	2019 Rupees
21. Other receivables			
Considered good			
Receivable against:			
Sale of investment property		180,423,825	100,338,825
Rent		6,073,519	1,308,407
Others	21.1	35,486,270	-
		221,983,614	101,647,232

21.1 It includes the sale of generators to associate undertaking Sitara Fabrics Limited. The maximum aggregate amount due from Sitara Fabrics Limited at the end of any month during the year was Rs. 35,000,000/-.

	Note	2020 Rupees	2019 Rupees
22. Tax refunds due from government			
Sales tax		90,989,815	133,065,806
Income tax		43,933,347	52,045,299
		134,923,161	185,111,105
23. Cash and bank balances			
Cash in hand		48,597,533	22,593,061
Cash at banks			
In current accounts		233,713,497	199,499,221
		282,311,030	222,092,282
24. Sales - net			
Electricity		1,121,277,820	1,139,146,994
Steam		10,298,340	12,982,174
Land		-	48,519,000
		1,131,576,160	1,200,648,168
Less: Sales tax		164,417,050	110,220,318
		967,159,110	1,090,427,850
Less: Electricity duty		9,102,882	5,218,250
		958,056,228	1,085,209,600
25. Cost of generation and sales			
Cost of generation	25.1	866,384,864	1,035,379,142
Cost of sales - land		-	46,000,000
		866,384,864	1,081,379,142

	Note	2020 Rupees	2019 Rupees
25.1 Cost of generation			
Cost of gas, oil and lubricants	25.1.1	804,505,588	932,829,537
Salaries, wages and benefits		28,352,775	39,128,566
Staff retirement benefits		621,460	1,073,877
Stores, spares and loose tools		9,526,873	26,314,448
Travelling and conveyance		1,544,353	1,527,955
Vehicles running and maintenance		1,392,788	705,994
Insurance		3,438,069	3,984,258
Repairs and maintenance		3,278,087	5,432,228
Entertainment		676,571	1,562,193
Depreciation	11.2	12,012,523	21,433,867
Other		1,035,777	1,386,219
		866,384,864	1,035,379,142
25.1.1 Cost of gas, oil and lubricants			
Gas		26,115,172	435,083,040
Oil and lubricants		778,390,416	497,746,497
		804,505,588	932,829,537
26. Other income			
Income from assets other than financial assets:			
Sale of scrap and waste		603,249	1,447,090
Rental Income		6,347,021	1,671,120
Gain on disposal of Investment property		11,434,795	74,777,600
Change in fair value of investment property		3,572,000	-
		21,957,065	77,895,810
27. Operating expenses			
Directors' remuneration		15,880,000	16,580,000
Salaries and benefits		14,568,470	29,312,799
Staff retirement benefits		351,021	877,702
Postage and telephone		1,298,432	1,771,667
Vehicles running and maintenance		2,714,676	6,219,063
Travelling and conveyance		892,701	5,405,150
Printing and stationery		1,198,079	1,015,436
Entertainment		1,004,771	2,515,723
Legal and professional		5,634,004	6,607,323
Fee, subscription and periodicals		2,976,923	3,004,499
Rent, rates and taxes		484,906	536,174
Advertisement		96,200	271,628
Insurance		641,644	1,362,038
Auditors' remuneration	27.1	1,404,875	1,404,875
Repairs and maintenance		2,639,503	1,884,728
Donations	27.2	3,110,000	775,000
Depreciation on property, plant and equipment	11.2	5,505,350	6,952,275
Depreciation on investment property	12	2,619,589	2,910,654
Utilities		4,848,049	3,697,750
Other		1,046,984	1,559,503
		68,916,177	94,663,987
27.1 Auditors' remuneration			
Audit fee		1,125,000	1,125,000
Fee for the review of half yearly financial information		135,000	135,000
Other Certifications		60,875	60,875
Out of pocket expenses		84,000	84,000
		1,404,875	1,404,875

27.2 The directors or their spouses had no interest in the institutions/funds to whom donations were made.

	Note	2020 Rupees	2019 Rupees
28. Other operating expenses			
Balances Written off		121,634	-
Loss on disposal of Property, plant and equipment - net		1,618,471	21,547,752
Provision for doubtful advances		5,000,000	-
		6,740,105	21,547,752
29. Finance cost			
Interest / mark-up on :			
Liabilities against assets subject to finance lease		-	83,552
Long term financing		5,898,014	3,271,972
Short term bank borrowings		158,944,823	145,730,824
Bank charges and commission		3,891,109	3,635,618
		168,733,946	152,721,966
30. Provision for taxation			
Current			
For the year	30.1	1,613,587	1,201,973
For prior years'		(156,787)	1,793,228
Deferred	30.2	-	-
		1,456,800	2,995,201

30.1 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 normal tax regime. profit of subsidiary is subject to tax under normal tax regime.

30.2 Deferred tax asset after considering tax losses available for adjustment works out to Rs. 2,085,249/- (2019: Rs. 2,257,430/-). This is not recognized in these financial statements due to uncertain future results.

	2020 Rupees	2019 Rupees
31. Earnings per share - Basic and diluted		
(Loss) for the year attributable to shareholders of the Parent (Rupees)	(130,761,799)	(187,207,437)
Weighted average number of ordinary shares	19,092,000	19,092,000
(Loss) per share - Basic and diluted (Rupees)	(6.85)	(9.81)

31.1 There is no dilutive effect on the basic (loss) / earnings per share of the Group.

32. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2020		2019	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	----------Rupees----------			
Remuneration	13,254,545	5,740,718	13,254,545	7,559,345
Medical allowance	1,325,455	574,072	1,325,455	755,935
Perquisites	1,300,000	-	2,000,000	-
Contribution to provident fund	-	120,949	-	122,652
	15,880,000	6,435,739	16,580,000	8,437,932
Number of persons	1	2	1	3

32.1 The Chief Executive Officer and director are entitled to free use of Company maintained car. One executive is entitled to conveyance facility. The monetary value of these benefits approximates Rs.989,209/- (2019: Rs. 1,038,642/-). The Directors have waived off their meeting fee.

33. 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 32. Other significant transactions with related parties are as follows:

Name of the related party	Relationship and Percentage	Transactions during the year	2020 Rupees	2019 Rupees
Sitara Chemtek (Private) Limited	Associated company by virtue of common directorship	Sale of electricity	-	3,687,920
Sitara Fabrics Limited	Associated company by virtue of common directorship	Sale of electricity and steam	26,055,629	117,361,940
		Sale of gas generators	70,000,000	-
Sitara Energy Limited Staff Provident Fund Trust	Other related party	Contribution for the year	972,481	1,951,579
S.A pharmaceutical (Private) limited	Associated company by virtue of common directorship	Purchase of land	-	71,762,000

34. PLANT CAPACITY AND ACTUAL PRODUCTION

	2020	2019
Number of generators installed	22	25
Number of generators worked	16	15
Installed energy generation capacity (Mega watt hours)	718,057	769,303
Actual energy generation (Mega watt hours)	57,193	69,721
Actual average load (Mega watt)	6.53	7.96

Reasons for low generation:

- Installed generators include four standby generators and closure of two (2019: six) generators due to major overhauling.
- Adjustment in planned optimum capacity utilisation level.
- Extra capacity for future growth.

		2020	2019
35. DISCLOSURE WITH REGARDS TO PROVIDENT FUND			
Size of the fund	(Rupees)	17,474,250	28,175,867
Cost of investments made	(Rupees)	7,103,435	14,120,000
Percentage of investments made	(% age)	40.65%	50.11%
Fair value of investments	(Rupees)	12,954,857	22,002,437

35.1 The figures for 2020 are based on the un-audited financial statements of the provident fund. Investment has been made in Defense Saving Certificates and mutual fund in accordance with the provisions of section 218 of the Companies Act 2017 and conditions specified thereunder.

	2020	2019
36. NUMBER OF EMPLOYEES		
Total number of employees as at June 30,	113	106
Average number of factory employees during the year	102	139

37. 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.

	2020 Rupees	2019 Rupees
37.1 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets at amortised cost:		
Deposits	31,375,800	31,525,800
Trade debts	516,749,670	561,032,586
Loans and advances	108,000	1,102,010
Other receivables	221,983,614	101,647,232
Cash and bank balances	282,311,030	222,092,282
	1,052,528,114	917,399,910
Financial liabilities at amortised cost:		
Long term financing	29,166,665	41,666,666
Trade and other payables	540,700,536	628,203,737
Interest / markup payable	221,382,158	75,875,863
Short term bank borrowings	1,013,750,876	982,313,899
	1,805,000,235	1,728,060,165

37.2 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:

37.2.1 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 Group 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 79% (2019: 75%) of total receivables. The maximum exposure to credit risk at the reporting date is as follows:

	2020 Rupees	2019 Rupees
Deposits	31,375,800	31,525,800
Trade debts	516,749,670	561,032,586
Loans and advances	108,000	1,102,010
Other receivables	221,983,614	101,647,232
Bank balances	233,713,497	199,499,221
	1,003,930,581	894,806,849

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:

	2020 Rupees	2019 Rupees
Sitara Chemical Industries Limited	80,848,783	107,456,358
Sitara Peroxide Limited	158,138,901	171,786,486
Sitara Spinning Mills Limited	184,720,500	144,184,634
Other industrial users	93,041,486	137,605,108
	516,749,670	561,032,586

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

Not past due	203,092,765	122,596,310
Past due		
4 to 6 months	38,136,192	81,024,393
7 to 12 months	132,028,716	245,308,476
More than 1 year	143,550,497	112,103,407
	313,715,405	438,436,276
	516,749,670	561,032,586
Not past due		
Related parties	20,651,854	20,105,502
Others	182,382,411	102,490,808
	203,034,265	122,596,310
Past due		
Related parties	35,165,139	65,784,119
Others	278,550,266	372,652,157
	313,715,405	438,436,276
	516,749,670	561,032,586

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 / leasing company having good credit rating.

37.2.2 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, 2020 and 2019:

	2020				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve moths	Two to five years
	---------- Rupees in thousand ----------				
Financial liabilities:					
Long term financing	29,167	35,251	20,160	10,739	4,352
Trade and other payables	550,129	550,129	550,129	-	-
Short term bank borrowings	1,013,751	1,624,144	539,533	1,084,611	-
	1,593,047	2,209,524	1,109,822	1,095,350	4,352

	2019				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve moths	Two to five years
	---------- Rupees in thousand ----------				
Financial liabilities:					
Long term financing	41,667	50,801	15,531	11,364	23,906
Trade and other payables	633,400	633,400	633,400	-	-
Short term bank borrowings	982,314	1,144,838	237,884	906,954	-
	1,657,381	1,829,039	886,815	918,318	23,906

The contractual cash flows relating to mark up on short term bank borrowings and leases 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. 1,156 million (2019: Rs. 968.236 million) and unavailed short term borrowing facilities of Rs.560.249 million (2019: Rs. 591.686 million) as at the year end.

37.2.3 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.

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 10.33 million (2019: Rs. 10.42 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.

37.3 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.

37.4 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 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 ('liabilities against assets subject to finance lease' 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).

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

	Note	**2020** **Rupees**	2019 Rupees
Total Debt	6 & 9	1,042,917,541	982,313,899
Less: Cash and cash equivalents	23	282,311,030	222,092,282
Net Debt		760,606,511	760,221,617
Total equity		1,549,686,297	1,681,905,237
Total capital		2,310,292,808	2,442,126,854
Gearing ratio		33%	31%

38. 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 01, 2020.

39. GENERAL

39.1 COVID-19:

The pandemic of COVID-19 that has spread all over the world has adversely impacted the global economy. On March 23, 2020, the Government of Pakistan announced a temporary lock down as a measure to reduce the spread of COVID-19. The management has evaluated and concluded that there are no material implications of COVID-19, that require specific disclosure in the financial statements.

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

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SITARA ENERGY LIMITED

CIRCULATION OF ANNUAL AUDITED ACCOUNTS

The Company Secretary
Sitara Energy Limited
601-602, Business Centre,
Mumtaz Hasan 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. 470(I)/2016 dated 31ST 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 hardcopy 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 hard 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.

Sitara Energy Limited

AFFIX
CORRECT
POSTAGE

THK Associates (Pvt) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S.,
Karachi

FORM OF PROXY
ANNUAL GENERAL MEETING

I/We _____S/o/D/o/W/o _____

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_____failing him/her, 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 Monday, October 26, 2020 at 5:30 pm via Zoom videolink 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

Five Rupees
Revenue Stamp

Dated this _____day of _____2020

Witness:

1. Signature _____
   Name _____
   Address_____
   _____
   CNIC or_____
   Passport No._____

Witness:

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. A proxy must be a member of the Company.

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 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi-75400 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.

Sitara Energy Limited

AFFIX
CORRECT
POSTAGE

THK Associates (Pvt) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S.,
Karachi