



Sitara Energy Limited

Annual Report

2016





Sitara Energy Limited

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Company Information

Board of Directors

Ms. Noureen Javed (Chairperson)
Mr. Javed Iqbal (Chief Executive Officer)
Mr. Sarosh Javed
Mr. Mukhtar A. Sheikh
Mr. Rana M. Arshad Iqbal
Ms. Haniah Javed
Mr. Mubashir Ahmed Zareen

Chief Financial Officer

Mr. Ijaz A. Babar - FCA

Company Secretary

Mr. Mazhar Ali Khan

Legal Advisor

Sahibzada Muhammad Arif

Share Registrar

THK Associates (Private) Limited
Ground Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road, Karachi. 75530
P. O. Box No. 8533, UAN: +92(21)111-000-322
Fax: +92(21) 35655595
E-mail: secretariat@thk.com.pk

Registered Office

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

Plant

33 K.M., Sheikhpura Road, Faisalabad

Audit Committee

Mr. Rana M. Arshad Iqbal (Chairman)
Ms. Haniah Javed
Ms. Noureen Javed

Human Resource & Remuneration Committee

Mr. Mukhtar Ahmad Sheikh (Chairman)
Mr. Rana M. Arshad Iqbal
Ms. Noureen Javed

Auditors

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

Bankers

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

Website

<http://www.sitara.pk>

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 26th Annual General Meeting of Sitara Energy Limited will be held at The Institute of Chartered Accountants of Pakistan (ICAP) Auditorium Hall, Chartered Accountants Avenue, Clifton, Karachi, on Saturday, October 29, 2016 at 11:30 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of Extra Ordinary General Meeting held on April 15, 2016.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2016 together with the Reports of Auditors and Directors thereon.
3. To approve payment of Cash Dividend at the rate of 20% (Rs.2/= per share) as recommended by the Board of Directors.
4. To appoint auditors for the year ending June 30, 2017 and to fix their remuneration.

Special Business:

5. To approve the following resolution authorizing the Company to transmit annual audited financial statements, auditors' report and directors' report etc. ("annual audited accounts") to members through CD/DVD/USB at their registered addresses as allowed by the Securities and Exchange Commission of Pakistan (SECP).

"Resolved that transmission of annual audited financial statements, auditors' report and directors' report etc. ("annual audited accounts") to members at their registered addresses in soft Form i.e. CD/DVD/USB as Notified by SECP Vide its SRO No. 470(I)/2016 dated May 31, 2016 be and is hereby approved."

6. To transact any other ordinary business of the Company with the permission of the Chair.

By order of the Board



MAZHAR ALI KHAN
Company Secretary

Karachi:
September 26, 2016

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS.

The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from October 22, 2016 to October 29, 2016 (both days inclusive). Transfers received in order at the Share Registrar Office of the Company by the close of business on October 21, 2016 will be treated in time for the purpose of payment of cash dividend, if approved by the shareholders.

2. PARTICIPATION IN THE ANNUAL GENERAL MEETING.

A member entitled to attend and vote at this meeting is entitled to appoint another member 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, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi duly stamped and signed not less than 48 hours before the time of meeting.

3. 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 provided earlier) at the time of the meeting.

b) For appointing proxies:

- i)** In case of individuals, the account holders or sub account holders and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form. 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

4. In compliance with the directives issued by the Securities and Exchange Commission of Pakistan and/or Federal Board of Revenue from time to time, members who have not yet provided their dividend mandate information and CNIC and/or NTN number (as the case may be) are requested to kindly provide the same at their earliest as follows:

- i.** The shareholders who hold company's shares in physical form are requested to submit the above information to the Share Registrar at the address mentioned above.
- ii.** Shareholders maintaining the shareholdings under Central Depository System (CDS) are advised to submit the above information directly to relevant Participant/CDC Investor Account Service.

5. The audited financial statements of the Company for the year ended June 30, 2016 have been placed at the Company's website.

Notice of Annual General Meeting

6. The SECP has initiated e-dividend mechanism through its Notification 8(4)SM/CDC/2008 dated April 05, 2013. In order to avail benefits of e-dividend shareholders are hereby advised to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address to Company's Share Registrar M/s. THK Associates (Pvt.) Ltd. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker /CDC.
7. The SECP has under and pursuant to SRO No. 787(I)/2014 dated September 8, 2014, permitted companies to circulate their 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 by email. Shareholders of the Company who wish to receive the Company's Annual Report and notices of Annual General Meeting by email are requested to provide their email addresses to the Company's Share Registrar, M/s. THK Associates (Private) Limited.
8. The Securities and Exchange Commission of Pakistan (SECP) vide their SRO 779(1)/2011 dated August 18, 2011, SRO 831(1)2012 of 5th July 2012, SRO 19(1)/2014 dated January 10, 2014 and SRO 275(1)/2016 dated March 31, 2016 has directed the Company to print your CNIC number on your dividend warrants and if your CNIC number is not available in our records, your dividend warrant will not be issued / dispatched to you. In order to comply with the regulatory requirement, you are requested to kindly send photocopy of your CNIC to your Participant / Investor Account Services or (in case of physical shareholding) to Company's Share Registrar, THK Associates (Pvt) Limited.
9. Members are requested to promptly notify any change in their addresses.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984 PERTAINING TO THE SPECIAL BUSINESS

Item No.5 of the Notice

The SECP has allowed companies through SRO 470(1)/2016 dated May 31, 2016 to circulate the annual audited financial statements, auditors' report and directors' report etc. ("annual accounts") to its members through CD/DVD/USB at their registered addresses after approval by members. Printed copy of above referred statements shall be provided to such members who opt for having hard copy.

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 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:

- Directors and employees must avoid any conflict of interest between them and the Company. Any situation that involves, or may reasonable be expected to involve, a conflict of interest with the Company, should be disclosed promptly.
- Directors and employees must maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company.
- Directors and employees must act honestly and fairly and exhibit high ethical standards in dealing with all stakeholders of the Company.
- Directors and employees 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 Exchange and insider trading laws.
- 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.
- The Company's activities and operations will be carried out in strict compliance with all applicable laws and the highest ethical standards. The Directors and employees will ensure that the Company deals in all fairness with its customers, suppliers and competitors.
- An employee 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 give money in order to obtain business for the Company, nor receive money for having given Company business to an outside agency.
- All funds, assets, receipts and disbursements must be properly recorded in the books of the Company.
- 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.
- Company's relations and dealings with suppliers, consultants, agents, intermediaries and other third parties should at all times be such that Company's integrity and its reputation should not be damaged if details of the relationship or dealings were to become public knowledge.
- Certain restrictions / reporting / requirements apply to trading by the Directors and employees in Company shares. They shall make sure that they remain compliant with these statutory requirements.

Code of Conduct

- Corporate funds and assets will be utilized solely for lawful and proper purposes in line with the Company's objectives.
- Company will support and respect the protection of international human rights within its sphere of influence, in particular the effective elimination of all sorts of compulsory labour and child labour, and it will make this a criterion in the choice and management of its suppliers and sub contractors.
- Every employee at work must take reasonable care for the health and safety of himself and others including visitors who may be affected by his acts or omissions at work; and cooperate in Company's efforts to protect the environment.
- Company's policy is to promote a productive work environment and not to tolerate verbal or physical conduct by any employee that harasses, disrupts, or interferes with another's work performance or that creates an intimidating, humiliating, offensive, or hostile environment.
- Every employee must adhere to Company's rules of service and make sure that he is familiar with all of them.
- Any violation of this Code shall be promptly reported to the Human Resources Department by any employee having knowledge thereof or having reasonable belief that such a violation has occurred.

The Board of Directors of Sitara Energy Limited is pleased to present Annual Report with the Audited Financial Statements together with Auditors' Report thereon for the financial year ended June 30, 2016.

FINANCIAL RESULTS

Sales revenue for the year was Rs. 3,074.266 Million (2015: Rs. 3,658.739 Million) and cost of generation was Rs. 2,705.568 Million (2015: Rs 3,432.515 Million). The gross profit stands at Rs. 368.698 Million (2015: Rs. 226.224 Million) while profit for the year was Rs 162.421 Million (2015: 104.975 Million) culminating into earnings per share (EPS) of Rs. 8.51 (2015: Rs. 5.50).

The Company generated 315,632 MWh in 2016 in comparison with 264,978 MWh in 2015 reflecting an increase in production by 19.12% which, in turn, led to reduction in per unit manufacturing cost by 13.94%, excluding cost of fuels & lubricant. Moreover, generation mix of RFO: Gas changed from 79%: 21% in 2015 to 73%: 27% in 2016 as a result of generation plans based on comparative cost analysis of both fuels. Operational expenses and finance cost also reduced due to strict monitoring and controls.

However, the decrease in sales revenue is due to continuous fall in the price of residual fuel oil, being a pass through item and fuel price adjustments (FPA) determined by NEPRA from time to time.

The combined effects of all the aforesaid factors resulted into increase in the profitability of the Company and EPS.

The financial results for the year ended June 30, 2016 are summarized below:

	2016		2015	
	SEL	Consolidated	SEL	Consolidated
	Rs. "000"	Rs. "000"	Rs. "000"	Rs. "000"
Sales	3,074,266	3,092,626	3,658,739	3,658,739
Gross profit	368,698	369,557	226,224	226,224
Profit before taxation	162,421	161,212	104,975	103,533
Net Profit after taxation	162,421	161,212	104,975	103,533
Unappropriated profit brought forward	696,990	694,858	730,199	729,509
Profit available for appropriation	859,411	856,070	835,174	833,042
Appropriation				
Final dividend for the year ended June 30, 2015: Rs. 1.25/- per share	23,865	23,865	38,184	38,184
Transferred to general reserve	-	-	100,000	100,000
	23,865	23,865	138,184	138,184
Unappropriated Profit	835,546	832,205	696,990	694,858
Earning Per Share - Basic and diluted	8.51	8.44	5.50	5.42

Proposed appropriation

The Board of Directors has recommended final cash dividend of Rs. 2/- per share, i.e., 20% (2015: Rs. 1.25/- per share i.e., 12.50%). The Board also proposed transfer of Rs. 50 Million (2015: Nil) to General Reserve.

Directors' Report

These appropriations will be reflected in the subsequent financial statements in the compliance with the revised fourth schedule of the Companies Ordinance, 1984.

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 Ordinance, 1984 and present fairly its state of affairs, the operating results, cash flows and 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.
- 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.
- 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) Cost of investments of Staff Provident Fund Trust as at June 30, 2016 was Rs. 15.120 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
Mr. Sarosh Javed	4
Mr. Mukhtar A. Sheikh	4
Ms. Noureen Javed	4
Ms. Haniah Javed	4
Mst. Naseem Akhter	3
Mr. Rana M. Arshad Iqbal	4
Mr. Mubashir Ahmed Zareen	1

- 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. Rana M. Arshad Iqbal	4 / Chairman
Ms. Haniah Javed	4 / Member
Mst. Naseem Akhter	3 / Member
Ms. Noureen Javed	1 / Member

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

Name of Member	Meetings attended / Status
Mr. Mukhtar A. Sheikh	2 / Chairman
Ms. Noureen Javed	2 / Member
Mr. Rana M. Arshad Iqbal	2 / Member

- m) The remuneration of Mr. Javed Iqbal, Chief Executive Officer and Mr. Sarosh Javed, Executive Director of the Company was increased by 25% in accordance with the terms of their appointment as approved by the Board of Directors.
- n) Pattern of Shareholding as at June 30, 2016 is annexed.
- 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.

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 between 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 Exchange 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.

Directors' Report

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 2016, the Company has donated Rs. 203,000/- (2015: Rs. 118,000/-) to welfare institution operating in the fields of health and education.

Future Prospects and Outlook

The profitability of the Company during the financial year 2016-17 will largely depend upon availability of natural gas/ liquefied natural gas for industrial sector, affordable price of RFO to remain competitive and the growth of the industrial sector. The management is striving hard to maintain the existing Bulk Power Consumers (BPCs) as well as adding new BPCs for sustainability and growth of the Company.

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 a very 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



JAVED IQBAL
Chief Executive Officer

Faisalabad
September 26, 2016

ہیومن ریسورسز کے انتظامات

بہترین پرفیمنس جو کہ ہمارا نسب اعلیٰ ہے اور اس کی وجہ سے ہم ترقی کی راہ پر گامزن ہیں۔ اور یہی نسب اعلیٰ ہمیں نئے اور بہترین ذہن کی تلاش اور ان پر سرمایہ کاری کی ترغیب دیتا ہے تاکہ ہم اپنے لوگوں کی تمام شعبوں میں نئی نشوونما کریں۔ ان کو بہترین تعلیمی ماحول مہیا کریں تاکہ نئے اور بہترین خیالات اور تحقیق کی راہ ہموار ہو۔

کارپوریٹ سماجی ذمہ داری

کمپنی نے ہمیشہ اپنی سماجی ذمہ داری کو محسوس کیا ہے اور یہی کمپنی کی پالیسی بھی ہے تاکہ معاشرہ کو بہتر بنانے اور قوم کی فلاح و بہبود میں اپنا حصہ ڈالے۔ مالی سال 2016 میں کمپنی نے 203,000 روپے (2015ء 118,000 روپے) فلاحی اداروں کو بطور عطیہ دیئے جو صحت اور تعلیم کے کام میں استعمال کر رہے ہیں۔

مستقبل کے امکانات

مالی سال 2016-17 میں کمپنی کا منافع بہت حد تک صنعتوں کو قدرتی گیس / مائع قدرتی گیس کی فراہمی، مناسب قیمت پر فرانس آئل کی فراہمی اور صنعتی سیکٹر کی ترقی پر منحصر ہے۔ کمپنی انتظامیہ اپنی بھرپور کوشش میں مصروف ہے کہ موجودہ بجلی صارفین (Bulk Power Consumer) کے ساتھ نئے بجلی صارفین تلاش کئے جائیں تاکہ کمپنی مزید بہتر طور پر ترقی کر سکے۔

آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز آرائس ایم اویس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس جو کہ ریٹائر ہو رہے ہیں، اہل ہونے پر اپنے آپ کو دوبارہ تفری کے لیے پیش کیا ہے۔ جس کے آڈٹ کمپنی نے دوبارہ تفری کے لیے سفارش کی ہے۔

قدر دانی

بورڈ آف ڈائریکٹرز اپنے تمام سٹیک ہولڈرز کے قدر دان ہیں کہ انہوں نے کمپنی پر مکمل بھروسہ کرتے ہوئے اس کی حمایت کی۔ بورڈ اس بات کو بھی تسلیم کرتا ہے کہ جس طرح پیشور ماہرین اور انجینئرز نے اپنی مکمل تہذیب اور جوش و جذبہ کے ساتھ کمپنی کی ترقی میں اپنا کردار ادا کیا ہے 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۔

بجگم بورڈ



جاوید اقبال
چیف ایگزیکٹو آفیسر

فیصل آباد

26 ستمبر، 2016ء

k- اس سال آڈٹ کمیٹی کی کل 4 میٹنگ منعقد ہوئیں ہر فرد کی حاضری کی تفصیل مندرجہ ذیل ہے۔

ممبر کا نام	میٹنگ میں حاضری/ اسٹینس
جناب رانا ایم ارشد اقبال	4 چیئر مین
محترمہ حنیہ جاوید	4 ممبر
سمات نسیم اختر	3 ممبر
محترمہ نورین جاوید	1 ممبر

l- اس سال ہیومن ریسورسز اور ریمریٹیشن کمیٹی (Human Resources & Remuneration Committee) کی کل 2 میٹنگ منعقد ہوئی جس کی تفصیل درج ذیل ہے۔

ممبر کا نام	میٹنگ میں حاضری/ اسٹینس
جناب مختار علی شیخ	2 چیئر مین
محترمہ نورین جاوید	2 ممبر
جناب رانا ایم ارشد اقبال	2 ممبر

m- جناب جاوید اقبال چیف ایگزیکٹو آفیسر اور جناب سرش جاوید ایگزیکٹو ڈائریکٹرز کے سالانہ معاوضہ میں بورڈ آف ڈائریکٹرز نے ان، تقرری کی شرائط کے مطابق، 25% فیصد اضافہ کرنے کی توثیق کر دی ہے۔

n- 30 جون 2016 کا شیئر ہولڈنگ پینن منسلک ہے۔

o- کوڈ آف کارپوریت گورننس کی تعمیل کا اسٹینس منسلک ہے۔

p- تمام ریٹیلٹیڈ پارٹیز اور ایسوسی ایٹڈ کمپنیوں کے ساتھ لین دین آرم لینگتھ پرائس (Arms length price) کے مطابق طے کیا جاتا ہے۔

ویب ریفرنس

SECP کے جاری کردہ SRO 634(1)/2014 بتاریخ جولائی 10، 2014 کے تحت کمپنی نے اپنی کارآمد ویب سائٹ قائم 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۔

ریٹیلٹیڈ پارٹیز

ریٹیلٹیڈ پارٹیز کے درمیان تمام لین دین آرم لینگتھ پر کی گئی ہیں جو کہ کمپیئر بل ان کنٹرول پرائسز میٹھڈ (Comparable uncontrolled prices method) کے تحت ہیں۔ کمپنی نے ٹرانسفر پرائسنگ کی بیسٹ پریکٹیس پر عمل عمل درآمد کیا گیا ہے جو کہ اسٹاک ایکچینج کے لسٹنگ ریگولیشن میں درج ہیں۔

مجوزہ مناسب منافع کی تقسیم:

اس سال بورڈ آف ڈائریکٹرز نے نقد منافع = 2/ روپے فی شیئر یعنی 20 فیصد کی شپارٹ کی ہے۔ (2015 میں = 1.25/ روپے فی شیئر 12.50 فیصد کی تھی)۔ بورڈ نے 50 ملین روپے جنرل ریزرو میں منتقل کرنے کی بھی تجویز دی ہے۔

یہ تصرف آنے والے مالیاتی گوشواروں میں ظاہر کئے جائیں گے جو کہ کمپنی آرڈیننس 1984ء کے نظر ثانی شدہ چوتھے شیڈول کے مطابق ہوگا۔

کارپوریٹ اور مالیاتی رپورٹنگ کا ڈھانچہ

کوڈ آف کارپوریٹ گورننس کی تعمیل کرے ہوئے کارپوریٹ اور مالیاتی رپورٹنگ کے ڈھانچے کی تفصیل مندرجہ ذیل ہے۔

a- مالیاتی گوشوارے کمپنیز آرڈیننس 1984ء کی ضروریات کے مطابق تیار کئے گئے ہیں جو کہ منصفانہ مالی حالت، آپریٹنگ نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو پیش کرتے ہیں۔

b- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

c- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

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

e- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

f- کمپنی کے گونگ کنٹرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

g- ضابطہ کارپوریٹ گورننس، بمطابق لسٹنگ ریگولیشن، میں سے کسی خاطر خواہ شق سے انحراف نہیں ہو رہا ہے۔

h- کمپنی کا گزشتہ دس سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

i- اسٹاف پروویڈنٹ فنڈ کی سرمایہ کاری کی لاگت مالی سال 30 جون 2016ء میں 15.120 ملین روپے رہی ہے۔

j- اس سال بورڈ آف ڈائریکٹرز کی 4 میٹنگز منعقد ہوئی۔ ڈائریکٹرز کی حاضری کی تفصیل مندرجہ ذیل ہے۔

نام	حاضری میٹنگ
جناب جاوید اقبال	4
جناب سروش جاوید	4
محترمہ نورین جاوید	4
محترمہ حنیہ جاوید	4
محترمہ نسیم اختر	3
جناب رانا ایم ارشد اقبال	4
جناب مبشر احمد زین	1

ستارہ انرجی لمیٹڈ کے بورڈ آف ڈائریکٹرز کمپنی کی سالانہ رپورٹ بعد آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ مالی سال 30 جون 2016 کو پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی نتائج

اس سال فروخت آمدنی 3,074.266 ملین روپے (2015ء میں 3,658.739 ملین روپے) اور پیداواری لاگت 2,705.568 ملین روپے (2015ء میں 3,432.515 ملین روپے)۔ مجموعی منافع 368.698 ملین روپے (2015ء میں 226.224 ملین روپے) جبکہ اس سال صافی منافع 162.421 ملین روپے (2015ء میں 104.975 ملین روپے) جبکہ فی شیئر آمدنی (EPS) 8.51 روپے (2015ء میں 5.50 روپے) رہی۔

کمپنی نے 315,632 میگا واٹ آورزیونٹ بجلی پیدا کی جبکہ 2015ء میں 264,978 میگا واٹ آورزیونٹ تھی۔ جو کہ اس سال 19.12% زیادہ رہی اور جس کی وجہ سے فی یونٹ پیداواری لاگت 13.94% سے کم رہی جس میں فیول اور لیبریکیشنس لاگت شامل نہیں۔ مزید برآں 2016ء میں پیداواری کسٹس: فرنس آئل 27%: 73% رہا جبکہ 2015ء میں یہ 21%: 79% رہی تھی۔ یہ پیداواری تبدیلی دونوں ایندھن کی تقابلی لاگت کے تجربے کی بنیاد پر ہوئی ہے۔ آپریشنل اخراجات اور فنانس لاگت میں بھی سخت مانیٹرنگ اور کنٹرول کی وجہ سے کمی ہوئی ہے۔

تاہم مسلسل فرنس آئل کی قیمت گرنے سے، جو کہ پاس تھر و آئیٹم ہے، اور روفا فوقاً NEPRA کی جانب سے متعین کردہ فیول پرائس ایڈجسٹمنٹ کی وجہ سے فروخت آمدنی کم ہوئی ہے

مذکورہ بالا تمام عوامل کا مشترکہ اثر کمپنی کے سالانہ منافع اور فی شیئر آمدنی کی صورت میں نکلا ہے۔
جون 2016ء کے مالی نتائج درج ذیل ہیں۔

مالی سال 2015		مالی سال 2016		تفصیل
ستارہ انرجی	کنسولیدیشن	ستارہ انرجی	کنسولیدیشن	
پاکستانی روپے ہزاروں میں		پاکستانی روپے ہزاروں میں		
3,658,739	3,658,739	3,092,626	3,074,266	فروخت آمدنی
226,224	226,224	369,557	368,698	مجموعی منافع
103,533	104,975	161,212	162,421	ٹیکسیشن سے قبل منافع
103,533	104,975	161,212	162,421	ٹیکسیشن کے بعد منافع
729,509	730,199	694,858	696,990	غیر مختص منافع آگے لایا
833,042	835,174	856,070	859,411	تقسیم کے لیے دستیاب منافع
				اپروپری ایشن
38,184	38,184	23,865	23,865	سالانہ ڈیویڈنڈ مالیاتی سال 30 جون 2015 - 1.25 روپے فی شیئر
100,000	100,000	-	-	عمومی ریزرو میں منتقلی
138,184	138,184	23,865	23,865	
694,858	696,990	832,205	835,546	غیر مختص نفع
5.42	5.50	8.44	8.51	فی شیئر آمدنی (Basic and diluted)

AS AT JUNE 30, 2016

NUMBER OF SHARE HOLDERS	SHAREHOLDINGS		TOTAL NUMBER OF SHARES
	FROM	TO	
561	1	100	7,554
389	101	500	184,095
99	501	1,000	96,887
133	1,001	5,000	384,269
29	5,001	10,000	228,900
10	10,001	15,000	126,642
5	15,001	20,000	92,914
6	20,001	25,000	138,447
4	25,001	30,000	107,400
2	30,001	35,000	64,000
2	35,001	40,000	76,000
1	45,001	50,000	45,500
1	50,001	55,000	50,072
1	55,001	60,000	59,000
1	65,001	70,000	66,500
1	70,001	75,000	73,000
2	80,001	85,000	165,000
1	130,001	135,000	135,000
1	140,001	145,000	143,500
1	145,001	150,000	145,500
2	195,001	200,000	400,000
1	210,001	215,000	213,500
1	255,001	260,000	256,117
1	260,001	265,000	263,151
2	320,001	325,000	645,974
1	410,001	415,000	414,500
1	595,001	600,000	600,000
1	655,001	660,000	656,000
1	830,001	835,000	832,360
1	930,001	935,000	933,661
1	1,070,001	1,075,000	1,073,237
1	1,130,001	1,135,000	1,130,517
1	1,395,001	1,400,000	1,400,000
1	1,625,001	1,630,000	1,628,500
1	6,250,001	6,255,000	6,254,303
1267			19,092,000

Pattern of Shareholding

Associated Companies, Undertaking and Related Parties	Number	Share Held	Percentage
Sitara Fabrics Limited	1	656,000	3.44
Directors, CEO & their Spouse and Minor Children			
Mr. Javed Iqbal	1	6,254,303	32.76
Ms. Naureen Javed	1	1,073,237	5.62
Mr. Sarosh Javed	1	1,000	0.01
Ms. Hania Javed	1	1,000	0.01
Mr. Mukhtar Ahmed Shaikh	1	1,000	0.01
Mr. Rana M. Arshad Iqbal	1	500	0.00
Mr. Mubashir Ahmed Zareen	1	5,000	0.03
NIT AND ICP			
National Bank of Pakistan - Trustee Department Investment Corporation of Pakistan	2	256,617	1.34
Bank, Development Finance Institutions, Non Banking Finance Institutions.	3	1,132,161	5.93
Insurance Companies	1	1,628,500	8.52
Modarabas and Mutual Funds	1	263,151	1.38
Foreign Companies	1	1,000	0.01
Joint Stock Companies	6	1,402,162	7.34
General Public (Local)	1225	6,228,054	32.61
General Public (Foreign)	18	164,078	0.86
Others	2	24,237	0.13
	1,267	19,092,000	100.00

Detail of purchase/sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Financial Officer and their spouses/minor children during 2015-16

Mr. Mubashir Ahmed Zareen (Director of the Company) acquired 5000 shares during the year.

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

1	Mr. Javed Iqbal	6,254,303
2	State Life Insurance Corp. of Pakistan	1,628,500
3	Mr. Masood Ahmed Khan	1,400,000
4	National Bank of Pakistan	1,130,661
5	Ms. Naureen Javed	1,073,237

The Board has determined threshold in respect of trading of Company's shares by executives and employees who are drawing annual basic salary of Rs. 2.4 million or more.

None of the employee of the Company has made any trade of shares of the Company who falls beyond the threshold of Rs. 2.4 million annual basic salary.

Key Operating & Financial Data for Last Ten Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Rupees in thousand											
PARTICULARS											
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	920,000	920,000	820,000	720,000	620,000	590,000	540,000	490,000	460,000	460,000	460,000
Fixed assets at cost	2,427,988	2,360,966	2,270,025	2,280,107	2,244,936	2,249,956	2,237,936	2,226,647	2,119,520	1,746,110	1,220,807
Accumulated depreciation	1,416,939	1,326,594	1,232,748	1,161,137	1,074,287	999,716	934,534	853,915	783,377	724,815	686,817
Current assets	1,850,913	1,461,309	1,337,901	1,484,527	1,003,629	951,136	1,065,017	1,067,153	975,860	696,225	1,043,688
Current liabilities	1,464,328	1,143,122	1,219,313	1,283,248	1,509,799	1,838,056	1,496,000	1,377,056	1,084,109	1,009,867	1,007,194
INCOME											
Sales	3,074,266	3,658,739	5,035,627	5,183,842	4,866,139	3,753,492	3,875,481	3,009,929	2,286,357	1,461,240	1,346,031
Other income	15,875	120,831	73,659	1,805	96,523	9,841	4,794	7,168	14,032	7,422	28,364
Pre tax profit	162,421	104,975	203,674	249,313	251,916	91,527	106,926	80,338	112,669	1,518	7,351
Taxation	-	-	(853)	-	448	487	(269)	(698)	358	339	398
STATISTICS AND RATIOS											
Pre tax profit to sales %	5.28	2.87	4.04	4.81	5.18	2.44	2.76	2.67	4.93	0.10	0.55
Pre tax profit to capital %	48.61	31.42	60.96	74.62	75.40	27.39	32.00	24.05	33.72	0.45	2.20
Current ratio	1.26	1.28	1.10	1.16	0.66	0.52	0.71	0.77	0.90	0.69	1.04
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
Earning after tax per share (Rs.)	8.51	5.50	10.71	13.06	13.17	4.77	5.61	4.24	5.88	0.06	0.36
Cash dividend %	20.00	12.50	2.00	10.00	10.00	10.00	20.00	20.00	25.00	-	-
Break up value per share (Rs.)	109.45	102.19	98.70	88.98	76.93	64.75	61.99	58.37	56.63	50.74	50.68

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (“CCG”) contained in Regulation No. 5.19.23 of Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Sitara Energy Limited (the “Company”) has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors (the “Board”). At present the Board includes:

Category	Names
Independent Director	Rana M. Arshad Iqbal
Executive Directors	Mr. Javed Iqbal Mr. Sarosh Javed
Non-Executive Directors	Ms. Noureen Javed Ms. Haniah Javed Mr. Mubashir Ahmed Zareen Mr. Mukhtar Ahmed Sheikh

The independent Director meets the criteria of independence under clause 5.19.1. (b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director on board of more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution or a Non-Bank Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. One (1) casual vacancy occurred on the Board during the year which was filled within 90 days.
5. 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.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (“CEO”), other executive and non-executive Directors, have been taken by the Board / shareholders.
8. 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Two of the seven Directors of the Company are exempted from the requirement of Directors' Training Program (“DTP”), while remaining five Directors have got certified with DTP upto June 30, 2016.
10. Position of Chief Financial Officer (“CFO”) fell vacant during the year which was subsequently filled with the

approval of Board. There has been no change in the position of Company Secretary and Head of Internal Audit during the year.

11. The Directors' Report for this year has been prepared in compliance with the requirements of CCG and fully describes the salient matters required to be disclosed.
12. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members; all of whom are non-executive Directors including the Chairman of the Committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee formulated by the Board have been communicated to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members; all of whom are non-executive Directors including the Chairman of the Committee.
18. The Board has set up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of Institute of Chartered Accountants of Pakistan ("ICAP"), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "Closed Period", prior to the announcement of interim/final results, and business decisions, which may materially affect market price of Company's securities, was determined and intimated to the Directors, employees and Stock Exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.



Faisalabad
September 26, 2016

JAVED IQBAL
Chief Executive Officer

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2016 prepared by the Board of Directors of Sitara Energy Limited (the company) to comply with requirements of clause No. 5.19.23 of Pakistan Stock Exchange Limited Regulations.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non compliance with the requirements of the code. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of 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's statement on internal control covers all risks and controls, or to form an opinion on effectiveness of such internal controls, the company's corporate governance procedures and risks.

The Code also requires the company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2016.

**RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS**

September 26, 2016

Place: Faisalabad

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Sitara Energy Limited (the company) as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2016 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Engagement Partner:- Hamid Masood

September 26, 2016
 Place: Faisalabad

Balance Sheet

Balance Sheet as at June 30, 2016

	Note	2016 Rupees	2015 Rupees	Note	2016 Rupees	2015 Rupees	
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorised capital				Property, plant and equipment	10	1,657,400,605	1,784,292,468
30,000,000 ordinary shares				Investment in subsidiary	11	49,995,000	49,995,000
of Rs. 10/- each.		300,000,000	300,000,000	Long term deposits	12	1,347,150	1,125,250
						1,708,742,755	1,835,412,718
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							
General reserve		920,000,000	920,000,000				
Unappropriated profit		835,545,598	696,990,023				
		2,089,655,598	1,951,100,023				
NON-CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing	4	-	200,000,000	Stores, spares and loose tools	13	252,832,432	286,624,585
Liabilities against assets				Stock of oil and lubricants	14	55,045,529	56,554,767
subject to finance lease	5	5,672,545	2,499,665	Trade debts	15	862,430,381	859,907,055
		5,672,545	202,499,665	Loans and advances	16	246,439,309	102,487,236
				Deposits and prepayments	17	36,138,314	10,638,585
CURRENT LIABILITIES				Other receivables	18	39,679,060	70,189,060
Trade and other payables	6	462,022,805	400,700,946	Tax refunds due from			
Interest / mark up payable	7	26,127,010	28,917,542	Government - income tax		39,700,123	35,968,994
Short term bank borrowings	8	771,873,926	711,626,774	Cash and bank balances	19	318,648,120	38,938,423
Current portion of:						1,850,913,268	1,461,308,705
Long term financing	4	200,000,000	-				
Liabilities against assets				Non-current assets			
subject to finance lease	5	4,304,139	1,876,473	held for sale	20	-	-
Provision for taxation						1,850,913,268	1,461,308,705
- income tax		-	-			3,559,656,023	3,296,721,423
		1,464,327,880	1,143,121,735				
CONTINGENCIES AND COMMITMENTS							
	9	-	-				
		3,559,656,023	3,296,721,423				

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Profit and Loss Account for the Year Ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
Sales - net	21	3,074,265,783	3,658,738,922
Cost of generation	22	2,705,567,970	3,432,515,248
Gross profit		368,697,813	226,223,674
Other income	23	15,874,767	120,830,681
		384,572,580	347,054,355
Operating expenses	24	106,076,844	97,486,089
Other operating expenses	25	8,569,883	5,543,715
Finance cost	26	107,505,278	139,049,666
		222,152,005	242,079,470
Profit for the year before taxation		162,420,575	104,974,885
Provision for taxation	27	-	-
Profit for the year		162,420,575	104,974,885
Earnings per share - Basic and diluted	28	8.51	5.50

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Statement of Comprehensive Income for the Year Ended June 30, 2016

	2016 Rupees	2015 Rupees
Profit for the year	162,420,575	104,974,885
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>162,420,575</u>	<u>104,974,885</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Cash Flow Statement for the Year Ended June 30, 2016

	2016 Rupees	2015 Rupees
(a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before taxation	162,420,575	104,974,885
Adjustments for:		
Depreciation of property, plant and equipment	95,971,091	99,908,088
Provision for staff retirement benefits	2,990,144	3,174,837
Gain on disposal of:		
Operating assets	(746,290)	(3,743,018)
Non-operating land	(12,653,908)	(843,188)
Non-current assets held for sale - land	-	(11,462,660)
Balances written back	-	(102,943,266)
Finance cost	107,505,278	139,049,666
Operating cash flows before working capital changes	355,486,890	228,115,344
Changes in working capital		
Decrease / (Increase) in current assets		
Stores, spares and loose tools	33,792,153	26,490,287
Stock of oil and lubricants	1,509,238	57,356,906
Trade debts	(2,523,325)	(246,917,694)
Loans and advances	(142,148,585)	(89,806,914)
Deposits and prepayments	(25,499,729)	(2,488,554)
Other receivables	51,300,000	90,870,315
Increase in current liabilities		
Trade and other payables	60,795,343	18,509,038
Cash generated from operating activities	332,711,985	82,128,728
Income tax paid	(5,534,617)	(3,731,129)
Staff retirement benefits paid	(2,710,958)	(3,229,107)
Finance cost paid	(110,295,810)	(144,501,929)
Net cash generated from / (used in) operating activities	214,170,600	(69,333,437)

Cash Flow Statement for the Year Ended June 30, 2016

	2016 Rupees	2015 Rupees
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(53,104,530)	6,642,653
Proceeds from disposal of:		
Operating assets	6,385,000	14,825,000
Non operating land	78,610,000	11,004,250
Non-current assets held for sale - land	-	55,000,000
Increase in long term deposits	(221,900)	-
Net cash generated from investing activities	31,668,570	87,471,903
(c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of:		
Redeemable capital	-	(155,000,000)
Long term financing	-	(100,000,000)
Liabilities against assets subject to finance lease	(2,758,954)	(1,637,392)
Increase in short term bank borrowings - net	60,247,152	268,279,390
Dividend paid	(23,617,671)	(37,957,800)
Net cash generated from / (used in) financing activities	33,870,527	(26,315,802)
Net increase / (decrease) in cash and cash equivalents (a+b+c)	279,709,697	(8,177,336)
Cash and cash equivalents at the beginning of the year	38,938,423	47,115,759
Cash and cash equivalents at the end of the year	318,648,120	38,938,423

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Statement of Changes In Equity for the Year Ended June 30, 2016

	Issued, subscribed and paid up capital	Capital reserve Share premium	Revenue reserve		Total	
			General reserve	Unappropriated profit		
			Sub total			
	Rupees					
Balance as at July 01, 2014	190,920,000	143,190,000	820,000,000	730,199,138	1,550,199,138	1,884,309,138
Transaction with owners						
Dividend for the year ended June 30, 2014 : Rs.2/- per share	-	-	-	(38,184,000)	(38,184,000)	(38,184,000)
Transferred to general reserve	-	-	100,000,000	(100,000,000)	-	-
Total comprehensive income for the year						
Profit for the year	-	-	-	104,974,885	104,974,885	104,974,885
Other comprehensive income	-	-	-	-	-	-
	-	-	-	104,974,885	104,974,885	104,974,885
Balance as at June 30, 2015	190,920,000	143,190,000	920,000,000	696,990,023	1,616,990,023	1,951,100,023
Transaction with owners						
Dividend for the year ended June 30, 2015 : Rs.1.25/- per share	-	-	-	(23,865,000)	(23,865,000)	(23,865,000)
Total comprehensive income for the year						
Profit for the year	-	-	-	162,420,575	162,420,575	162,420,575
Other comprehensive income	-	-	-	-	-	-
	-	-	-	162,420,575	162,420,575	162,420,575
Balance as at June 30, 2016	190,920,000	143,190,000	920,000,000	835,545,598	1,755,545,598	2,089,655,598

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Notes to the Financial Statements for the Year Ended June 30, 2016

1. STATUS AND ACTIVITIES

- 1.1** Sitara Energy Limited (the Company) is incorporated in Pakistan as a public limited Company under the Companies Ordinance, 1984 and is listed on Pakistan stock exchange Limited (Formally known as Karachi 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 project is located at Tehsil Jaranwala, District Faisalabad in the province of Punjab.
- 1.2** The Company is implementing expansion project comprising electricity generation capacity of 21 MW.
- 1.3** The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of Companies Ordinance, 1984 (the Ordinance) and directives issued by the Securities and Exchange Commission of Pakistan and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards (IASs) / International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

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, 2015 and therefore, have been applied in preparing these financial statements.

- **IFRS 12, 'Disclosures of interests in other entities**

The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles. The application of standard has no significant impact on the Company's financial statements.

- **IFRS 13 Fair Value Measurement**

The standard replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard and requires certain additional disclosures about fair value measurement. The application of standard has no significant impact on the Company's financial statements.

- **Annual improvements to IFRS's 2010-2012 and 2011-2013**

The company has applied the amendments to IFRS's included in the annual improvements 2010-2012 cycle and 2011-2013 cycle in the current year.

The application of amendments has no significant impact on the disclosures or amounts recognized in the company's financial statements

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

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2015 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

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

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates:

- **IFRS 9 Financial Instruments (2014):**

IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have 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, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

The new general hedge accounting requirements retain the three types of hedge

accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The standard is effective for accounting period beginning on or after January 01, 2018. The management of the Company is reviewing the changes to evaluate the impact of application of standard on the financial statements.

IFRS 15 Revenue from Contracts with Customers:

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The standard is effective for accounting periods beginning on or after January 01, 2017. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

IFRS 16 Leases

Replaces the current IAS – 17 and requires lessees to recognize a lease liability reflecting future lease payments for virtually all lease contracts.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of standard is not expected to have any material impact on the Company's financial statements.

IAS 12 Income taxes

The amendments to IAS 12 address the issue of recognition of deferred tax assets for unrealized losses and clarify how to account for deferred tax assets related to debt instruments measured at fair value.

The amendments are effective for accounting period beginning on or after January 01, 2017. The application of standard is not expected to have any material impact on the Company's financial statements.

IAS 7 Statement of cash flows

The amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities

The amendment is effective for accounting period beginning on or after January 01, 2017. The application of amendments is not expected to have any material impact on the Company's financial statements.

Amendments to IAS 1 Disclosure Initiative

These amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement.

These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments are effective for annual periods beginning on or after 1 January 2016. The management of the Company is reviewing the impact on the disclosure requirements of financial statements.

Amendment to IAS 16 “Property Plant and Equipment” and IAS 38 “Intangible Assets”:

In this amendment it is clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The amendment is effective for accounting periods beginning on or after January 01, 2016. The application of amendment is not expected to have any material impact on the Company’s financial statements.

Equity Method in Separate Financial Statements – Amendments to IAS 27

These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2016. The application of amendments is not expected to have any material impact on the Company’s financial statements.

- Annual improvements 2014

These set of amendments impacts 4 standards:

IFRS 5, ‘Non-current assets held for sale and discontinued operations’ regarding methods of disposal.

IFRS 7, ‘Financial instruments: Disclosures’, (with consequential amendments to IFRS 1) regarding servicing contracts.

IAS 19, ‘Employee benefits’ regarding discount rates.

IAS 34, ‘Interim financial reporting’ regarding disclosure of information.

The amendments are effective for accounting periods beginning on or after January 01, 2016. 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 periods 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 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit and loss account, unless these are directly attributable to qualifying assets, in which case these are capitalised in accordance with the Company's general policy on borrowing costs (Refer Note 2.12). Contingent rentals are recognised as expenses in the periods in which they are incurred.

2.5 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.

2.6 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.

2.7 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 balance sheet date and adjusted to reflect the current best estimate.

2.8 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 balance sheet 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 balance sheet date.

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

2.9 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.

2.10 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.

Assets subject to finance lease

In view of certainty of ownership at the end of the lease period, assets subject to finance lease are stated at cost less accumulated depreciation and accumulated impairment in value, if any. These are depreciated over their expected useful lives on the same basis as owned assets.

Non-operating land

Non-operating land is stated at cost.

Gains and losses on disposal of property, plant and equipment are included in current income.

2.11 Impairment

The Company assesses at each balance sheet 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 profit and loss account, 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 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.13 Investment in subsidiary

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

2.14 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.

2.15 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.

2.16 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.

2.17 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet 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.

2.18 Non-current assets held for sale

Non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current asset (or disposal group) classified as held for sale is measured at the lower of its previous carrying amount and fair value less costs to sell.

Non-current asset (or disposal group) classified as held for sale that no longer meet the criteria of classification as held for sale is transferred to non-current assets at the lower of:

- Its carrying amount before the assets were classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the assets not been classified as held for sale, and
- Its recoverable amount at the date of the subsequent decision not to sell.

Gains and losses on disposal of non-current asset (or disposal group) held for sale are included in current income.

2.19 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 balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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.

2.20 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the

Notes to the Financial Statements

contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

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

2.21 Offsetting of financial asset and financial liability

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, 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.

2.22 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.

Revenue is recognised as the power and steam are supplied.

2.23 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.

2.24 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 useful life of depreciable assets. 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

2015	2016		2016	2015
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 (2015: 656,000) shares are held by an associated undertaking - Sitara Fabrics Limited.

Notes to the Financial Statements

	Note	2016 Rupees	2015 Rupees
4. Long term financing			
Secured			
From banking company			
Under mark up arrangement			
Term finance	4.1	200,000,000	200,000,000
Less: Current portion		200,000,000	-
		<u>-</u>	<u>200,000,000</u>

4.1 It is secured against 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) and running finance (Refer Note 8.5). It is further secured by personal guarantee of directors of the Company. It is payable on March 31, 2017. It is subject to mark up at the rate of 3 months KIBOR plus 2.65% (2015: 3 months KIBOR plus 2.65%) per annum.

Effective rate of mark up charged during the year ranges from 9.00% to 9.62% per annum (2015: 10.60% to 12.82% per annum).

	2016 Rupees	2015 Rupees
5. Liabilities against assets subject to finance lease		
Opening balance	4,376,138	6,013,530
Obtained during the year	8,359,500	-
	<u>12,735,638</u>	<u>6,013,530</u>
Paid / adjusted during the year	(2,758,954)	(1,637,392)
	<u>9,976,684</u>	<u>4,376,138</u>
Less: Current portion	4,304,139	1,876,473
	<u>5,672,545</u>	<u>2,499,665</u>

5.1 These represents vehicles acquired under lease agreements. The purchase option is available to the company on payment of last installment and surrender of deposit at the end of lease period.

These represents vehicles acquired under ijarah finance. The principal plus financial charges are payable over the lease period in 36 instalments. The liability represents the total minimum lease payments discounted at 8.67% to 12.68% (2015: 11.69% to 12.68%) per annum being the interest rates implicit in leases.

5.2 The future minimum lease payments to which the Company is committed as at the year end are as under:

Notes to the Financial Statements

Year ending June 30,	2016 Rupees	2015 Rupees
2016	-	2,157,396
2017	5,489,492	2,591,663
2018	2,864,376	-
2019	2,525,174	-
	10,879,042	4,749,059
Financial charges:		
Payable	(37,073)	(19,072)
Allocated to future periods	(865,285)	(353,849)
	9,976,684	4,376,138

5.3 Reconciliation of minimum lease payments and their present values is given below:

	2016		2015	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	-----Rupees-----			
Due within one year	5,489,492	5,272,766	2,157,396	2,048,942
Due after one year but not later than five years	5,389,550	4,703,918	2,591,663	2,327,196
	10,879,042	9,976,684	4,749,059	4,376,138

Note **2016** 2015
 Rupees Rupees

6. Trade and other payables

Creditors		326,610,060	246,385,492
Accrued liabilities		114,237,111	124,321,553
Provident fund - related party		781,476	502,290
Unclaimed dividend		3,247,203	2,999,874
Workers' profit participation fund	6.1	8,569,883	5,543,715
Sales tax		3,893,090	1,198,183
Withholding taxes		1,820,127	15,367,876
Other		2,863,855	4,381,963
		462,022,805	400,700,946

Notes to the Financial Statements

	Note	2016 Rupees	2015 Rupees
6.1 Workers' profit participation fund			
Opening balance		5,543,715	10,946,609
Interest on funds utilised in the Company's business		407,197	355,708
		5,950,912	11,302,317
Paid to workers on behalf of the fund		(5,950,912)	(11,302,317)
		-	-
Allocation for the year		8,569,883	5,543,715
		8,569,883	5,543,715
7. Interest / mark up payable			
Interest / mark up on secured:			
Long term financing		4,485,677	5,287,474
Liabilities against assets subject to finance lease		37,073	19,072
Short term bank borrowings		21,604,260	23,610,996
		26,127,010	28,917,542
8. Short term bank borrowings			
Secured - under mark up arrangements			
Morabaha finance I	8.2	114,000,000	114,000,000
Morabaha finance II	8.3	25,000,000	-
Term finance	8.4	193,573,671	199,563,274
Running finances	8.5	439,300,255	398,063,500
		771,873,926	711,626,774

8.1 The aggregate unavailed short term financing facilities available to the Company are Rs. 227.12 million (2015: Rs. 195.87 million).

8.2 It is subject to mark up at the rate of 3 months KIBOR plus 2.25% per annum (2015: 6 months KIBOR plus 2.25% 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 long term term finance (Refer Note 4.1) and running finances (Refer Note 8.5). 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 8.4) and running finances (Refer Note 8.5) and personal guarantees of directors of the Company.

Effective mark up rate charged during the year ranges from 8.6% to 10.98% per annum (2015: 9.01% to 12.43% per annum).

8.3 It is subject to mark up at the rate of 6 months KIBOR plus 3.25% per annum payable quarterly in arrears. It is secured against ranking charge over movable fixed assets and current assets of the Company. It is further secured against token registered mortgage of Rs. 300,000/- and equitable mortgage of land of the Company and by personal guarantee of directors of the Company.

Effective mark up rate charged during the year ranges from 9.61% to 13.44% per annum.

Notes to the Financial Statements

- 8.4** It is subject to mark up at the rate of 1 month KIBOR plus 2% per annum (2015: 1 month KIBOR plus 1.5% per annum). It is 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 running finances (Refer Note 8.5) and by personal guarantee of directors of the Company.

Effective mark up rate charged during the year ranges from 8% to 8.5% per annum (2015: 8.33% to 11.87% per annum).

- 8.5** These are subject to mark up at the rate of 3 months KIBOR plus 2.00% to 2.65% per annum (2015: 3 months KIBOR plus 2.50% to 2.65% per annum) with a prompt payment rebate ranging from 0.10% to 0.50% 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 term finance (Refer Note 8.4), first charge over fixed assets of the Company ranking pari passu with the charges created in respect of long term term finance (Refer Note 4.1) and morabaha finance - I (Refer Note 8.2). These are further secured against ranking charge over fixed assets, token registered mortgage of Rs. 700,000/- and equitable mortgage of personal properties of directors and by personal guarantee of two directors of the Company.

Effective mark up rate charged during the year ranges from 8.35% to 10.25% per annum (2015: 10.25% to 12.82% per annum).

2016	2015
Rupees	Rupees

9. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas	188,020,000	97,171,000
Demand of Income tax for the tax years 2004 to 2006 (2015: 2004 to 2006) is not acknowledged in view of pending appeals.	1,313,929	1,313,929
Demand of gas Infrastructure development cess not acknowledged. The Company has challenged the levy from year 2011 to 2014 before the Honourable Lahore High Court Lahore claiming that the company be treated as part of the industrial sector, Therefore entitled to benefit of non-recovery granted to industrial sector. The matter is pending before the anomaly committee constituted by ministry of Petroleum and Natural Resources; Government of Pakistan.	137,952,501	137,952,501

Commitments

Under letters of credit for stores and spares	18,786,565	13,622,368
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10. Property, plant and equipment
 Operating assets
 Capital work in progress
 Non-operating land
 Advance for purchase of property

	2016	2015
	Rupees	Rupees
10.1	1,01,040,704	1,034,371,765
10.4	139,020,185	137,180,148
10.5	607,324,713	692,740,655
	20,000,000	
	<u>1,657,400,605</u>	<u>1,754,292,468</u>

10.1 Operating assets

	Company owned										Assets subject to finance lease			Total			
	Rupees										Sub total	Vehicles	Sub total				
	Freehold land	Building on freehold land	Plant and machinery	Electric installations	Factory equipment	Electric Appliances	Furniture and fixtures	Office equipment	Vehicles	Sub total							
At July 31, 2014																	
Cost	58,340,700	108,204,762	1,756,875,877	167,713,074	4,287,847	8,613,472	6,524,770	14,436,417	48,715,815	2,283,645,234	6,670,310	2,270,624,544	6,670,310	2,270,624,544			
Accumulated depreciation	-	(142,640,851)	(650,176,238)	(82,550,894)	(3,181,231)	(4,642,412)	(3,174,487)	(9,150,234)	(17,928,762)	(1,232,658,601)	(100,656)	(1,232,658,601)	(100,656)	(1,232,658,601)			
Net book value	58,340,700	55,563,911	706,699,639	75,162,110	1,136,522	4,270,960	3,340,283	5,276,183	30,787,053	1,050,986,633	6,469,654	1,050,986,633	6,469,654	1,050,986,633			
Year ended June 30, 2015																	
Opening net book value	58,340,700	55,563,911	706,699,639	75,162,110	1,136,522	4,270,960	3,340,283	5,276,183	30,787,053	1,050,986,633	6,469,654	1,050,986,633	6,469,654	1,050,986,633			
Additions	-	-	-	-	-	216,265	117,000	446,940	-	3,493,745	-	3,493,745	-	3,493,745			
Transfer from capital work in progress	-	23,321,523	70,216,679	-	-	-	-	-	-	104,591,202	-	104,591,202	-	104,591,202			
Disposals:																	
Cost	-	-	-	-	-	-	-	-	-	(17,143,726)	-	(17,143,726)	-	(17,143,726)			
Accumulated depreciation	-	-	-	-	-	-	-	-	-	(11,081,862)	-	(11,081,862)	-	(11,081,862)			
Depreciation charge	-	(8,824,472)	(76,862,174)	(7,616,811)	(113,882)	(462,277)	(938,730)	(566,983)	(5,920,168)	(98,614,167)	(1,293,601)	(99,806,988)	(1,293,601)	(99,806,988)			
Closing net book value	58,340,700	74,061,612	706,115,945	67,545,299	1,022,640	4,405,048	3,226,573	5,159,760	16,366,213	1,022,196,041	5,175,724	1,022,196,041	5,175,724	1,022,196,041			
At June 30, 2015																	
Cost	58,340,700	223,546,285	1,826,145,556	167,713,074	4,287,847	9,729,737	6,641,770	14,665,387	34,185,220	2,354,265,206	6,579,310	2,360,844,516	6,579,310	2,360,844,516			
Accumulated depreciation	-	(149,485,272)	(1,036,030,510)	(100,007,175)	(2,274,777)	(5,204,659)	(3,215,137)	(9,725,617)	(17,787,107)	(1,325,190,245)	(1,403,566)	(1,325,190,245)	(1,403,566)	(1,325,190,245)			
Net book value	58,340,700	74,061,012	789,115,045	67,705,899	1,022,640	4,605,048	3,426,573	5,159,760	16,366,213	1,022,196,041	5,175,724	1,022,196,041	5,175,724	1,022,196,041			
At July 31, 2015																	
Cost	58,340,700	223,546,285	1,835,145,556	167,713,074	4,287,847	9,729,737	6,641,770	14,665,387	34,185,220	2,354,265,206	6,579,310	2,360,844,516	6,579,310	2,360,844,516			
Accumulated depreciation	-	(149,485,272)	(1,036,030,510)	(100,007,175)	(2,274,777)	(5,204,659)	(3,215,137)	(9,725,617)	(17,787,107)	(1,325,190,245)	(1,403,566)	(1,325,190,245)	(1,403,566)	(1,325,190,245)			
Net book value	58,340,700	74,061,012	799,115,045	67,705,899	1,022,640	4,605,048	3,426,573	5,159,760	16,366,213	1,022,196,041	5,175,724	1,022,196,041	5,175,724	1,022,196,041			
Year ended June 30, 2016																	
Opening net book value	58,340,700	74,061,012	799,115,045	67,705,899	1,022,640	4,605,048	3,226,573	5,159,760	16,366,213	1,022,196,041	5,175,724	1,022,196,041	5,175,724	1,022,196,041			
Additions	-	62,400,000	10,000,000	-	-	178,105	192,000	240,060	16,016,850	99,038,805	9,246,625	9,246,625	9,246,625	9,246,625			
Disposals:																	
Cost	-	-	-	-	-	-	-	-	-	(11,205,020)	-	(11,205,020)	-	(11,205,020)			
Accumulated depreciation	-	-	-	-	-	-	-	-	-	(6,626,310)	-	(6,626,310)	-	(6,626,310)			
Depreciation charge	-	(9,851,434)	(70,240,823)	(6,704,693)	(132,287)	(447,545)	(315,207)	(535,145)	(5,638,710)	(84,103,965)	(1,897,423)	(85,938,710)	(1,897,423)	(85,938,710)			
Closing net book value	58,340,700	105,550,578	738,874,222	60,862,119	920,553	4,133,508	2,913,366	4,664,615	20,981,858	938,492,566	12,557,130	938,492,566	12,557,130	938,492,566			
At June 30, 2016																	
Cost	58,340,700	265,946,285	1,845,145,556	167,713,074	4,287,847	9,907,942	6,743,770	15,225,387	38,929,100	2,412,160,271	15,828,145	2,427,988,416	15,828,145	2,427,988,416			
Accumulated depreciation	-	(159,346,707)	(1,106,271,328)	(109,831,650)	(3,377,094)	(5,772,394)	(3,931,404)	(10,260,780)	(17,877,344)	(1,413,667,703)	(3,271,006)	(1,416,938,710)	(3,271,006)	(1,416,938,710)			
Net book value	58,340,700	106,599,578	738,874,222	60,862,119	920,553	4,133,508	2,913,366	4,664,615	20,981,858	938,492,566	12,557,130	938,492,566	12,557,130	938,492,566			
Annual rate of depreciation (%)	-	10	-	10	10	10	10	10	10	10	20	10	20	10	-		

10.2 Depreciation for the year has been allocated as under:

	2016	2015
	Rupees	Rupees
Cost of generation	86,883,224	91,305,620
Operating expenses	8,931,867	6,501,479
	<u>95,815,091</u>	<u>97,807,099</u>

Notes to the Financial Statements

10.3 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Particulars of buyers
Operating assets					
Vehicles					
(Sold by negotiation)					
	6,855,000	2,749,617	4,105,383	4,260,000	Mian Fahad Tariq House # 320, Street # 66, Sector I-8/3, Rawalpindi.
	622,000	404,171	217,829	500,000	Naseer Ahmad Chak # 93 R.B, Chitti Post Office District Jaranwala.
	2,196,000	1,480,970	715,030	925,000	Shahzeb Shah House # 43-C, Madina Street, Satellite Town, Block # 5 Quetta.
	1,592,020	991,552	600,468	700,000	Zafar Riaz House # 67/2, Station Road, Jehlum Cantt, Jehlum.
	11,265,020	5,626,310	5,638,710	6,385,000	
2016	11,265,020	5,626,310	5,638,710	6,385,000	
2015	17,143,795	6,061,813	11,081,982	14,825,000	

10.4 Capital work in progress

	Freehold land	Civil work	Plant and machinery	Total
-----Rupees-----				
Balance as at July 1, 2014	51,167,500	109,728,266	63,743,237	224,639,003
Capital expenditure incurred during the year	-	1,605,905	15,526,442	17,132,347
Transferred to operating assets	-	(25,321,523)	(79,269,679)	(104,591,202)
Balance as at June 30, 2015	51,167,500	86,012,648	-	137,180,148
Capital expenditure incurred during the year	-	1,846,040	-	1,846,040
Balance as at June 30, 2016	51,167,500	87,858,688	-	139,026,188

Notes to the Financial Statements

	Note	2016 Rupees	2015 Rupees
10.5 Non-operating land			
Cost of land	10.5.2	558,283,151	575,339,627
Transferred from non-current assets held for sale	20	-	6,392,086
		558,283,151	581,731,713
Disposed off during the year		(86,746,092)	(23,448,562)
		471,537,059	558,283,151
Advances for purchase of land		35,787,654	34,457,404
		507,324,713	592,740,555

10.5.1 The land is held for future expansion.

10.5.2 This includes land worth Rs. 250.1 million (2015: Rs. 263.5 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.

	2016 Rupees	2015 Rupees
11. Investment in subsidiary		
Sitara International (Private) Limited 4,999,500 (2015: 4,999,500) ordinary shares of Rs. 10/- each fully paid in cash. Ownership interest 99.99% (2015: 99.99%)	49,995,000	49,995,000

11.1 M/S Sitara International (Private) Limited is incorporated in Pakistan as a private limited company under the Companies Ordinance, 1984. The registered office of the Subsidiary is situated at 601-602 Business centre, Mumtaz Hasan Road, Karachi.

	2016 Rupees	2015 Rupees
12. Long term deposits		
Security deposits	511,200	511,200
Lease deposit	1,450,000	614,050
Less: Current portion	(614,050)	-
	835,950	614,050
	1,347,150	1,125,250

Notes to the Financial Statements

	2016	2015
	Rupees	Rupees
13. Stores, spares and loose tools		
Stores In hand	16,435,343	14,982,002
Spares	257,237,998	302,251,119
Loose tools	1,923,685	1,838,582
	<u>275,597,026</u>	<u>319,071,703</u>
Less: Provision for slow moving and obsolete items	(22,764,594)	(32,447,118)
	<u>252,832,432</u>	<u>286,624,585</u>

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

	Note	2016	2015
		Rupees	Rupees
14. Stock of oil and lubricants			
Furnace oil		46,698,429	49,665,220
Diesel oil		2,569,478	1,972,408
Lube oil		5,718,418	4,851,885
Wastes		59,204	65,254
		<u>55,045,529</u>	<u>56,554,767</u>
15. Trade debts			
Unsecured			
Considered good			
Related parties			
Sitara Chemtek (Private) Limited		1,047,427	522,295
Sitara Fabrics Limited		43,948,523	10,694,120
		<u>44,995,950</u>	<u>11,216,415</u>
Others		817,434,431	848,690,640
		<u>862,430,381</u>	<u>859,907,055</u>
16. Loans and advances			
Considered good			
Loans to staff		1,512,709	350,000
Loan to subsidiary	16.1	218,409,250	84,308,000
Advances			
Suppliers		15,787,449	12,094,915
Income tax		5,534,617	3,731,129
For purchases / expenses		5,062,266	1,896,620
Letters of credit fee and expenses		133,018	106,572
		<u>246,439,309</u>	<u>102,487,236</u>

16.1 It is unsecured and interest free.

Notes to the Financial Statements

	Note	2016 Rupees	2015 Rupees
17. Deposits and prepayments			
Deposits			
Security deposit		150,000	150,000
Current portion of long term deposits		614,050	-
Guarantee margin		31,375,800	9,108,130
		32,139,850	9,258,130
Prepayments		3,998,464	1,380,455
		36,138,314	10,638,585
18. Other receivables	18.1	39,679,060	70,189,060

18.1 These represent receivables against sale of non operating land and non-current assets held for sale.

	Note	2016 Rupees	2015 Rupees
19. Cash and bank balances			
Cash in hand		2,240,937	3,118,253
Cash at banks			
In current accounts		316,407,183	35,820,170
		318,648,120	38,938,423
20. Non-current assets held for sale			
Land			
Opening balance		-	101,326,301
Transferred to			
Non-operating land	10.5	-	6,392,086
Disposed off during the year		-	94,934,215
		-	-
21. Sales - net			
Electricity		3,594,508,039	4,274,915,543
Steam		43,359,908	59,847,255
		3,637,867,947	4,334,762,798
Less: Sales tax		539,406,350	662,040,029
		3,098,461,597	3,672,722,769
Less: Electricity duty		24,195,814	13,983,847
		3,074,265,783	3,658,738,922

Notes to the Financial Statements

	Note	2016 Rupees	2015 Rupees
22. Cost of generation			
Cost of gas, oil and lubricants	22.1	2,357,361,754	3,092,837,925
Salaries, wages and benefits		74,613,036	69,056,870
Staff retirement benefits		1,895,743	2,022,662
Stores, spares and loose tools		153,151,419	131,091,093
Travelling and conveyance		6,444,409	6,751,729
Vehicles running and maintenance		2,871,605	4,141,686
Insurance		5,589,461	5,491,583
Repairs and maintenance		11,800,285	25,434,266
Entertainment		3,075,962	2,075,589
Depreciation	10.2	86,989,224	91,306,609
Other		1,775,072	2,305,236
		<u>2,705,567,970</u>	<u>3,432,515,248</u>
22.1 Cost of gas, oil and lubricants			
Gas		730,573,121	456,441,228
Oil and lubricants		1,626,788,633	2,636,396,697
		<u>2,357,361,754</u>	<u>3,092,837,925</u>
23. Other income			
Income from assets other than financial assets:			
Sale of scrap and waste		2,474,569	1,838,549
Gain on disposal of			
Operating assets		746,290	3,743,018
Non-operating land		12,653,908	843,188
Non-current assets held for sale - land		-	11,462,660
Balances written back		-	102,943,266
		<u>15,874,767</u>	<u>120,830,681</u>
24. Operating expenses			
Director's remuneration		19,996,000	16,250,000
Salaries and benefits		36,467,635	33,430,512
Staff retirement benefits		1,094,401	1,152,175
Postage and telephone		2,061,807	2,610,561
Vehicles running and maintenance		4,561,070	5,974,914
Travelling and conveyance		5,985,118	6,239,044
Printing and stationery		2,416,090	1,890,788
Entertainment		4,196,335	4,492,794
Legal and professional		4,798,000	2,415,150
Fee, subscription and periodicals		3,057,834	2,688,366
Rent, rates and taxes		199,605	190,121
Advertisement		710,825	390,409
Insurance		1,830,890	1,791,227
Auditors' remuneration	24.1	1,264,000	1,279,000
Repairs and maintenance		2,006,851	1,855,093
Donations		153,000	118,000
Depreciation	10.2	8,981,867	8,601,479
Utilities		3,433,359	3,340,169
Other		2,862,157	2,776,287
		<u>106,076,844</u>	<u>97,486,089</u>

Notes to the Financial Statements

	Note	2016 Rupees	2015 Rupees
24.1 Auditors' remuneration			
Audit fee		1,000,000	1,000,000
Sundry services		264,000	279,000
		<u>1,264,000</u>	<u>1,279,000</u>
25. Other operating expenses			
Workers' profit participation fund	6.1	8,569,883	5,543,715
26. Finance cost			
Interest / mark-up on:			
Redeemable capital		-	4,568,335
Long term financing		18,535,550	27,503,605
Liabilities against assets subject to finance lease		530,773	562,915
Short term bank borrowings		85,083,166	104,445,233
Workers' profit participation fund		407,197	355,708
Bank charges and commission		2,948,592	1,613,870
		<u>107,505,278</u>	<u>139,049,666</u>
27. Provision for taxation			
Current			
For the year	27.1	-	-
For prior years'		-	-
		<u>-</u>	<u>-</u>

27.1 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. Therefore no provision for taxation has been made.

	2016	2015
28. Earnings per share - Basic and diluted		
Profit for the year (Rupees)	162,420,575	104,974,885
Weighted average number of ordinary shares	19,092,000	19,092,000
Earnings per share - Basic and diluted (Rupees)	8.51	5.50

28.1 There is no dilutive effect on the basic earnings per share of the Company.

29. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2016			2015		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
-----Rupees-----						
Remuneration	10,530,000	5,054,400	15,463,701	8,509,091	4,090,909	11,146,276
Medical allowance	1,170,000	561,600	1,546,370	850,909	409,091	1,114,628
Perquisites	1,950,000	730,000	360,065	1,955,000	435,000	1,639,128
Contribution to provident fund	-	-	704,112	-	-	704,407
	13,650,000	6,346,000	18,074,248	11,315,000	4,935,000	14,604,439
Number of persons	1	1	10	1	1	9

29.1 The Chief Executive Officer and director are entitled to free use of Company maintained car and other perquisites. One executive is entitled to conveyance facility. The monetary value of these benefits approximates Rs. 2,424,108/- (2015: Rs. 4,173,090/-). The Directors have waived off their meeting fee.

30. 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 29. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2016	2015
		Rupees	Rupees
Subsidiary	Refund of advance for purchase of land	-	47,268,744
	Loan given	134,101,250	84,308,000
Associated undertakings	Sales	110,216,014	67,053,755
Provident fund	Contribution for the year	2,990,144	3,174,837
		2016	2015

31. PLANT CAPACITY AND ACTUAL PRODUCTION

Number of generators installed	25	25
Number of generators worked	23	23
Installed energy generation capacity (Mega watt hours)	769,303	769,303
Actual energy generation (Mega watt hours)	315,632	264,978
Actual average load (Mega watt)	36.03	30.25

Reasons for low generation:

- Installed generators include two standby generators.
- Adjustment in planned optimum capacity utilisation level.
- Extra capacity for future growth.

2016 2015

32. DISCLOSURE WITH REGARDS TO PROVIDENT FUND

Size of the fund	(Rupees)	33,583,436	30,662,503
Cost of investments made	(Rupees)	15,120,000	15,120,000
Percentage of investments made	(% age)	45.02%	49.31%
Fair value of investments	(Rupees)	29,572,743	26,337,767

32.1 The figures for 2016 are based on the un-audited financial statements of the provident fund. Investment has been made in Defense Saving Certificates in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for that purpose.

2016 2015

33. NUMBER OF EMPLOYEES

Total number of employees as at June 30,	286	257
Average number of employees during the year	273	272

34. 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.

2016 2015
Rupees Rupees

34.1 FINANCIAL INSTRUMENTS BY CATEGORY**Financial assets at amortised cost:**

Deposits	32,975,800	9,872,180
Investment in subsidiary	49,995,000	49,995,000
Trade debts	862,430,381	859,907,055
Loans and advances	219,921,959	84,658,000
Other receivables	39,679,060	70,189,060
Cash and bank balances	318,648,120	38,938,423
	1,523,650,320	1,113,559,718

Financial liabilities at amortised cost:

Long term financing	200,000,000	200,000,000
Liabilities against assets subject to finance lease	9,976,684	4,376,138
Trade and other payables	446,958,229	378,088,882
Interest / markup payable	26,127,010	28,917,542
Short term bank borrowings	771,873,926	711,626,774
	1,454,935,849	1,323,009,336

34.2 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:

34.2.1 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 and M/S Sitara Spinning Mills Limited. The trade debts receivable from these customers constitute 63% (2015: 75%) of total receivables. The maximum exposure to credit risk at the reporting date is as follows:

	2016 Rupees	2015 Rupees
Deposits	32,975,800	9,872,180
Trade debts	862,430,381	859,907,055
Other receivables	39,679,060	70,189,060
Bank balances	316,407,183	35,820,170
	<u>1,251,492,424</u>	<u>975,788,465</u>

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

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

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

	2016 Rupees	2015 Rupees
Sitara Chemical Industries Limited	262,989,540	443,468,407
Sitara Spinning Mills Limited	279,105,983	235,042,044
Other industrial users	320,334,858	181,396,604
	<u>862,430,381</u>	<u>859,907,055</u>
The aging of trade debts as at balance sheet date is as under:		
Not past due		
Related parties	44,995,950	11,216,415
Others	688,543,585	740,906,095
	733,539,535	752,122,510
Past due		
Others	128,890,846	107,784,545
	<u>862,430,381</u>	<u>859,907,055</u>

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

34.2.2 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 balance sheet liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2016 and 2015:

	2016				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
-----Rupees in thousand-----					
Financial liabilities:					
Long term financing	200,000	218,047	13,362	204,685	-
Liabilities against assets subject to finance lease	9,977	10,835	2,505	2,940	5,390
Trade and other payables	446,958	446,958	446,958	-	-
Short term bank borrowings	771,874	848,735	189,352	659,383	-
	1,428,809	1,524,575	652,177	867,008	5,390
2015					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
-----Rupees in thousand-----					
Financial liabilities:					
Long term financing	200,000	236,664	15,746	10,459	210,459
Liabilities against assets subject to finance lease	4,376	4,749	1,112	1,112	2,525
Trade and other payables	378,089	378,089	378,089	-	-
Short term bank borrowings	711,627	799,226	170,566	628,660	-
	1,294,092	1,418,728	565,513	640,231	212,984

The contractual cash flows relating to mark up on long term financing and short term bank borrowings and leases 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. 1,220.778 million (2015: 934.814 million) and unavailed short term borrowing facilities of Rs. 227.12 million (2015: Rs. 195.87 million) as at the year end.

34.2.3 Market risk management

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

i) Interest rate risk

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

Interest rate risk arises from redeemable capital and 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 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, profit for the year and equity would have been lower / higher by Rs.9.51 million (2015: Rs. 9.12 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 balance sheet date, the Company is not exposed to equity price risk.

34.3 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.

34.4 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 ('long term financing', 'liabilities against assets subject to finance lease' and 'short term bank borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet 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	2016 Rupees	2015 Rupees
Total Debt	4, 5 & 8	981,850,610	916,002,912
Less: Cash and cash equivalents	19	318,648,120	38,938,423
Net Debt		663,202,490	877,064,489
Total equity		2,089,655,598	1,951,100,023
Total capital		2,752,858,088	2,828,164,512
Gearing ratio		24.09%	31.01%

35. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 26, 2016 has proposed a cash dividend of Rs. 2 per share (2015: Rs. 1.25 per share) amounting to Rs. 38,184,000/- (2015: Rs. 23,865,000/-) subject to approval of members in the forthcoming Annual General Meeting to be held on October 29, 2016.

36. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorised for issue on September 26, 2016.

37. GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Consolidated Financial Statements



Directors Report on Consolidated Financial Statements

The Board of Directors have pleasure in presenting the Audited Financial Statements of the Sitara Energy Limited (the parent) and Sitara International (Private) Limited (the subsidiary) for the year ended June 30, 2016.

The Company holds 99% shares in the Subsidiary which is trading in textile goods / machinery and real estate business.

Financial results for the year ended June 30, 2016 and June 30, 2015 are summarized below:

	30.06.2016	30.06.2015
	Rupees in thousands	
Sales - net	3,092,626	3,658,739
Gross Profit	369,557	226,224
Profit before taxation	161,212	103,533
Profit for the year	161,212	103,533
Earnings per share - Basic and diluted		
Attributable to the shareholders of the Parent (Rupees)	8.44	5.42

by order of the Board



JAVED IQBAL
Chief Executive Officer

Faisalabad
September 26, 2016

ڈائریکٹرز رپورٹ مجموعی مالیاتی گوشوارے

بورڈ آف ڈائریکٹرز ستارہ انرجی لمیٹڈ (پبلک) اور ستارہ انٹرنیشنل لمیٹڈ (سبسڈیری) ختم ہونے والے مالی سال 30 جون 2016 کے مالیاتی گوشوارے پیش کرتے ہوئے انتہائی مسرت محسوس کرتا ہے آپ کی کمپنی سبسڈیری کمپنی کے 99% شیئرز کی ملکیت رکھتی ہے جو کہ ٹیکسائل کے سامان/مشینری اور ریل اسٹیٹ کے کاروبار سے منسلک ہے۔

مالیاتی گوشواروں برائے مالی سال 30 جون 2016ء اور 30 جون 2015ء کی تفصیلات درج ذیل ہیں۔

30 جون 2016ء 30 جون 2015ء

پاکستانی روپے ہزاروں میں

تفصیل

3,658,739	3,092,626
226,224	369,557
103,533	161,212
103,533	161,212
5.42	8.44

فروخت - نٹ

مجموعی منافع

ٹیکسیشن سے قبل منافع

سال کا منافع

فی شیئر آمدنی

Parent میں قابل وصف حصہ (روپے)

بحکم بورڈ



جاوید اقبال

چیف ایگزیکٹو آفیسر

فیصل آباد

26 ستمبر 2016ء

AUDITORS' REPORT TO THE MEMBERS

We have examined the annexed consolidated financial statements comprising consolidated balance sheet of Sitara Energy Limited (the holding company) and its subsidiary company as at June 30, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Sitara Energy Limited and its subsidiary company. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly the financial position of Sitara Energy Limited and its subsidiary company as at June 30, 2016 and the results of their operations, their comprehensive income, cash flows and changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Engagement Partner:- Hamid Masood

Dated: September 26, 2016
Place: Faisalabad

Consolidated Balance Sheet as at June 30, 2016

	2016	2015		2016	2015
Note	Rupees	Rupees	Note	Rupees	Rupees
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each.	300,000,000	300,000,000	Property, plant and equipment	1,653,884,220	1,780,779,852
			Long term deposits	1,347,150	1,125,250
				1,655,231,370	1,781,905,102
Issued, subscribed and paid up capital	190,920,000	190,920,000			
Capital reserve					
Share premium	143,190,000	143,190,000			
Revenue reserves					
General reserve	920,000,000	920,000,000			
Unappropriated profit	832,205,208	694,858,079			
	2,086,315,208	1,948,968,079			
Non-controlling interest	7,281	7,402			
	2,086,322,489	1,948,975,481			
NON-CURRENT LIABILITIES			CURRENT ASSETS		
Long term financing	-	200,000,000	Stores, spares and loose tools	252,832,432	286,624,585
Liabilities against assets subject to finance lease	5,672,545	2,499,665	Stock	110,925,539	103,252,461
	5,672,545	202,499,665	Investment property	63,403,000	63,403,000
CURRENT LIABILITIES			Trade debts	862,430,381	859,907,055
Trade and other payables	463,119,706	401,774,526	Loans and advances	148,219,568	39,068,991
Interest / mark up payable	26,127,010	28,917,542	Deposits and prepayments	36,138,314	10,638,585
Short term bank borrowings	771,873,926	711,626,774	Other receivables	39,679,060	70,189,060
Current portion of:			Tax refunds due from		
Long term financing	200,000,000	-	Government - income tax	40,462,499	36,341,614
Liabilities against assets subject to finance lease	4,304,139	1,876,473	Cash and bank balances	348,097,652	44,340,008
Provision for taxation - income tax	-	-		1,902,188,445	1,513,765,359
	1,465,424,781	1,144,195,315			
CONTINGENCIES AND COMMITMENTS			Non-current assets held for sale		
	-	-		-	-
	-	-		1,902,188,445	1,513,765,359
	3,557,419,815	3,295,670,461		3,557,419,815	3,295,670,461

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Consolidated Profit and Loss Account for the Year Ended June 30, 2016
--

	Note	2016 Rupees	2015 Rupees
Sales - net	22	3,092,625,783	3,658,738,922
Cost of generation and sales	23	2,723,068,314	3,432,515,248
Gross profit		369,557,469	226,223,674
Other income	24	15,874,767	120,830,681
		385,432,236	347,054,355
Operating expenses	25	108,141,299	98,926,893
Other operating expenses	26	8,569,883	5,543,715
Finance cost	27	107,509,046	139,050,959
		224,220,228	243,521,567
Profit for the year before taxation		161,212,008	103,532,788
Provision for taxation	28	-	-
Profit for the year		161,212,008	103,532,788
Attributable to:			
Shareholders of the Parent		161,212,129	103,532,932
Non-controlling interest		(121)	(144)
		161,212,008	103,532,788
Earnings per share - Basic and diluted			
Attributable to the shareholders of the Parent	29	8.44	5.42

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Consolidated Statement of Comprehensive Income for the Year Ended June 30, 2016
--

	2016 Rupees	2015 Rupees
Profit for the year	161,212,008	103,532,788
Other comprehensive profit for the year	-	-
Total comprehensive income for the year	161,212,008	103,532,788
Attributable to:		
Shareholders of the Parent	161,212,129	103,533,071
Non-controlling interest	(121)	(283)
	161,212,008	103,532,788

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Consolidated Cash Flow Statement for the Year Ended June 30, 2016
--

	2016 Rupees	2015 Rupees
(a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before taxation	161,212,008	103,532,788
Adjustments for:		
Depreciation of property, plant and equipment	95,974,860	99,912,277
Provision for staff retirement benefits	2,990,144	3,174,837
Gain on disposal of:		
Operating assets	(746,290)	(3,743,018)
Non-operating land	(12,653,908)	(843,188)
Non-current assets held for sale - land	-	(11,462,660)
Balances written back	-	(102,943,266)
Finance cost	107,509,046	139,050,959
Operating cash flows before working capital changes	354,285,860	226,678,729
Changes in working capital		
Decrease / (Increase) in current assets		
Stores, spares and loose tools	33,792,153	26,490,287
Stocks	(7,673,078)	30,098,906
Trade debts	(2,523,325)	(246,917,694)
Loans and advances	(107,447,335)	(22,628,994)
Deposits and prepayments	(25,499,729)	(2,488,554)
Other receivables	51,300,000	90,870,315
Increase in current liabilities		
Trade and other payables	60,818,663	18,775,008
Cash generated from operating activities	2,767,349	(105,800,726)
Income tax paid	(5,824,126)	(4,123,584)
Staff retirement benefits paid	(2,710,958)	(3,229,107)
Finance cost paid	(110,299,578)	(144,503,222)
Net cash generated from / (used in) operating activities	238,218,547	(30,977,910)

Consolidated Cash Flow Statement for the Year Ended June 30, 2016
--

	2016 Rupees	2015 Rupees
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(53,104,530)	(40,626,091)
Proceeds from disposal of:		
Operating assets	6,385,000	14,825,000
Non operating land	78,610,000	11,004,250
Non-current assets held for sale - land	-	55,000,000
Increase in long term deposits	(221,900)	-
Net cash generated from investing activities	31,668,570	40,203,159
(c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of:		
Redeemable capital	-	(155,000,000)
Long term financing	-	(100,000,000)
Liabilities against assets subject to finance lease	(2,758,954)	(1,637,392)
Increase in short term bank borrowings - net	60,247,152	268,279,390
Dividend paid	(23,617,671)	(37,957,800)
Net cash generated from / (used in) financing activities	33,870,527	(26,315,802)
Net increase / (decrease) in cash and cash equivalents (a+b+c)	303,757,644	(17,090,553)
Cash and cash equivalents at the beginning of the year	44,340,008	61,430,561
Cash and cash equivalents at the end of the year	348,097,652	44,340,008

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Consolidated Statement of Changes In Equity for the Year Ended June 30, 2016

	Capital and reserves					Non-Controlling Interest	
	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, 2014	190,920,000	143,190,000	820,000,000	729,509,147	1,549,509,147	1,883,619,147	7,546
Transaction with owners							
Final dividend for the year ended June 30, 2014: Rs. 2/- per share	-	-	-	(38,184,000)	(38,184,000)	(38,184,000)	-
Transferred to general reserve	-	-	100,000,000	(100,000,000)	-	-	-
Total comprehensive income for the year							
Profit / (loss) for the year	-	-	-	103,532,932	103,532,932	103,532,932	(144)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	103,532,932	103,532,932	103,532,932	(144)
Balance as at June 30, 2015	190,920,000	143,190,000	920,000,000	694,858,079	1,614,858,079	1,948,968,079	7,402
Transaction with owners							
Final dividend for the year ended June 30, 2015: Rs. 1.25/- per share	-	-	-	(23,865,000)	(23,865,000)	(23,865,000)	-
Total comprehensive income for the year							
Profit / (loss) for the year	-	-	-	161,212,129	161,212,129	161,212,129	(121)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	161,212,129	161,212,129	161,212,129	(121)
Balance as at June 30, 2016	190,920,000	143,190,000	920,000,000	832,205,208	1,752,205,208	2,086,315,208	7,281

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Consolidated Notes to the Financial Statements for the Year Ended June 30, 2016

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 Companies Ordinance, 1984 and is listed on Pakistan stock exchange Limited (Formally known as Karachi 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 project is located at Tehsil Jaranwala, District Faisalabad in the province of Punjab.
- The Subsidiary is incorporated in Pakistan as a private limited company under the Companies Ordinance, 1984. The principal activities of the Subsidiary is trading in textile goods / machinery and real estate business. The registered office of the Subsidiary is situated at 601-602 Business centre, Mumtaz Hasan Road, Karachi in the province of Sindh.
- 1.3** 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 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 requirements of Companies Ordinance, 1984 (the Ordinance) and directives issued by the Securities and Exchange Commission of Pakistan and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards (IASs) / International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

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, 2015 and therefore, have been applied in preparing these financial statements.

- IFRS 10, 'Consolidated financial statements'

The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. The application of standard has no significant impact on the Group's financial statements.

- IFRS 12, 'Disclosures of interests in other entities'

The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles. The application of standard has no significant impact on the Group's financial statements.

- IFRS 13 Fair Value Measurement

The standard replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard and requires certain additional disclosures about fair value measurement. The application of standard has no significant impact on the Group's financial statements.

- Annual improvements to IFRS's 2010-2012 and 2011-2013

The company has applied the amendments to IFRS's included in the annual improvements 2010-2012 cycle and 2011-2013 cycle in the current year.

The application of amendments has no significant impact on the disclosures or amounts recognized in 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, 2015 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

The following standards, amendments to standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after their respective effective dates:

- IFRS 9 Financial Instruments (2014)

IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have 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, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The standard is effective for accounting period beginning on or after January 01, 2018. The management of the Group is reviewing the changes to evaluate the impact of application of standard on the financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The standard

is effective for accounting periods beginning on or after January 01, 2017. The Management is in the process of evaluating the impact of application of the standard on the Group's financial statements.

IFRS 16 Leases

Replaces the current IAS – 17 and requires lessees to recognize a lease liability reflecting future lease payments for virtually all lease contracts.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of standard is not expected to have any material impact on the Group's financial statements.

IAS 12 Income taxes

The amendments to IAS 12 address the issue of recognition of deferred tax assets for unrealized losses and clarify how to account for deferred tax assets related to debt instruments measured at fair value.

The amendments are effective for accounting period beginning on or after January 01, 2017. The application of standard is not expected to have any material impact on the Group's financial statements.

IAS 7 Statement of cash flows

The amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment is effective for accounting period beginning on or after January 01, 2017. The application of amendments is not expected to have any material impact on the Group's financial statements.

IFRS 10, IFRS 12 and IAS 28 Investment Entities

The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

The amendment is effective for accounting period beginning on or after January 01, 2016. The application of amendments is not expected to have any material impact on the Group's financial statements.

Amendments to IAS 1 Disclosure Initiative

These amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement.

These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments are effective for annual periods beginning on or after 1 January 2016, The management of the Group is reviewing the impact on the disclosure requirements of financial statements.

Amendment to IAS 16 “Property Plant and Equipment” and IAS 38 “Intangible Assets”

In this amendment it is clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The amendment is effective for accounting periods beginning on or after January 01, 2016. The application of amendment is not expected to have any material impact on the Group’s financial statements.

- Annual improvements 2014

These set of amendments impacts 4 standards:

IFRS 5, ‘Non-current assets held for sale and discontinued operations’ regarding methods of disposal.

IFRS 7, ‘Financial instruments: Disclosures’, (with consequential amendments to IFRS 1) regarding servicing contracts.

IAS 19, ‘Employee benefits’ regarding discount rates.

IAS 34, ‘Interim financial reporting’ regarding disclosure of information.

The amendments are effective for accounting periods beginning on or after January 01, 2016. 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 periods 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 investment property and investments which are stated at their fair values.

3.4 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit and loss account, unless these are directly attributable to qualifying assets, in which case these are capitalised in accordance with the Group's general policy on borrowing costs (Refer Note 3.12). Contingent rentals are recognised as expenses in the periods in which they are incurred.

3.5 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.

3.6 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.

3.7 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 balance sheet date and adjusted to reflect the current best estimate.

3.8 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 balance sheet 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 balance sheet date.

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

3.9 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.

3.10 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.

Assets subject to finance lease

In view of certainty of ownership at the end of the lease period, assets subject to finance lease are stated at cost less accumulated depreciation and accumulated impairment in value, if any. These are depreciated over their expected useful lives on the same basis as owned assets.

Non-operating land

Non-operating land is stated at cost.

Gains and losses on disposal of property, plant and equipment are included in current income.

3.11 Impairment

The Group assesses at each balance sheet 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 profit and loss account, 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.

3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.13 Investment property

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 profit and loss account for the period in which they arise.

3.14 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.

3.15 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.

3.16 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.

3.17 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet 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.

3.18 Investments

Available for sale investments

Investment securities held by the Group which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognised at fair value plus transaction cost and subsequently re-measured at fair value. The investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value is recognised directly in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognised in equity is included in profit and loss account.

Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the subsidiary has transferred substantially all risks and rewards of ownership.

3.19 Non-current assets held for sale

Non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current asset (or disposal group) classified as held for sale is measured at the lower of its previous carrying amount and fair value less costs to sell.

Non-current asset (or disposal group) classified as held for sale that no longer meet the criteria of classification as held for sale is transferred to non-current assets at the lower of:

- Its carrying amount before the assets were classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the assets not been classified as held for sale, and
- Its recoverable amount at the date of the subsequent decision not to sell.

Gains and losses on disposal of non-current asset (or disposal group) held for sale are included in current income.

3.20 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 balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

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

3.21 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and de-recognised when the Group loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

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

3.22 Offsetting of financial asset and financial liability

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, 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.

3.23 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.

Revenue is recognised as the power and steam are supplied.

Sale of land is recognised when legal title passes.

3.24 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.

3.25 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 useful life of depreciable assets, provision for 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

2015	2016		2016 Rupees	2015 Rupees
Number of shares				
<u>19,092,000</u>	<u>19,092,000</u>	Ordinary shares of Rs. 10/- each fully paid in cash.	<u>190,920,000</u>	<u>190,920,000</u>

4.1 656,000 (2015: 656,000) shares are held by an associated undertaking - Sitara Fabrics Limited.

5. Long term financing

	Note	2016 Rupees	2015 Rupees
Secured			
From banking company			
Under mark up arrangement			
Term finance	5.1	200,000,000	200,000,000
Less: Current portion		200,000,000	-
		<u>-</u>	<u>200,000,000</u>

5.1 It is secured against 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) and running finance (Refer Note 9.5). It is further secured by personal guarantee of directors of the Parent. Terms of repayment have been revised during the year. It is payable on March 31, 2017. It is subject to mark up at the rate of 3 months KIBOR plus 2.65% (2015: 3 months KIBOR plus 2.65%) per annum.

Effective rate of mark up charged during the year ranges from 9.00% to 9.62% per annum (2015: 10.60% to 12.82% per annum).

	2016 Rupees	2015 Rupees
6. Liabilities against assets subject to finance lease		
Opening balance	4,376,138	6,013,530
Obtained during the year	8,359,500	-
	<u>12,735,638</u>	<u>6,013,530</u>
Paid / adjusted during the year	(2,758,954)	(1,637,392)
	<u>9,976,684</u>	<u>4,376,138</u>
Less: Current portion	4,304,139	1,876,473
	<u>5,672,545</u>	<u>2,499,665</u>

6.1 These represents vehicles acquired under lease agreements. The purchase option is available to the company on payment of last installment and surrender of deposit at the end of lease period.

These represents vehicles acquired under ijarah finance. The principal plus financial charges are payable over the lease period in 36 instalments. The liability represents the total minimum lease payments discounted at 8.67% to 12.68% (2015: 11.69% to 12.68%) per annum being the interest rates implicit in leases.

6.2 The future minimum lease payments to which the Group is committed as at the year end are as under:

Year ending June 30,	2016 Rupees	2015 Rupees
2016	-	2,157,396
2017	5,489,492	2,591,663
2018	2,864,376	-
2019	2,525,174	-
	<u>10,879,042</u>	<u>4,749,059</u>
Financial charges:		
Payable	(37,073)	(19,072)
Allocated to future periods	(865,285)	(353,849)
	<u>9,976,684</u>	<u>4,376,138</u>

6.3 Reconciliation of minimum lease payments and their present values is given below:

	2016		2015	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	-----Rupees-----			
Due within one year	5,489,492	5,272,766	2,157,396	2,048,942
Due after one year but not later than five years	5,389,550	4,703,918	2,591,663	2,327,196
	10,879,042	9,976,684	4,749,059	4,376,138

	Note	2016 Rupees	2015 Rupees
7. Trade and other payables			
Creditors		327,183,060	246,853,492
Accrued liabilities		114,761,011	124,927,133
Provident fund - related party		781,476	502,290
Unclaimed dividend		3,247,203	2,999,874
Workers' profit participation fund	7.1	8,569,883	5,543,715
Sales tax		3,893,090	1,198,183
Withholding taxes		1,820,127	15,367,876
Other		2,863,856	4,381,963
		463,119,706	401,774,526
7.1 Workers' profit participation fund			
Opening balance		5,543,715	10,946,609
Interest on funds utilised in the Group's business		407,197	355,708
		5,950,912	11,302,317
Paid to workers on behalf of the fund		(5,950,912)	(11,302,317)
		-	-
Allocation for the year		8,569,883	5,543,715
		8,569,883	5,543,715

	Note	2016 Rupees	2015 Rupees
8. Interest / mark up payable			
Interest / mark up on secured:			
Long term financing		4,485,677	5,287,474
Liabilities against assets subject to finance lease		37,073	19,072
Short term bank borrowings		21,604,260	23,610,996
		<u>26,127,010</u>	<u>28,917,542</u>
9. Short term bank borrowings			
Secured - under mark up arrangements			
Morabaha finance I	9.2	114,000,000	114,000,000
Morabaha finance II	9.3	25,000,000	-
Term finance	9.4	193,573,671	199,563,274
Running finances	9.5	439,300,255	398,063,500
		<u>771,873,926</u>	<u>711,626,774</u>

9.1 The aggregate unavailed short term financing facilities available to the Parent are Rs. 227.12 million (2015: Rs. 195.87 million).

9.2 It is subject to mark up at the rate of 3 months KIBOR plus 2.25% per annum (2015: 6 months KIBOR plus 2.25% 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 long term term finance (Refer Note 5.1) and running finances (Refer Note 9.5). 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 9.4) and running finances (Refer Note 9.5) and personal guarantees of directors of the Company.

Effective mark up rate charged during the year ranges from 8.6% to 10.98% per annum (2015: 9.01% to 12.43% per annum).

9.3 It is subject to mark up at the rate of 6 months KIBOR plus 3.25% per annum payable quarterly in arrears. It is secured against ranking charge over movable fixed assets and current assets of the Company. It is further secured against token registered mortgage of Rs. 300,000/- and equitable mortgage of land of the Company and by personal guarantee of directors of the Company.

Effective mark up rate charged during the year ranges from 9.61% to 13.44% per annum.

9.4 It is subject to mark up at the rate of 1 month KIBOR plus 2% per annum (2015: 1 month KIBOR plus 1.5% per annum). It is secured against first charge over current assets of the Company ranking pari passu with the charges created in respect of morabaha finance-I (Refer Not 9.2) and running finances (Refer Note 9.5) and by personal guarantee of directors of the Parent.

Effective mark up rate charged during the year ranges from 8% to 8.5% per annum (2015: 8.33% to 11.87% per annum).

- 9.5 These are subject to mark up at the rate of 3 months KIBOR plus 2.00% to 2.65% per annum (2015: 3 months KIBOR plus 2.50% to 2.65% per annum) with a prompt payment rebate ranging from 0.10% to 0.50% per annum. Running finances are secured against first charge over current assets of the Company ranking pari passu with the charges created in respect of morabaha finance-I (Refer Note 9.2) and short term term finance (Refer Note 9.4), first charge over fixed assets of the Company ranking pari passu with the charges created in respect of long term term finance (Refer Note 5.1) and morabaha finance - I (Refer Note 9.2). These are further secured against ranking charge over fixed assets, token registered mortgage of Rs. 700,000/- and equitable mortgage of personal properties of directors and by personal guarantee of two directors of the Company.

Effective mark up rate charged during the year ranges from 8.35% to 10.25% per annum (2015: 10.25% to 12.82% per annum).

2016 Rupees	2015 Rupees
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10. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas	188,020,000	97,171,000
Demand of Income tax for the tax years 2004 to 2006 (2015: 2004 to 2006) is not acknowledged in view of pending appeals.	1,313,929	1,313,929
Demand of gas Infrastructure development cess not acknowledged. The Company has challenged the levy from year 2011 to 2014 before the Honourable Lahore High Court Lahore claiming that the company be treated as part of the industrial sector, Therefore entitled to benefit of non-recovery granted to industrial sector. The matter is pending before the anomaly committee constituted by ministry of Petroleum and Natural Resources; Government of Pakistan.	137,952,501	137,952,501

Commitments

Under letters of credit for stores and spares	18,786,565	13,622,368
Under agreement for purchase of land	93,490,625	6,500,000

11.3 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Particulars of buyers
Operating assets					
Vehicles					
	6,855,000	2,749,617	4,105,383	4,260,000	Mian Fahad Tariq House # 320, Street # 66, Sector I-8/3, Rawalpindi.
	622,000	404,171	217,829	500,000	Naseer Ahmad Chak # 93 R.B, Chitti Post Office District Jaranwala.
	2,196,000	1,480,970	715,030	925,000	Shahzeb Shah House # 43-C, Madina Street, Satellite Town, Block # 5 Quetta.
	1,592,020	991,552	600,468	700,000	Zafar Riaz House # 67/2, Station Road, Jehlum Cantt, Jehlum.
	11,265,020	5,626,310	5,638,710	6,385,000	
2016	11,265,020	5,626,310	5,638,710	6,385,000	
2015	17,143,795	6,061,813	11,081,982	14,825,000	

11.4 Capital work in progress

	Freehold land	Civil work	Plant and machinery	Total
	-----Rupees-----			
Balance as at July 1, 2014	51,167,500	109,728,266	63,743,237	224,639,003
Capital expenditure incurred during the year	-	1,605,905	15,526,442	17,132,347
Transferred to operating assets	-	(25,321,523)	(79,269,679)	(104,591,202)
Balance as at June 30, 2015	51,167,500	86,012,648	-	137,180,148
Capital expenditure incurred during the year	-	1,846,040	-	1,846,040
Balance as at June 30, 2016	51,167,500	87,858,688	-	139,026,188

Notes to the Financial Statements

	Note	2016 Rupees	2015 Rupees
11.5 Non-operating land			
Cost of land		554,732,838	571,789,314
Transferred from non-current assets held for sale	21	-	6,392,086
		554,732,838	578,181,400
Disposed off during the year		(86,746,092)	(23,448,562)
		467,986,746	554,732,838
Advances for purchase of land		35,787,654	34,457,404
		503,774,400	589,190,242
11.5.1 The land is held for future expansion.			
12. Long term deposits			
Security deposits		511,200	511,200
Lease deposit		1,450,000	614,050
Less: Current portion		(614,050)	-
		835,950	614,050
		1,347,150	1,125,250
13. Stores, spares and loose tools			
Stores In hand		16,435,343	14,982,002
Spares		257,237,998	302,251,119
Loose tools		1,923,685	1,838,582
		275,597,026	319,071,703
Less: Provision for slow moving and obsolete items		(22,764,594)	(32,447,118)
		252,832,432	286,624,585
13.1 Stores and spares include items that may result in fixed capital expenditure but are not distinguishable.			
14. Stocks			
		2016 Rupees	2015 Rupees
Furnace oil		46,698,429	49,665,220
Diesel oil		2,569,478	1,972,408
Lube oil		5,718,418	4,851,885
Waste		59,204	65,254
Land		55,880,010	46,697,694
		110,925,539	103,252,461

Notes to the Financial Statements

	2016 Rupees	2015 Rupees
15. Investment property		
Cost	25,144,683	25,144,683
Gain on fair value measurement	38,258,317	38,258,317
	63,403,000	63,403,000

15.1 The fair value of the investment property has been determined on the basis of market value by an independent valuer as at June 30, 2013. There is no significant change in fair value since the last valuation date.

	Note	2016 Rupees	2015 Rupees
16. Trade debts			
Unsecured			
Considered good			
Related parties			
Sitara Chemtek (Private) Limited		1,047,427	522,295
Sitara Fabrics Limited		43,948,523	10,694,120
		44,995,950	11,216,415
Others		817,434,431	848,690,640
		862,430,381	859,907,055

17. Loans and advances			
Considered good			
Loans to staff		1,512,709	350,000
Advances			
Suppliers		15,787,449	12,094,915
Income tax		5,824,126	4,120,884
For purchases / expenses		16,962,266	22,396,620
Letters of credit fee and expenses		133,018	106,572
Advances for purchase of land	17.1	108,000,000	-
		148,219,568	39,068,991

17.1 This represent advance for purchase of land through an associated undertaking for development project under joint venture arrangement.

	2016 Rupees	2015 Rupees
18. Deposits and prepayments		
Deposits		
Security deposit	150,000	150,000
Current portion of long term deposits	614,050	-
Guarantee margin	31,375,800	9,108,130
	32,139,850	9,258,130
Prepayments	3,998,464	1,380,455
	36,138,314	10,638,585

Notes to the Financial Statements

	Note	2016 Rupees	2015 Rupees
19. Other receivables	19.1	39,679,060	70,189,060
19.1			
These represent receivables against sale of non operating land and non-current assets held for sale.			
20. Cash and bank balances			
Cash in hand		15,127,892	4,111,448
Cash at banks			
In current accounts		332,969,760	40,228,560
		348,097,652	44,340,008
21. Non-current assets held for sale			
Land			
Opening balance		-	101,326,301
Transferred to			
Non-operating land	11.5	-	6,392,086
Disposed off during the year		-	94,934,215
		-	-
22. Sales - net			
Electricity		3,594,508,039	4,274,915,543
Steam		43,359,908	59,847,255
		3,637,867,947	4,334,762,798
Less: Sales tax		539,406,350	662,040,029
		3,098,461,597	3,672,722,769
Less: Electricity duty		24,195,814	13,983,847
Land		18,360,000	-
		3,092,625,783	3,658,738,922
23. Cost of generation and sales			
Cost of generation	23.1	2,705,567,970	3,432,515,248
Cost of sales - land		17,500,344	-
		2,723,068,314	3,432,515,248
23.1 Cost of generation			
Cost of gas, oil and lubricants	23.1.1	2,357,361,754	3,092,837,925
Salaries, wages and benefits		74,613,036	69,056,870
Staff retirement benefits		1,895,743	2,022,662
Stores, spares and loose tools		153,151,419	131,091,093
Travelling and conveyance		6,444,409	6,751,729
Vehicles running and maintenance		2,871,605	4,141,686
Insurance		5,589,461	5,491,583
Repairs and maintenance		11,800,285	25,434,266
Entertainment		3,075,962	2,075,589
Depreciation	11.2	86,989,224	91,306,609
Other		1,775,072	2,305,236
		2,705,567,970	3,432,515,248

Notes to the Financial Statements

	Note	2016 Rupees	2015 Rupees
23.1.1 Cost of gas, oil and lubricants			
Gas		730,573,121	456,441,228
Oil and lubricants		1,626,788,633	2,636,396,697
		<u>2,357,361,754</u>	<u>3,092,837,925</u>
24. Other income			
Income from assets other than financial assets:			
Sale of scrap and waste		2,474,569	1,838,549
Gain on disposal of:			
Operating assets		746,290	3,743,018
Non-operating land		12,653,908	843,188
Non current assets held for sale - land		-	11,462,660
Balances written back		-	102,943,266
		<u>15,874,767</u>	<u>120,830,681</u>
25. Operating expenses			
Directors' remuneration		19,996,000	16,250,000
Salaries and benefits		37,650,091	34,494,487
Staff retirement benefits		1,094,401	1,152,175
Postage and telephone		2,061,807	2,610,561
Vehicles running and maintenance		4,561,070	5,974,914
Travelling and conveyance		5,985,118	6,239,044
Printing and stationery		2,416,090	1,890,788
Entertainment		4,196,335	4,492,794
Legal and professional		5,546,100	2,498,150
Fee, subscription and periodicals		3,070,964	2,695,906
Rent, rates and taxes		199,605	190,121
Advertisement		710,825	390,409
Insurance		1,830,890	1,791,227
Auditors' remuneration	25.1	1,369,000	1,559,000
Repairs and maintenance		2,006,851	1,855,093
Donations		153,000	118,000
Depreciation	11.2	8,985,636	8,605,668
Utilities		3,433,359	3,340,169
Other		2,874,157	2,778,387
		<u>108,141,299</u>	<u>98,926,893</u>
25.1 Auditors' remuneration			
Audit fee		1,105,000	1,250,000
Sundry services		264,000	309,000
		<u>1,369,000</u>	<u>1,559,000</u>

Notes to the Financial Statements

	Note	2016 Rupees	2015 Rupees
26. Other operating expenses			
Workers' profit participation fund	7.1	8,569,883	5,543,715
27. Finance cost			
Interest / mark-up on:			
Redeemable capital		-	4,568,335
Long term financing		18,535,550	27,503,605
Liabilities against assets subject to finance lease		530,773	562,915
Short term bank borrowings		85,083,166	104,445,233
Workers' profit participation fund		407,197	355,708
Bank charges and commission		2,952,360	1,615,163
		107,509,046	139,050,959
28. Provision for taxation			
Current			
For the year	28.1	-	-
For prior years'		-	-
Deferred		-	-
		-	-

28.1 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. Provision for taxation of subsidiary is nil due to current loss during the year.

28.2 Deferred tax asset after considering tax losses available for adjustment works out to Rs. 1,205,288/- (2015 : Rs.4,795,279/-). This is not recognized in these financial statements due to uncertain future results.

	2016 Rupees	2015 Rupees
29. Earnings per share - Basic and diluted		
Profit for the year attributable to shareholders of the Parent (Rupees)	161,212,008	103,532,788
Weighted average number of ordinary shares	19,092,000	19,092,000
Earnings per share - Basic and diluted (Rupees)	8.44	5.42

29.1 There is no dilutive effect on the basic earnings per share of the Group.

30. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2016			2015		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
	-----Rupees-----					
Remuneration	10,530,000	5,054,400	15,463,701	8,509,091	4,090,909	11,146,276
Medical allowance	1,170,000	561,600	1,546,370	850,909	409,091	1,114,628
Perquisites	1,950,000	730,000	360,065	1,955,000	435,000	1,639,128
Contribution to provident fund	-	-	704,112	-	-	704,407
	13,650,000	6,346,000	18,074,248	11,315,000	4,935,000	14,604,439
Number of persons	1	1	10	1	1	9

30.1 The Chief Executive Officer and director are entitled to free use of Parent Company maintained car and other perquisites. One executive is entitled to conveyance facility. The monetary value of these benefits approximates Rs. 2,424,108/- (2015: Rs. 4,173,090/-). The Directors have waived off their meeting fee.

31. 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 30. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2016	2015
		Rupees	Rupees
Associated undertakings	Sales	110,216,014	67,053,755
Provident fund	Contribution for the year	2,990,144	3,174,837

32. PLANT CAPACITY AND ACTUAL PRODUCTION

	2016	2015
Number of generators installed	25	25
Number of generators worked	23	23
Installed energy generation capacity (Mega watt hours)	769,303	769,303
Actual energy generation (Mega watt hours)	315,632	264,978
Actual average load (Mega watt)	36.03	30.25

Reasons for low generation:

- Installed generators include two standby generators.
- Adjustment in planned optimum capacity utilisation level.
- Extra capacity for future growth.

	2016	2015
--	------	------

33. DISCLOSURE WITH REGARDS TO PROVIDENT FUND

Size of the fund	(Rupees)	33,583,436	30,662,503
Cost of investments made	(Rupees)	15,120,000	15,120,000
Percentage of investments made	(% age)	45.02%	49.31%
Fair value of investments	(Rupees)	29,572,743	26,337,767

33.1 The figures for 2016 are based on the un-audited financial statements of the provident fund. Investment has been made in Defense Saving Certificates in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for that purpose.

	2016	2015
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34. NUMBER OF EMPLOYEES

Total number of employees as at June 30,	289	260
Average number of employees during the year	276	275

35. 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.

	2016 Rupees	2015 Rupees
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35.1 FINANCIAL INSTRUMENTS BY CATEGORY**Financial assets at amortised cost:**

Deposits	32,975,800	9,872,180
Trade debts	862,430,381	859,907,055
Loans and advances	1,512,709	350,000
Other receivables	39,679,060	70,189,060
Cash and bank balances	348,097,652	44,340,008
	1,284,695,602	984,658,303

Financial liabilities at amortised cost:

Long term financing	200,000,000	200,000,000
Liabilities against assets subject to finance lease	9,976,684	4,376,138
Trade and other payables	448,055,130	379,162,462
Interest / markup payable	26,127,010	28,917,542
Short term bank borrowings	771,873,926	711,626,774
	1,456,032,750	1,324,082,916

35.2 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:

35.2.1 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 and M/S Sitara Spinning Mills Limited. The trade debts receivable from these customers constitute 63% (2015: 75%) of total receivables. The maximum exposure to credit risk at the reporting date is as follows:

	2016 Rupees	2015 Rupees
Deposits	32,975,800	9,872,180
Trade debts	862,430,381	859,907,055
Other receivables	39,679,060	70,189,060
Bank balances	332,969,760	40,228,560
	<u>1,268,055,001</u>	<u>980,196,855</u>

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

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

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

	2016 Rupees	2015 Rupees
Sitara Chemical Industries Limited	262,989,540	443,468,407
Sitara Spinning Mills Limited	279,105,983	235,042,044
Other industrial users	320,334,858	181,396,604
	<u>862,430,381</u>	<u>859,907,055</u>

The aging of trade debts as at balance sheet date is as under:

Not past due		
Related parties	44,995,950	11,216,415
Others	688,543,585	740,906,095
	<u>733,539,535</u>	<u>752,122,510</u>
Past due		
Others	128,890,846	107,784,545
	<u>862,430,381</u>	<u>859,907,055</u>

Notes to the Financial Statements

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.

35.2.2 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 balance sheet liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2016 and 2015:

	2016				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
-----Rupees in thousand-----					
Financial liabilities:					
Long term financing	200,000	218,047	13,362	204,685	-
Liabilities against assets subject to finance lease	9,976	10,835	2,505	2,940	5,390
Trade and other payables	463,120	463,120	463,120	-	-
Short term bank borrowings	771,874	848,735	189,352	659,383	-
	1,444,970	1,540,737	668,339	867,008	5,390
	2015				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
-----Rupees in thousand-----					
Financial liabilities:					
Long term financing	200,000	236,664	15,746	10,459	210,459
Liabilities against assets subject to finance lease	4,376	4,749	1,112	1,112	2,525
Trade and other payables	379,162	379,163	379,162	-	-
Short term bank borrowings	711,627	799,226	170,566	628,660	-
	1,295,165	1,419,802	566,586	640,231	212,984

The contractual cash flows relating to mark up on long term financing and 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. 1,250.990 million (2015: 940.588 million) and unavailed short term borrowing facilities of Rs.227.12 million (2015: Rs. 195.87 million) as at the year end.

35.2.3 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 redeemable capital and 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, profit for the year and equity would have been lower / higher by Rs.9.51 million (2015: Rs. 9.12 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 balance sheet date, the Group is not exposed to equity price risk.

35.3 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.

35.4 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 ('long term financing', 'liabilities against assets subject to finance lease' and 'short term bank borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet 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	2016 Rupees	2015 Rupees
Total Debt	5, 6 & 9	981,850,610	916,002,912
Less: Cash and cash equivalents	20	348,097,652	44,340,008
Net Debt		633,752,958	871,662,904
Total equity		2,086,315,208	1,948,968,079
Total capital		2,720,068,166	2,820,630,983
Gearing ratio		23.30%	30.90%

36. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 26, 2016 has proposed a cash dividend of Rs. 2 per share (2015: Rs. 1.25 per share) amounting to Rs. 38,184,000/- (2015: Rs. 23,865,000/-) subject to approval of members in the forthcoming Annual General Meeting to be held on October 29, 2016.

37. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Group and authorised for issue on September 26, 2016.

38. GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

DIVIDEND MANDATE FORM

It is to inform you that under section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, directs the Company to pay dividend through his / her / its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan from time to time relating to the subject you being the registered shareholder of Sitara Energy Limited are hereby given the opportunity to authorize the Company to directly credit in your bank account cash dividend if any, declared by the Company in future.

PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY, IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANTS.

Do you wish the cash dividend declared by the Company, if any, is directly credited in your bank account, instead of issue of dividend warrants. Please tick any of the following boxes:

YES	NO
-----	----

If yes, then please provide the following information:

(i) Shareholder's Detail	
Name of the shareholder	
Folio No.	
CNIC No.	
Passport No. (in case of Foreign Shareholder)	
Land Line Phone No.	
Cell No.	
(ii) Shareholder's Bank Detail	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	

The Company is hereby authorized to directly credit cash dividend declared by it, if any, from time to time, in the above-mentioned bank account.

It is stated that the above-mentioned information is correct, and that I will intimate the changes in the above-mentioned information to the company and the concerned Share Registrar as soon as they occur.

Signature of the Member/Shareholder

Date:

Note:

- The shareholders who hold shares in physical form are requested to submit the attached Dividend Mandate Form after duly filled in to the Share Registrar concerned.
- Shareholders maintaining their shareholdings under Central Depository System (CDS) are advised to submit this form directly to relevant Participant/ CDC Investor Account Service.
- Please attach attested photocopy of the CNIC/Passport (in case of Foreign Shareholder)

Request for E-Transmission

The Share Registrar
Sitara Energy Limited,
THK Associates (Pvt.) Ltd.,
Second Floor, State Life Building-3,
Dr. Ziauddin Ahmed Road, Karachi-75530,
Telephone No. 021-111-000-322,

Dear Sir,

Request for E-Transmission of Annual Report

Pursuant to S.R.O. 787(I)/2014 dated September 08, 2014 issued by the Securities and Exchange Commission of Pakistan (SECP), kindly note the requisite information for electronic transmission of annual balance sheet and profit and loss account, auditor's report and directors report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) [collectively referred to as 'Annual Report'] of Sitara Energy Limited (SEL). The email address provided hereunder may please be recorded in the members' register of the Company being maintained under Section 147 of the Companies Ordinance, 1984.

Particulars	
Name of shareholder	
Folio No. / CDC ID No.	
CNIC No.	
Passport No. (for foreign shareholder)	
E-mail address	
Land Line Telephone No.	
Cell No.	

It is stated that the above-mentioned information is correct and I hereby agree and give my consent for future transmission of the Company's Annual Report via email address provided above.

It is further stated that being the shareholder of the Company, it is my responsibility to communicate any change in the registered email address in a timely manner.

Yours Truly,

Shareholder's Signature

Complete Address: - _____

Copy to:

The Company Secretary
Sitara Energy Limited
601-602, Business Centre, Mumtaz Hasan Road,
Karachi

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- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
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*Mobile apps are also available for download for android and ios devices

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 _____
_____ Folio No./CDC No. of _____ failing him/her,
Mr./Mrs./Miss _____ Folio No./CDC No. _____ of
_____ as my/our proxy to attend, act and vote for me/us on my/our behalf at Annual General
Meeting of the Company to be held on Saturday October 29, 2016 at 11:30 a.m at The Institute of Chartered
Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi 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 _____ 2016

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.
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 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530 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.

ستارہ انرجی لمیٹڈ

پراکسی فارم

اجلاس عام

میں اہم

ستارہ انرجی لمیٹڈ کے ممبران رجسٹرڈ فولیو نمبر / شرکاء کی آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر کے مطابق عمومی شیئرز

رکھتے ہیں بذریعہ ہذا کو تقرر کرتے ہیں۔ رجسٹرڈ فولیو نمبر / شرکاء کی

آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر یا اس کے شرکت نہ کرنے کی صورت میں

رجسٹرڈ فولیو نمبر / شرکاء کی آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر کو بطور پراکسی 29 اکتوبر 2016 بوقت 11.30 بجے دوپہر

بمقام اسٹیٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان چارٹرڈ اکاؤنٹنٹس ایوسی ایشن، کراچی کمپنی کے منعقد ہونے والے اجلاس عام اور اس کے کسی التواء تک میری / ہماری جانب سے ووٹ دینا اور اجلاس میں شرکت کے کا حق دیتا ہوں۔

ریونیو اسٹامپ	دستخط پراکسی	دستخط شیئر ہولڈر
5/- روپے	تاریخ	۲۰۱۶ء

گواہان	گواہان
دستخط	دستخط
نام	نام
ایڈریس	ایڈریس
شناختی کارڈ	شناختی کارڈ
پاسپورٹ	پاسپورٹ

نوٹس:

- (1) ایک رکن جو اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے اس کو حق حاصل ہے کہ وہ کسی دوسرے فرد کو بطور پراکسی اپنی جانب سے شرکت کرنے اور ووٹ دینے کے لئے مقرر کرے۔
- (2) اگر کوئی رکن اجلاس عام میں شرکت کرنے کے قابل نہیں ہے تو وہ یہ فارم مکمل اور تصدیق شدہ کمپنی کے شیئر رجسٹر اری میسرز THK ایوسی ایشن، دوسری منزل، اسٹیٹ انکف بلڈنگ نمبر ۳، ڈاکٹر ضیاء الدین احمد روڈ، کراچی 75530 کو اجلاس کے منعقد ہونے سے 48 گھنٹے قبل بھجوائے۔
- (3) CDC اکاؤنٹ ہولڈر / کارپوریٹ انٹیس مندرجہ بالا کے علاوہ مذکورہ شقوں پر عمل کریں۔
 - (a) پراکسی فارم میں دو گواہان کے دستخط نیز ان کے پتے اور شناختی کارڈ نمبر کا اندارج بھی لازمی ہے۔
 - (b) رکن اور پراکسی کی تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی نقول کی فراہمی۔
 - (c) پراکسی کے لئے لازم ہے کہ وہ اجلاس کے وقت اصل قومی شناختی کارڈ یا پاسپورٹ تصدیق کے لئے فراہم کرے۔ Corporate Entity کی صورت میں بورڈ آف ڈائریکٹرز کی تصدیق شدہ قرارداد کی نقل بشمول Power of Attorney دستخط کے ساتھ (بجز اگر پہلے ہی جمع کروادی گئی ہے) پراکسی فارم کے ہمراہ کمپنی کے شیئر رجسٹرار کو جمع کروائے۔



If undelivered please return to:

Sitara Energy Limited

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

Tel: 021-32420620-32413944

Fax: 021-32415452