



Sitara Chemical
Industries Limited



1st Quarter Report | September 30, 2021

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COMPANY INFORMATION

Board of Directors

Chairman
Chief Executive Officer
Directors

Mr. Abdul Awal
Mr. Muhammad Adrees
Mr. Haseeb Ahmad
Mr. Haroon Ahmad Zuberi
Mr. Ahmad Nawaz
Mr. Ashraf Shahzad Ahmad
Mrs. Shala Waheed Sher
Mr. Mazhar Ali Khan

Company Secretary

Chief Financial Officer

Mr. Zakir Hussain (FCA)

Audit Committee

Chairman
Members

Mr. Haroon Ahmad Zuberi
Mr. Abdul Awal
Mr. Ahmad Nawaz

Human Resource & Remuneration Committee

Chairman
Members

Mr. Abdul Awal
Mr. Muhammad Adrees
Mrs. Shala Waheed Sher

Head of Internal Audit

Mr. Ghulam Abbas (ACA)

Auditors

Yousuf Adil
Chartered Accountants

Legal Advisor

Mr. Sahibzada Muhammad Arif

Shariah Advisor

Al Hamd Shariah Advisory Services (Pvt.) Limited

Bankers

Meezan Bank Limited
Bank Alfalah Limited
Habib Bank Limited
Standard Chartered Bank Pakistan Limited
Al-Baraka Bank (Pakistan) Limited
Faysal Bank Limited
National Bank of Pakistan
MCB Bank Limited
MCB Islamic Bank Limited
Dubai Islamic Bank Pakistan Limited
Bank Islami Pakistan Limited
The Bank of Khyber
Askari Bank Islamic Banking
The Bank of Punjab
United Bank Limited
Soneri Bank Limited
Bank Al-Habib Limited
Habib Metropolitan Bank Limited
Allied Bank Limited

Website of the Company

www.sitara.com.pk

Registered Office

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

Share Registrar Address

THK Associates (Private) Limited
Plot No. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi-75500

Factories

28 / 32 KM - Faisalabad - Sheikhupura Road, Faisalabad, Pakistan

DIRECTORS' REPORT

In the name of Allah, the Most Beneficent, the Most Gracious, the Most Merciful. On behalf of the Board of Directors of Sitara Chemical Industries Limited, we are pleased to present the un-audited condensed interim financial statements of the Company for the 1st quarter ended on September 30, 2021.

Business Overview:

Energy cost is one of the major cost components of cost of sales of the company. The first quarter of the ongoing financial year witnessed a significant increase of overall energy cost after surge in coal and RLNG prices as compared with prices prevalent in corresponding quarter of previous year. Higher cost of production could not be passed on the customers due to unfavorable market conditions. However, quantitative sale of caustic and other allied chemicals have increased during the quarter as compared with quantitative sales of previous year's corresponding quarter.

In view of the above economic scenario, your Company recorded a net sales of Rs. 3,856 million and gross profits of Rs 475 million during the 1st quarter under review as compared with net sales of Rs. 3,313 million and gross profits of Rs 773 million in the corresponding quarter of the previous year, witnessing a growth of 16.4% in net sales. Overall gross margins remained depressed during the quarter due to factors as briefed above; however, gross margins of textile division of the company remained better during the quarter as compared with previous year's corresponding quarter due to better yarn prices. Profit before tax stood at Rs. 70 million as against profit before tax of Rs. 408 million during the corresponding quarter of last year. Earnings per share was recorded at Rs. 1.62 during the quarter as against Rs. 13.49 during the corresponding quarter of last year.

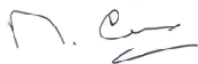
Future Outlook:

After trial run production of soap noodles plant, Alhamdulillah, plant is working smoothly. However some challenges are being faced on marketing front due to ever highest palm oil prices in international market and low demand due to start of winter season. We hope that these challenges will be coped up soon with better marketing strategy. Work on expansion of existing coal fired power plant of the company is also in progress and techno-commercial negotiations with technology suppliers and engineering company is underway.

Any probable increase in coal and RLNG tariff, devaluation of Pak rupee against US\$, further increase in palm oil prices in international market, increase in SBP policy rates are the key challenges for the Company to which your company is taking all the appropriate measures to mitigate their adverse impacts.

Acknowledgments:

We take this opportunity to thank our valued business partners and stakeholders for their continued support, trust and assistance for the progress and prosperity of the Company. Company also appreciates its staff for their continuous dedication, commitment and support.



Muhammad Adrees
Chief Executive Officer
October 29, 2021
Faisalabad.



Haseeb Ahmad
Director

ڈائریکٹر رپورٹ

اللہ تعالیٰ کے بابرکت نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔ ستارہ کیمیکلز انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی طرف سے ہم 30 ستمبر 2021 کو ختم ہونے والی پہلی سہ ماہی کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے پُرسرت ہیں۔

کاروباری جائزہ:

توانائی کی لاگت کمپنی کی فروخت کی لاگت کے اہم اجزاء میں سے ایک ہے۔ رواں مالی سال کی پہلی سہ ماہی میں کونکے اور آریل این جی کی قیمتوں میں اضافے کے بعد توانائی کی مجموعی لاگت میں پچھلے سال کی اسی سہ ماہی کی قیمتوں کے مقابلے میں نمایاں اضافہ دیکھنے میں آیا ہے۔ مارکیٹ کی نامناسب صورتحال کی وجہ سے پیداوار کی زیادہ قیمت صارفین پر نہیں پہنچ سکی۔ تاہم، پچھلے سال اسی سہ ماہی کی مقداری فروخت کے مقابلے میں رواں سال کی پہلی سہ ماہی کے دوران کاسٹک اور دیگر متعلقہ کیمیکلز کی مقداری فروخت میں اضافہ ہوا ہے۔

مذکورہ معاشی منظر نامے کے پیش نظر، زیر جائزہ پہلی سہ ماہی کے دوران آپ کی کمپنی نے 3,856 ملین روپے کی خالص فروخت کی ہے۔ اور مجموعی منافع 475 ملین روپے رہا۔ جبکہ پچھلے سال اسی سہ ماہی میں خالص فروخت 3,313 ملین روپے اور مجموعی منافع 773 ملین روپے تھا، خالص فروخت میں 16.4 فیصد اضافہ دیکھا گیا۔ اوپر بیان کردہ عوامل کی وجہ سے رواں سال کی پہلی سہ ماہی کے دوران مجموعی طور پر مجموعی مارجن دباؤ کا شکار رہا۔ تاہم، دھاگے کی بہتر قیمتوں کی وجہ سے کمپنی کے ٹیکسٹائل ڈویژن کے مجموعی مارجن میں پچھلے سال کی اسی سہ ماہی کے مقابلے میں بہتری دیکھنے میں آئی۔ ٹیکس سے قبل منافع پچھلے سال کی اسی سہ ماہی میں 408 ملین روپے کے مقابلے میں 70 ملین روپے رہا جس سے فی حصص آمدنی 1.62 روپے رہی جبکہ پچھلے سال اسی مدت کے دوران فی حصص آمدنی 13.49 روپے تھی۔

مستقبل پر نظر:

الحمد للہ، سوپ نوڈلز پلانٹ کی آزمائشی پیداوار کے بعد، پلانٹ نے باقاعدہ کام شروع کر دیا ہے۔ بین الاقوامی مارکیٹ میں پام آئل کی اب تک کی بلند ترین قیمتوں اور موسم سرما کے آغاز کے باعث کم طلب کی وجہ سے آپ کی کمپنی کے مارکیٹنگ کے شعبے کو کچھ چیلنجز درپیش ہیں۔ ہم امید کرتے ہیں کہ بہتر مارکیٹنگ حکمت عملی کے ساتھ ان چیلنجز کا جلد مقابلہ کیا جائے گا۔ کمپنی کے موجودہ کونکے سے چلنے والے پاور پلانٹ کی توسیع پر بھی کام جاری ہے اور ٹیکنالوجی سپلائرز اور انجینئرنگ کمپنی کے ساتھ ٹیکنو کمرشل مذاکرات جاری ہیں۔

کونکے اور آریل این جی ٹیرف میں ممکنہ اضافے، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی، بین الاقوامی مارکیٹ میں پام آئل کی قیمتوں میں مزید اضافہ، اسٹیٹ بینک کے پالیسی ریٹ میں اضافہ کمپنی کے لیے اہم چیلنجز ہیں جس کے لیے آپ کی کمپنی تمام مناسب اقدامات کر رہی ہے تاکہ ان کے منفی اثرات کو کم کیا جاسکے۔

اعترافات:

ہم اس موقع پر اپنے محترم کاروباری شراکت داروں کی مستقل حوصلہ افزائی، مدد اور اعتماد کا شکریہ ادا کرتے ہیں۔ کمپنی اپنے ملازمین کی مستقل مزاجی، محنت لگن اور صلاحیتوں کی معترف اور اس پر فخر کرتی ہے۔



محمد ادریس

چیف ایگزیکٹو آفیسر

فیصل آباد : 29 اکتوبر 2021

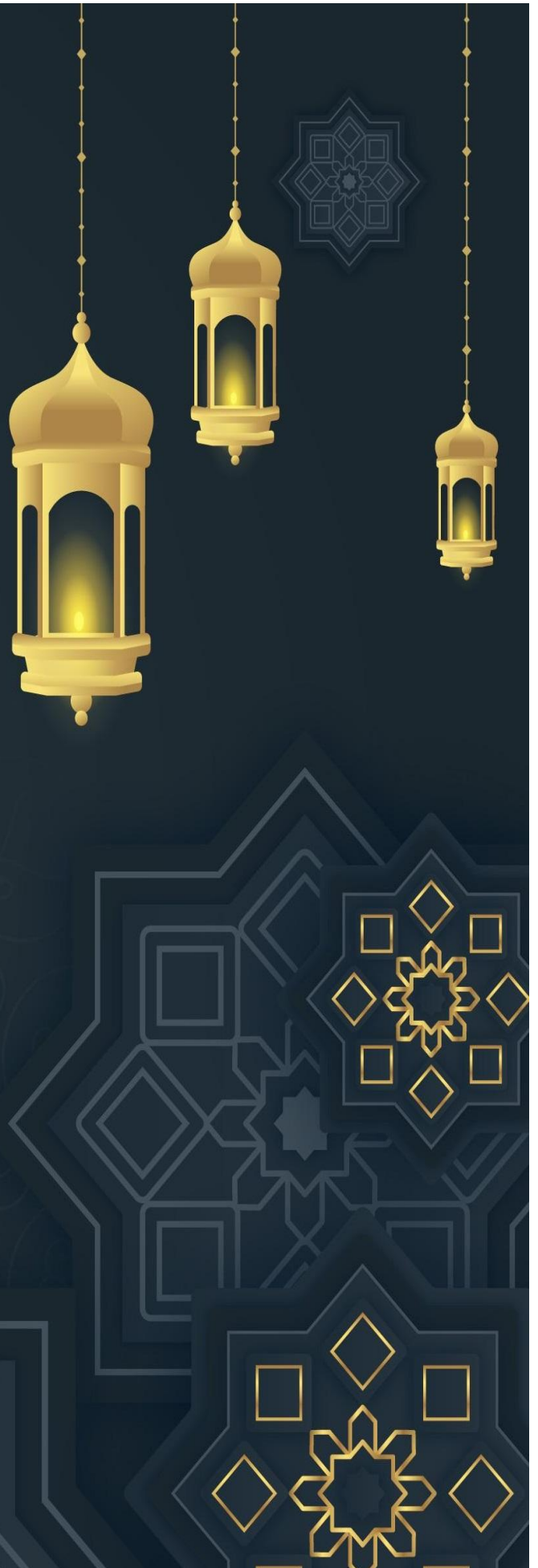


حبیب احمد

ڈائریکٹر

Shariah Compliance Review Report

1st Quarter
September 30, 2021





ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

October 18, 2021

نحمده و نصلى على رسوله الكريم

Shariah Review Report

For the period ended 30th September 2021

We have reviewed the business activities of **Sitara Chemical Industries Limited** for the quarter ended 30th September, 2021 in accordance with the provisions of Shariah Governance Regulations, 2018; and in our opinion;

- the transactions and the procedures adopted have been in accordance with principles of Shariah;
- the affairs have been carried out in accordance with rules and principal of Shariah; and
- The income received during the period was treated in accordance with the requirements of Shariah Governance Regulations, 2018;

In the end; we pray to Allah Almighty to grant us success and help us at every step, keep us away from every hindrance and difficulty, and give financial success to Sitara Chemical Industries Limited.

And Allah Knows Best.

Mufti Muhammad Ibrahim Essa

For and on behalf of

Alhamd Shariah Advisory Services (Pvt.) Limited

Mufti Ubaid Ur Rahman Zubairi

For and on behalf of

Alhamd Shariah Advisory Services (Pvt.) Limited



+92 322 2671867 |



www.alhamdshariahadvisory.com |



info@alhamdshariahadvisory.com

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2021

		Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
ASSETS	Note		
NON - CURRENT ASSETS			
Property, plant and equipment	5	17,090,110	16,923,448
Intangible assets		8,782	9,007
Investment property	6	3,304,138	3,312,590
Long-term investments		25,039	25,039
Long-term loans and advances		1,059,654	1,038,354
Long-term deposits		124,376	124,366
		21,612,099	21,432,804
CURRENT ASSETS			
Stores, spare parts and loose tools		989,589	897,133
Stock-in-trade		2,498,737	2,745,163
Trade debts	7	1,441,743	1,362,775
Loans and advances		3,944,393	3,378,876
Trade deposits and short-term prepayments		14,223	7,762
Other receivables		10,724	12,635
Other financial assets	8	444,764	511,778
Cash and bank balances		174,537	191,102
		9,518,710	9,107,224
		31,130,809	30,540,028
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	9	214,294	214,294
Reserves		1,411,925	1,413,700
Un-appropriated profits		10,364,039	10,270,574
Surplus on revaluation of property, plant and equipment		3,924,647	3,983,297
		15,914,905	15,881,865
NON - CURRENT LIABILITIES			
Long-term financing	10	1,658,487	1,865,065
Long-term deposits		74,047	69,047
Deferred liabilities		2,600,948	2,563,865
		4,333,482	4,497,977
CURRENT LIABILITIES			
Trade and other payables		2,192,898	2,229,903
Profit / financial charges payable		179,436	161,118
Short term borrowings		7,411,081	6,748,994
Provision for taxation		277,496	278,150
Unclaimed dividend		23,500	23,500
Current portion of long term financing		798,011	718,521
		10,882,422	10,160,186
CONTINGENCIES AND COMMITMENTS	11		
		31,130,809	30,540,028

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer


Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

		Un-audited Three months period ended	
		September 30, 2021	September 30, 2020
		(Rupees in thousand)	
	Note		
Sales - net	12	3,856,220	3,312,544
Cost of sales	13	(3,380,828)	(2,539,437)
Gross profit		475,392	773,107
Distribution cost		(85,305)	(70,752)
Administrative expenses		(169,603)	(147,155)
Other expenses		(801)	(34,779)
Finance cost		(183,289)	(154,269)
		(438,998)	(406,955)
Other income		33,290	41,388
Profit before taxation		69,684	407,540
Provision for taxation	14	(34,868)	(118,417)
Profit after taxation		34,816	289,123
Earnings per share - basic and diluted (Rupees)	15	1.62	13.49

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

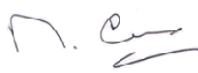
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

	Un-audited Three months period ended	
	September 30, 2021	September 30, 2020
	(Rupees in thousand)	
Profit after taxation	34,816	289,123
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Gain / (Loss) on re-measurement of equity instruments as at FVTOCI	(1,776)	30,970
Total items that will not be reclassified to profit or loss	(1,776)	30,970
Total comprehensive income for the period	33,040	320,093

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

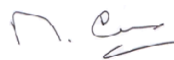
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

Share Capital	Reserves							Total
	Capital				Revenue		Total Reserves	
	Share Premium	Reserve on re-measurement of equity instruments as at FVTOCI	Reserve on re-measurement of post retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment - net of tax	General Reserve	Un-appropriated profit		
(..... Rupees in thousand)								
214,294	97,490	40,075	(4,779)	4,237,712	1,225,000	8,882,763	14,478,261	14,692,555
-	-	-	-	-	-	289,123	289,123	289,123
-	-	30,970	-	-	-	-	30,970	30,970
-	-	30,970	-	-	-	289,123	320,093	320,093
-	-	-	-	(82,347)	-	82,347	-	-
214,294	97,490	71,045	(4,779)	4,155,365	1,225,000	9,254,233	14,798,354	15,012,648
-	-	-	-	-	-	1,058,567	1,058,567	1,058,567
-	-	26,179	(1,235)	-	-	-	24,944	24,944
-	-	26,179	(1,235)	-	-	1,058,567	1,083,511	1,083,511
-	-	-	-	(172,068)	-	172,068	-	-
-	-	-	-	-	-	(214,294)	(214,294)	(214,294)
214,294	97,490	97,224	(6,014)	3,983,297	1,225,000	10,270,574	15,667,571	15,881,865
-	-	-	-	-	-	34,816	34,816	34,816
-	-	(1,776)	-	-	-	-	(1,776)	(1,776)
-	-	(1,776)	-	-	-	34,816	33,040	33,040
-	-	-	-	(58,649)	-	58,649	-	-
214,294	97,490	95,448	(6,014)	3,924,648	1,225,000	10,364,039	15,700,611	15,914,905

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

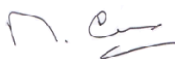
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

		Un-audited Three months period ended	
		September 30, 2021	September 30, 2020
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Operating cash flow before working capital changes	18	554,446	821,494
Changes in working capital:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(92,455)	25,512
Stock-in-trade		246,426	218,109
Trade debts		(78,590)	12,530
Advance Sales Tax		171,525	-
Loans and advances		(674,032)	(87,933)
Trade deposits and short-term prepayments		(6,461)	(5,133)
Other receivables		1,911	1,558
Increase / (decrease) in current liabilities			
Trade and other payables		(38,020)	137,851
Sales tax payable		-	46,276
		(469,696)	348,770
Cash generated from operations		84,750	1,170,264
Finance cost paid		(164,972)	(202,540)
Employee benefits paid		(957)	(2,004)
Taxes paid		(60,180)	(19,493)
		(226,109)	(224,037)
Net cash generated from operating activities		(141,359)	946,227
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(480,249)	(189,530)
Proceeds from disposal of property, plant and equipment		-	5,350
Proceeds from available for sale investments		65,718	-
Purchase of investment property		(4,147)	-
Purchase of available for sale investment		-	(15,108)
Long term deposits		(11)	-
Long-term loans and advances		(2,167)	3,371
Dividend income received		1,099	100
Profit received		4,552	1,156
Net cash used in investing activities		(415,205)	(194,661)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt / (Repayment) of long-term financing		(127,088)	(125,281)
Short term financing - net		662,087	(563,544)
Long term deposits availed / (repaid)		5,000	4,000
Net cash generated from / (used in) financing activities		539,999	(684,825)
Net increase in cash and cash equivalents		(16,565)	66,741
Cash and cash equivalents at beginning of the period		191,102	81,643
Cash and cash equivalents at end of the period		174,537	148,384

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

1 LEGAL STATUS AND OPERATIONS

- 1.1** Sitara Chemical Industries Limited ("the Company") was incorporated in Pakistan on September 08, 1981 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017). The Company is currently listed on the Pakistan Stock Exchange. The company is a Shariah Compliant Company certified by Securities & Exchange Commission of Pakistan (SECP) under Shariah Governance Regulation 2018. The principal activities of the Company are operating Chlor Alkali plant and yarn spinning unit. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hasan Road, Karachi, in the province of Sindh and the manufacturing facilities are located at 28/32 K.M., Faisalabad - Sheikhpura Road, Faisalabad, in the province of Punjab.

The Company is currently organized into two operating divisions and these divisions are the basis on which the Company reports its primary segment information.

Chemical Division	Manufacturing of caustic soda and allied products
Textile Division	Manufacturing of yarn and fabric

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

2 BASIS OF PREPARATION

- 2.1** These condensed interim financial statements of the Company for the three months period ended September 30, 2021 have been prepared in accordance with the International Accounting Standard - 34 "Interim Financial Reporting" provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.
- 2.2** These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2021. Comparative statement of financial position is extracted from annual audited financial statement for the year ended June 30, 2021, whereas comparative statement of profit or loss, comparative statement of comprehensive income, comparative statement of changes in equity and comparative of statement of cash flows are stated from un-audited condensed interim financial statements for the three months period ended September 30, 2020.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT

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

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on past experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2021.

	Note	Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	16,743,652	16,859,588
Capital work-in-progress		346,458	63,860
		<u>17,090,110</u>	<u>16,923,448</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

	Note	Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
5.1 Operating assets			
Opening written down value		16,859,588	14,798,051
Additions during the period / year:			
Freehold land		8,974	4,513
Buildings on freehold land - Mill		2,922	421,723
Plant and machinery		149,880	2,476,064
Grid station and electric installations		-	18,247
Containers and cylinders		-	-
Containers and cylinders		-	36,964
Factory equipment		19,000	20,167
Electric equipment		-	236,740
Office equipment		1,629	14,614
Furniture and fittings		1,569	9,716
Vehicles		25,390	10,039
		209,364	3,248,787
Written down value of assets disposed off during the period / year		(2,010)	(90,953)
Depreciation charged during the period / year		(323,290)	(1,096,297)
		16,743,652	16,859,588

- 5.2** The Company had revalued its freehold land, building and plant & machinery at June 30, 2019. The revaluation had been carried out by Hamid Mukhtar & Company (Private) Limited, an independent valuer not connected to the Company and is on the panel of Pakistan Banks Association as 'Any Amount' asset valuer. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property / project, condition, size, utilization, and other relevant factors.

The revaluation was performed at June 30, 2019. Out of the total revaluation surplus of Rs. 4,514 million, Rs. 3,925 million net of tax (June 30, 2021: 3,983 million) remains undepreciated as at September 30, 2021.

Details of the Company's revalued assets and information about fair value hierarchy, as at September 30, 2021 are as follows:

	Un-audited September 30, 2021			Audited June 30, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(.....Rupees in thousand.....)					
Land - freehold	-	1,300,892	-	-	1,291,918	-
Buildings on freehold land	-	1,840,341	-	-	1,884,576	-
Plant and machinery	-	12,265,909	-	-	12,177,580	-
	-	15,407,142	-	-	15,354,074	-

	Note	Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
6 INVESTMENT PROPERTY			
Land	6.1	3,265,405	3,270,232
Buildings	6.2	38,733	42,358
		3,304,138	3,312,590
6.1 Land			
Balance at the beginning of the period / year		3,270,232	3,269,147
Addition during the period / year		4,147	1,085
Transfer to PP&E		(8,974)	-
Disposal during the period / year		-	-
Balance at end of the period / year		3,265,405	3,270,232

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

	Note	Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
6.2 Buildings			
Cost:			
Balance at the beginning of the period / year		90,438	90,438
Addition during the period / year		-	-
Transfer to PP&E		(2,738)	-
Disposal during the period / year		-	-
Balance at the end of the year		87,700	90,438
Accumulated depreciation:			
At the beginning of the period / year		48,080	44,045
For the period / year		887	4,035
Accumulated depreciation on disposed asset		-	-
At the end of the period / year		(48,967)	(48,080)
Written down value at the end of the period / year		38,733	42,358

7 TRADE DEBTS

These include receivable from related parties amounting to Rs. 70 thousand (June 30, 2021: Rs. 69 thousand).

8 OTHER FINANCIAL ASSETS

Investments held at FVTOCI	8.1	267,002	266,874
Investments held at FVTPL	8.2	177,762	244,904
		444,764	511,778

8.1 Investment designated as fairvalue through other comprehensive income (FVTOCI)

Fair value at July 01	266,874	189,582
Additions in investments during the period / year	20,297	89,208
	287,171	278,790
Sale / disposal of investments during the period / year	(18,393)	(79,150)
	268,778	199,640
Gain / (loss) on investments during the period / year	(1,776)	67,234
	267,002	266,874

8.2 Investment designated as fairvalue through profit and Loss (FVTPL)

Fair value at July 01	244,904	6,987
Additions in investments during the period / year	148,502	1,199,372
	393,406	1,206,359
Sale / disposal of investments during the period / year	(219,000)	(964,782)
	174,406	241,577
Gain / (loss) on investments during the period / year	3,356	3,327
	177,762	244,904

8.3 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) 'or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the fair value hierarchy for financial assets which are carried at fair value:

	Un-audited September 30, 2021			Audited June 30, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(.....Rupees in thousand.....)					
Investments classified as - available for sale	444,764	-	-	511,778	-	-

There were no transfers between levels during the period / year. The carrying value of all other financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

9 SHARE CAPITAL

Un-audited September 30, 2021No of shares.....	Audited June 30, 2021		Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
		Authorized		
		Ordinary shares of Rs. 10 each		
40,000,000	40,000,000	Class "A"	400,000	400,000
20,000,000	20,000,000	Class "B"	200,000	200,000
		Issued, subscribed and paid up		
		Class "A" ordinary shares of Rs. 10/- each		
8,640,000	8,640,000	- fully paid in cash	86,400	86,400
10,804,398	10,804,398	- issued as fully paid bonus shares	108,044	108,044
1,985,009	1,985,009	- issued as fully paid under scheme of arrangement for amalgamation	19,850	19,850
21,429,407	21,429,407		214,294	214,294

- 9.1 Class "B" ordinary shares do not carry any voting rights.
9.2 No shares are held by any associated company or related party of the Company.
9.3 The Company has no reserved shares under options or sales contracts.

10 LONG-TERM FINANCING

Diminishing Musharka (from financial institutions - secured)

Opening balance	2,583,586	2,099,980
Obtained during the period / year	42,583	1,519,599
Re-paid during the period / year	(169,671)	(1,035,993)
	2,456,498	2,583,586
Less: Current portion	(798,011)	(718,521)
	1,658,487	1,865,065

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

Contingencies

11.1.1

11.1.1 There were no contingencies as at period end.

11.2 Commitments

Guarantees issued by banks on behalf of the Company

Outstanding letters of credit for raw material and spare parts

-	-
278,778	268,815
72,180	601,017

12 SALES - NET

Local:

Chemicals

Yarn

Fabric

Waste

Export:

Chemicals

Gross Sales

Less:

Commission and discount

Sales tax

Un-audited Three months period ended	
September 30, 2021	September 30, 2020
(Rupees in thousand)	
3,587,936	3,211,207
1,000,089	712,373
23,091	31,400
7,229	4,708
4,618,345	3,959,688
52,484	43,680
4,670,829	4,003,368
(125,354)	(115,933)
(689,255)	(574,891)
(814,609)	(690,824)
3,856,220	3,312,544

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

		Un-audited Three months period ended	
		September 30, 2021	September 30, 2020
		(Rupees in thousand)	
13	COST OF SALES		
	Raw material consumed	888,864	748,692
	Fuel and power	1,781,311	1,235,221
	Salaries, wages and benefits	174,254	129,543
	Factory overheads	486,121	431,470
		3,330,550	2,544,926
	Work-in-process		
	Opening stock	23,661	27,136
	Closing stock	(67,392)	(22,068)
		(43,731)	5,068
	Cost of goods manufactured	3,286,819	2,549,994
	Finished goods		
	Opening stock	1,422,735	1,016,084
	Capitalization of cost of testing (Soap Noodles Plant)	(170,582)	-
	Closing stock	(1,158,144)	(1,026,641)
		94,009	(10,557)
		3,380,828	2,539,437
14	PROVISION FOR TAXATION		
	Current - for the period	(654)	123,086
	Deferred	35,522	(4,669)
		34,868	118,417
15	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit for the period	34,816	289,123
	Weighted average number of ordinary shares outstanding during the period (No. of shares in thousand)	21,429	21,429
	Earnings per share (Rupees)	1.62	13.49
16	TRANSACTIONS WITH RELATED PARTIES		

The related parties comprise associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with its related parties. Details of transactions with related parties for the three months period ended are as follows:

		Un-audited Three months period ended	
		September 30, 2021	September 30, 2020
		(Rupees in thousand)	
Relationship with the Company	Nature of transactions		
Associated undertakings	Sales	37	27
	Organizational expenses paid	-	215
	Donation given	8,012	5,503
Key management personnel	Remuneration to Executives	37,746	32,701

Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

Company name	Basis of association
Sitara Developers (Private) Limited	Common directorship
Aziz Fatima Trust Hospital	Common directorship

The Company does not hold any shares in the above mentioned companies.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

17 SEGMENT REPORTING

The Company has two reportable segments, which offer different products and are managed separately. The following summary describes the operations in each of the reportable segment of the Company;

- **Chemical division** : Manufacturing of caustic soda and allied products
- **Textile division**: Manufacturing of yarn and fabric

17.1 Information about operating segments is as follows:

	Operating segments					Total
	Chemical Division		Textile Division		Total	
	Un-audited					
	Three months period ended					
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(----- Rupees in thousand -----)					
Revenue from external customers - net	2,981,641	2,675,661	874,580	636,882	3,856,221	3,312,543
Depreciation on property, plant and equipment	299,536	251,406	23,754	24,271	323,290	275,677
Segment profit / (Loss)	71,151	537,315	149,333	17,885	220,484	555,200
	Un-audited September 30, 2021	Audited June 30, 2021	Un-audited September 30, 2021	Audited June 30, 2021	Total Un-audited September 30, 2021	Total Audited June 30, 2021
	(----- Rupees in thousand -----)					
Capital expenditure	203,050	3,104,103	6,314	144,684	209,364	3,248,787
Segment assets	18,953,566	18,787,751	2,633,801	2,658,994	21,587,367	21,446,745
Segment liabilities	1,965,952	2,094,653	1,071	1,071	1,967,023	2,095,724

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

17.2 Reconciliations of reportable segments are as follows:

Revenue

Total revenue for reportable segments

Profit for the period

Total profit for reportable segments

Unallocated corporate income / (expenses)

Other income

Other expenses

Finance cost

Profit before taxation

**Un-audited
Three months ended**

September 30, 2021	September 30, 2020
(Rupees in thousand)	

3,856,221

3,312,543

220,484

555,200

33,290

41,388

(801)

(34,779)

(183,289)

(154,269)

69,684

407,540

Un-audited September 30, 2021	Audited June 30, 2021
(Rupees in thousand)	

Assets

Total assets for reportable segments

Other unallocated corporate assets

Company's assets

21,587,367

21,446,745

9,543,442

9,093,283

31,130,809

30,540,028

Liabilities

Total liabilities for reportable segments

Other unallocated corporate liabilities

Company's liabilities

1,967,023

2,095,724

13,248,881

12,562,439

15,215,904

14,658,163

17.3 The Company has no reportable geographical segment.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

		Un-audited Three months ended	
		September 30, 2021	September 30, 2020
		(Rupees in thousand)	
18	OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES		
	Profit before taxation	69,684	407,540
	Adjustments for:		
	Depreciation on property, plant and equipment	323,290	275,676
	Depreciation on investment property	887	1,057
	Amortization on intangible assets	225	250
	Finance cost	183,290	154,268
	Exchange gain	(378)	(906)
	(Gain) / loss on disposal of property, plant and equipment	2,010	4,574
	Provision for employee benefits	2,517	2,517
	(Gain) / Loss on sale of available for sale investments	(480)	-
	Provision for doubtful debts	-	1,268
	Dividend income	(1,099)	(100)
	Unwinding of deferred receivable	(20,948)	(23,494)
	Profit on bank deposits	(4,552)	(1,156)
		484,762	413,954
		554,446	821,494

19 DATE OF AUTHORIZATION FOR ISSUE

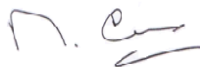
This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 29, 2021.

20 GENERAL

Figures have been rounded to the nearest thousand of Pak Rupees, unless otherwise stated.



Chief Financial Officer



Chief Executive Officer



Director



Sitara Chemical Industries Limited

601-602 Business Centre, Mumtaz Hassan Road,
Off. I.I Chundrigar Road, Karachi-74000
Tel: 021-32420620, 32413944