



Sitara Chemical Industries Limited

EXCELLENCE, QUALITY, TRUST.



**1st Quarter Report
September 30, 2023**

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COMPANY INFORMATION

Board of Directors

Chairman
Chief Executive Officer
Directors

Mr. Ahmad Hassan
Mr. Muhammad Adrees
Mr. Haseeb Ahmad
Mr. Haroon Ahmad Zuberi
Mr. Ahmad Nawaz
Mr. Najmul Hoda Khan
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. Najmul Hoda Khan
Mr. Ahmad Nawaz

Human Resource & Remuneration Committee

Chairman
Members

Mr. Ahmad Hassan
Mr. Muhammad Adrees
Mrs. Shala Waheed Sher

Head of Internal Audit

Mr. Asghar Ali (ACMA)

External Auditors

M/s. Yousuf Adil
Chartered Accountants

Legal Advisor

Mr. Sahibzada Muhammad Arif

Shariah Advisor

M/s. Alhamd Shariah Advisory Services (Pvt) Limited

Bankers

Meezan Bank Limited
Bank Alfalah Limited
Habib Bank Limited
Standard Chartered Bank Pakistan Limite
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 - Sheikhpura 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 condensed unaudited financial statements of the Company for the period ended September 30, 2023

Financial Performance:

Alhamdulillah, during first quarter of the FY 2024 company recorded a net sales of PKR 7,613 million and gross profits of PKR 1,185 million as compared with net sales of PKR 5,199 million and gross profits of PKR 477 million in the corresponding period of last financial year, witnessing a growth of 46.4% in net sales. Increase in net sales is attributable to increase in quantitative sale of caustic and other specialty chemicals as compared with quantitative sale of the same quarter last year. Gross Profit in percentage terms has also improved from 9.2% last year to 15.6% during FY 2024 which was due to upward revision of selling prices to compensate against rising cost of production. Similarly, textile segment of your company has also witnessed an increase in net sales revenue by 287% which is attributable to increase in quantitative sale volume of Yarn during the 1st quarter of the FY 2024 as compared with quantitative sale of yarn recorded in corresponding quarter of the last year. Average yarn prices have also remained better during the quarter as compared with yarn prices prevailing in the corresponding quarter of the last financial year. Financial cost of the company witnessed increase during the quarter as compared with financial expense recorded in the corresponding quarter of the last year. Increase is attributable to higher KIBOR rates prevailing during the period under review as compared with the KIBOR rates in the same period last year.

In view of the foregoing discussions, your company has posted a profit after tax of PKR 202 million translating into earnings per share (EPS) of PKR 9.41 as against loss after tax of PKR (171) million and loss per share PKR (7.98) recorded during the corresponding quarter of last financial year.

Future Outlook:

As stated in our last Directors' report that project of expansion of coal fired power plant (CFPP) is in progress i.e. civil work is in progress and partial shipments of BTG Equipment (Boiler, Turbine and Generator) have arrived at site. LCs of Balance of Plant Equipment are under the final stage of Techno-commercial negotiations with foreign vendors.

Unstable imported / local coal prices, any reversal of recent appreciation in Pak rupees against US dollar (i.e. PKR devaluation), increase in electricity tariff / RLNG tariff etc. are currently being anticipated as major key challenges for the company during the current financial year.

Acknowledgments:

We take this opportunity to thank our valued business partners, stakeholders, and dedicated employees of the company for their trust, assistance and continued support for the progress and prosperity of the Company.



Muhammad Adrees
Chief Executive Officer
Date: October 30, 2023
Faisalabad.



Ahmad Hassan
Director

ڈائریکٹرز 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 2023 کو ختم ہونے والی پہلی سہ ماہی کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے پُرسرت ہیں۔

مالیاتی کارکردگی:

الحمد للہ، مالی سال 2024 کی پہلی سہ ماہی کے دوران آپ کی کمپنی نے 7,613 ملین روپے کی خالص فروخت کی ہے۔ اور مجموعی منافع 1,185 ملین روپے رہا۔ جبکہ گزشتہ مالی سال کی اسی مدت میں خالص فروخت 5,199 ملین روپے اور مجموعی منافع 477 ملین روپے تھا، خالص فروخت میں 46.4 فیصد اضافہ دیکھا گیا۔ زیر جائزہ سہ ماہی کے دوران فروخت کے اعداد میں اضافہ کا سٹک اور دیگر متعلقہ کیمیکلز کی فروخت کی قیمت میں اضافے سے منسوب ہے، جو کہ گزشتہ سال کے مقابلے میں اسی عرصہ کے دوران مروجہ تھیں۔ مجموعی منافع بھی فیصد کے لحاظ سے گزشتہ مالی سال کی اسی مدت کے مقابلے میں 9.2 فیصد سے بڑھ 15.6 فیصد ہو گیا۔ جس کی وجہ سے بڑھتی ہوئی پیداواری لاگت کی تلفی کے لیے فروخت کی قیمتوں میں اضافہ کیا گیا۔ اسی طرح آپ کی کمپنی کے ٹیکسٹائل کے شعبے میں بھی خالص فروخت میں 287 فیصد اضافہ دیکھا گیا جو کہ مالی سال 2024 کی پہلی سہ ماہی کے دوران یارن کی مقداری فروخت کے مقابلے میں اسی سہ ماہی میں ریکارڈ کی گئی یارن کی مقداری فروخت کے حجم میں اضافے سے منسوب ہے۔ مالی سال کی موجودہ سہ ماہی کے دوران یارن کی اوسط قیمتیں بھی گزشتہ سال کی اسی مدت کے مقابلے میں بہتر رہیں۔ موجودہ سہ ماہی کے دوران کمپنی کی مالی لاگت میں گزشتہ مالی سال کی اسی سہ ماہی میں ریکارڈ کیے گئے مالی اخراجات کے مقابلے میں اضافہ دیکھا گیا۔ گزشتہ سال کی اسی مدت میں KIBOR کے ریٹس کے مقابلے میں اضافہ زیر جائزہ مدت کے دوران KIBOR کے ریٹس میں اضافے سے منسوب ہے۔

مذکورہ بالا منظر نامے کے پیش نظر، آپ کی کمپنی کا ٹیکس کے بعد کمایا گیا منافع 202 ملین روپے رہا، جو کہ 9.41 کی فی حصص آمدنی کو ظاہر کرتا ہے، جبکہ گزشتہ سال کی اسی مدت کے دوران آپ کی کمپنی کو ٹیکس کے بعد 171 ملین روپے کا نقصان اٹھانا پڑا اور فی حصص نقصان 7.98 روپے ریکارڈ کیا گیا۔

مستقبل پر نظر:

جیسا کہ ہمارے ڈائریکٹرز کی آخری رپورٹ میں بیان کیا گیا ہے کہ کونکے سے چلنے والے پاور پلانٹ (CFPP) کی توسیع کا منصوبہ یعنی تعمیراتی کام جاری ہے۔ BTG آلات (بوائلر، ٹرہائن اور جنریٹر) کی جزوی ترسیل سائٹ پر پہنچ چکی ہے۔ جبکہ باقی آلات کے ایل سیز، غیر ملکی فروخت کنندگان کے ساتھ ٹیکنو کمرشل مذاکرات کے آخری مرحلے میں ہیں۔

غیر مستحکم درآمدی، مقامی کونکے کی قیمتیں، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی حالیہ قدر میں کوئی تبدیلی (یعنی PKR کی قدر میں کمی)، بجلی کے ٹیرف، RLNG ٹیرف میں اضافہ وغیرہ، موجودہ مالی سال کے دوران کمپنی کے لیے اہم چیلنجز رہیں گے۔

اعترافات:

ہم اس موقع پر اپنے قابل قدر کاروباری شراکت داروں، اسٹیک ہولڈرز اور کمپنی کے سرشار ملازمین کا کمپنی کی ترقی اور خوشحالی کے لیے ان کے اعتماد، مدد اور مسلسل تعاون کا شکریہ ادا کرتے ہیں۔



محمد ارفیس

چیف ایگزیکٹو آفیسر

فیصل آباد : 30 اکتوبر 2023

Ahmad Iqbal

احمد حسن

ڈائریکٹر



SHARIAH COMPLIANCE REVIEW REPORT

For the three months period ended
September 30, 2023



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

12th Oct 2023

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

نحمده و نصلی علی رسولہ الکریم

Shariah Review Report

For the period ended 30th Sep 2023

We have reviewed the business activities of **Sitara Chemical Industries Limited** for the quarter ended 30th Sep, 2023 in accordance with the provisions of Shariah Governance Regulations, 2023; and in our opinion;

- the documentation and procedures adopted have been in accordance with the principles of Shariah;
- the affairs have been carried out in accordance with the rules and principal of Shariah; and
- the income received during the period was purified where necessary, and was treated in accordance with the requirements of Shariah Governance Regulations, 2023;

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





CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended
September 30, 2023

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2023

	Note	Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	5	19,372,044	18,458,822
Intangible assets		7,353	7,541
Investment property	6	3,464,849	3,320,667
Long term investments		25,039	25,039
Long term loans and advances		878,736	1,304,370
Long term deposits		125,134	125,534
		23,873,155	23,241,973
Current assets			
Stores, spare parts and loose tools		1,716,832	1,669,634
Stock in trade		4,546,764	3,581,646
Trade debts	7	2,584,362	2,233,137
Loans and advances		1,619,569	1,473,914
Trade deposits, prepayments and other receivables		41,971	31,561
Advance income tax		1,533,032	1,651,623
Other financial assets	8	600,839	721,966
Cash and bank balances		377,254	334,319
		13,020,623	11,697,800
Total assets		36,893,778	34,939,773
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	9	214,294	214,294
Reserves		1,367,030	1,347,569
Unappropriated profits		12,172,187	11,927,301
Surplus on revaluation of property, plant and equipment		3,071,910	3,115,074
Total equity		16,825,421	16,604,238
Non-current liabilities			
Long term financing	10	2,608,372	2,348,979
Long term deposits		133,963	128,463
Deferred taxation		3,045,636	3,087,152
Deferred liabilities		266,415	262,221
		6,054,386	5,826,815
Current liabilities			
Trade and other payables		4,204,023	3,792,608
Profit / financial charges payable		657,227	464,660
Short term borrowings		8,135,627	7,035,129
Provision for taxation		137,190	390,591
Unclaimed dividend		26,391	26,391
Current portion of long term financing		853,513	799,341
		14,013,971	12,508,720
Total equity and liabilities		36,893,778	34,939,773
Contingencies and commitments			
	11		

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, 2023**

	Note	Three months period ended	
		September 30, 2023	September 30, 2022
(Rupees in thousand)			
Revenue from contracts with customers - net	12	7,613,221	5,198,846
Cost of sales	13	(6,428,472)	(4,721,598)
Gross profit		1,184,749	477,248
Distribution cost		(135,512)	(132,991)
Administrative expenses		(262,597)	(214,018)
Other expenses		(22,502)	-
Finance cost		(518,080)	(360,981)
		(938,691)	(707,990)
		246,058	(230,742)
Other income		56,862	58,786
Profit / (loss) before taxation		302,920	(171,956)
Provision for taxation	14	(101,198)	847
Profit / (loss) for the period		201,722	(171,109)
Earnings / (loss) per share - basic and diluted (Rupees)	15	9.41	(7.98)

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, 2023

	Three months period ended	
	September 30, 2023	September 30, 2022
	(Rupees in thousand)	
Profit / (loss) for the period	201,722	(171,109)
Items that may be reclassified subsequently to profit or loss		
Items that will not be reclassified to profit or loss		
Gain on sale of investments measured at FVTOCI	367	-
Gain on re-measurement of equity instruments as at FVTOCI	22,464	5,390
Related tax impact	(3,370)	(809)
Total items that will not be reclassified to profit or loss	19,461	4,581
Total comprehensive income / (loss) for the period	221,183	(166,528)

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, 2023**

	Reserves							Total Reserves	Total
	Capital				Revenue				
	Share Capital	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	Unappropriated profit		
(..... Rupees in thousand)									
Balance as at July 01, 2022 - Audited	214,294	97,490	54,306	(4,405)	3,525,985	1,225,000	10,925,711	15,824,087	16,038,381
Total comprehensive income / (loss)									
Loss for the three months period ended September 30, 2022	-	-	-	-	-	-	(171,109)	(171,109)	(171,109)
Other comprehensive income	-	-	4,581	-	-	-	-	4,581	4,581
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	-	4,581	-	-	-	(171,109)	(166,528)	(166,528)
Balance as at September 30, 2022 - Un-audited	214,294	97,490	58,887	(4,405)	3,476,148	1,225,000	10,804,439	15,657,559	15,871,853
Balance as at July 01, 2023 - Audited	214,294	97,490	30,092	(5,013)	3,115,074	1,225,000	11,927,301	16,389,944	16,604,238
Total comprehensive income									
Profit for the three months period ended September 30, 2023	-	-	-	-	-	-	201,722	201,722	201,722
Other comprehensive income	-	-	19,461	-	-	-	-	19,461	19,461
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	-	19,461	-	-	-	201,722	221,183	221,183
Balance as at September 30, 2023 - Un-audited	214,294	97,490	49,553	(5,013)	3,071,910	1,225,000	12,172,187	16,611,127	16,825,421

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, 2023**

	Note	Three months period ended	
		September 30, 2023	September 30, 2022
		(Rupees in thousand)	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows before changes in working capital	18	1,113,385	476,728
WORKING CAPITAL CHANGES:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(47,198)	(70,328)
Stock-in-trade		(965,119)	198,030
Trade debts		(351,326)	(221,601)
Advance Sales Tax		14,948	(111,294)
Loans and advances		(160,480)	(602,920)
Trade deposits and short-term prepayments		(10,410)	(8,901)
(decrease) / increase in current liabilities			
Trade and other payables		402,496	(286,470)
		(1,117,089)	(1,103,484)
Cash used in operations		(3,704)	(626,756)
Finance cost paid		(325,513)	(300,210)
Employee benefits paid		(1,100)	(312)
Increase in long term deposits		5,500	4,000
Taxes paid		(271,974)	(38,072)
		(593,087)	(334,594)
Net cash used in operating activities		(596,791)	(961,350)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment including capital work in progress		(1,250,449)	(327,178)
Proceeds from disposal of property, plant and equipment		13,150	740
Purchase of investment property		(146,838)	-
Proceeds from other financial assets		242,005	90,049
Purchase of other financial assets		(77,396)	(213,875)
Long term deposits - net		400	(288)
Realization of Long term loans and advances - net		437,314	(665)
Dividend received		308	292
Profit received on bank deposits		7,170	4,414
Net cash used in investing activities		(774,336)	(446,511)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		496,340	201,640
Repayment of long term financing		(182,775)	(233,204)
Short term borrowings - net		1,100,497	1,296,282
Dividend paid		-	(7)
Net cash generated from financing activities		1,414,062	1,264,711
Net increase / (decrease) in cash and cash equivalents (A+B+C)		42,935	(143,150)
Cash and cash equivalents at beginning of the period		334,319	322,690
Cash and cash equivalents at end of the period		377,254	179,540

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, 2023

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, Oleo chemical 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.

Principal business activities are as follows:

Chemical Division	Manufacturing of caustic soda, soap noodles and allied products
Textile Division	Manufacturing of yarn and trading of 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, 2023 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, 2023. Comparative statement of financial position is extracted from annual audited financial statement for the year ended June 30, 2023, 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, 2022.

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, 2023.

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, 2023.

	Note	Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	16,848,818	16,998,641
Capital work-in-progress		2,378,373	1,315,328
Capital stores		144,853	144,853
		<u>19,372,044</u>	<u>18,458,822</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023**

	Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
5.1 Operating assets		
Opening written down value	16,998,641	17,257,906
Additions during the period / year:		
Buildings on freehold land - Mill	-	90,106
Plant and machinery	152,150	727,221
Grid station and electric installations	-	345
Containers and cylinders	-	-
Containers and cylinders	-	1,477
Factory equipment	3,506	25,386
Electric equipment	7,608	103,502
Office equipment	529	7,301
Furniture and fittings	1,055	23,195
Vehicles	22,556	106,770
	187,404	1,085,303
Written down value of assets disposed off during the period / year	(9,680)	(6,967)
Depreciation charged during the period / year	(327,547)	(1,337,601)
	16,848,818	16,998,641

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. 3,072 million net of tax (June 30, 2023: 3,115 million) remains undepreciated as at September 30, 2023.

Details of the Company's revalued assets and information about fair value hierarchy, as at September 30, 2023 are as follows:

	Un-audited September 30, 2023			Audited June 30, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(.....Rupees in thousand.....)					
Land - freehold	-	1,300,875	-	-	1,300,875	-
Buildings on freehold land	-	1,746,382	-	-	1,790,885	-
Plant and machinery	-	12,133,494	-	-	12,218,350	-
	-	15,180,751	-	-	15,310,110	-

	Note	Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
6 INVESTMENT PROPERTY			
Land	6.1	3,335,438	3,188,600
Buildings	6.2	93,277	95,933
Advance against purchase of investment property		36,134	36,134
		3,464,849	3,320,667
6.1 Land			
Balance at the beginning of the period / year		3,188,600	3,187,181
Additions during the period / year		146,838	1,419
Disposal during the period / year		-	-
Balance at end of the period / year		3,335,438	3,188,600

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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	Note	Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
6.2 Buildings			
Cost:			
Balance at the beginning of the period / year		151,879	87,700
Additions during the period / year		-	64,179
Disposal during the period / year		-	-
Balance at the end of the period / year		151,879	151,879
Accumulated depreciation:			
At the beginning of the period / year		55,946	51,823
For the period / year		2,656	4,123
At the end of the period / year		(58,602)	(55,946)
Written down value at the end of the period / year		93,277	95,933
7 TRADE DEBTS			
These include receivable from related parties amounting to Rs. Nil (June 30, 2023: Rs. 61 thousand).			
8 OTHER FINANCIAL ASSETS			
Equity investments held at FVTOCI	8.1	197,976	186,672
Mutual funds held at FVTPL	8.2	402,863	535,294
		600,839	721,966
8.1 Investments measured at fair value through other comprehensive income (FVTOCI)			
Fair value at July 01		186,672	215,750
Acquired during the period / year		479	-
		187,151	215,750
Disposed off during the period / year		(12,006)	(315)
		175,145	215,435
Gain / (loss) on fair value and disposal of investments during the period / year		22,831	(28,763)
		197,976	186,672
8.2 Investments measured at fair value through profit or Loss (FVTPL)			
Fair value at July 01		535,294	392,131
Acquired during the period / year		80,000	1,132,714
		615,294	1,524,845
Disposed off during the period / year		(212,685)	(990,136)
		402,609	534,709
Gain on disposal of investments during the period / year		254	585
		402,863	535,294

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, 2023			Audited June 30, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(.....Rupees in thousand.....)					
Investments classified as						
- available for sale	600,839	-	-	721,966	-	-

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)
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9 SHARE CAPITAL

Un-audited September 30, 2023	Audited June 30, 2023		Un-audited September 30, 2023	Audited June 30, 2023
.....No of shares.....			(Rupees in thousand)	
		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
<u>21,429,407</u>	<u>21,429,407</u>		<u>214,294</u>	<u>214,294</u>

9.1 Class "B" ordinary shares do not carry any voting rights.

9.2 Number of shares held by associated companies or related parties are 596,736 (June 30, 2023: 596,736).

9.3 The Company has no reserved shares under options or sales contracts.

10 LONG TERM FINANCING

Diminishing Musharka (from financial institutions - secured)

Balance at the beginning of the period / year

Availed during the period / year

Repaid during the period / year

Less: Current portion

Balance at the end of the period / year

Note

Un-audited September 30, 2023	Audited June 30, 2023
(Rupees in thousand)	
3,148,320	2,655,056
496,340	1,486,138
(182,775)	(992,874)
3,461,885	3,148,320
(853,513)	(799,341)
<u>2,608,372</u>	<u>2,348,979</u>

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

Contingencies

11.1.1

11.1.1 There were no contingencies as at period end / year end.

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11.2 Commitments

Guarantees issued by banks on behalf of the Company

Outstanding letters of credit for plant and machinery, stores, spare parts and raw material

232,041	232,041
<u>2,750,264</u>	<u>1,885,068</u>

12 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

Local:

Chemicals

Yarn

Fabric

Waste

Export:

Chemicals

Less:

Commission and discount

Sales tax

Un-audited Three months period ended	
September 30, 2023	September 30, 2022
(Rupees in thousand)	
7,651,678	5,752,098
1,299,952	322,715
14,836	45,816
9,161	639
8,975,627	6,121,268
146,843	116,039
9,122,470	6,237,307
(197,193)	(138,238)
(1,312,056)	(900,223)
(1,509,249)	(1,038,461)
<u>7,613,221</u>	<u>5,198,846</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023**

		Un-audited Three months period ended	
		September 30, 2023	September 30, 2022
		(Rupees in thousand)	
13	COST OF SALES		
	Raw material consumed	2,765,564	840,871
	Fuel and power	3,361,836	3,463,617
	Salaries, wages and benefits	245,853	177,359
	Factory overheads	556,550	471,068
		6,929,803	4,952,915
	<i>Work in process</i>		
	Opening stock	45,650	40,929
	Closing stock	(52,718)	(32,200)
		(7,068)	8,729
	<i>Cost of goods manufactured</i>	6,922,735	4,961,644
	<i>Finished goods</i>		
	Opening stock - including waste	1,700,648	1,990,509
	Closing stock - including waste	(2,194,911)	(2,230,555)
		(494,263)	(240,046)
		6,428,472	4,721,598
14	PROVISION FOR TAXATION		
	Current - for the period	146,083	63,535
	Deferred	(44,885)	(64,382)
		101,198	(847)
15	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit / (loss) for the period	201,722	(171,109)
	Weighted average number of ordinary shares outstanding during the period (Number of shares in thousand)	21,429	21,429
	Earnings / (loss) per share (Rupees)	9.41	(7.98)
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, 2023	September 30, 2022
		(Rupees in thousand)	
Relationship with the Company	Nature of transactions		
Associated undertakings	Sale of goods	40	435
	Donation	15,268	10,402
Key management personnel	Remuneration to Executives	54,872	49,870

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, 2023

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, soap noodles and allied products
- **Textile division:** Manufacturing of yarn and trading of fabric

17.1 Information about operating segments is as follows:

	Chemical Division		Textile Division		Total	Total
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
(----- Rupees in thousand -----)						
Revenue from contracts with customers - net	6,439,517	4,895,671	1,173,704	303,175	7,613,221	5,198,846
Depreciation on property, plant and equipment	303,100	304,405	24,447	22,959	327,547	327,364
Segment profit / (loss)	277,080	(214,401)	48,342	42,445	325,422	(171,956)
(----- Rupees in thousand -----)						
	Un-audited September 30, 2023	Audited June 30, 2023	Un-audited September 30, 2023	Audited June 30, 2023	Total Un-audited September 30, 2023	Total Audited June 30, 2023
Capital expenditure	181,716	996,735	5,688	88,568	187,404	1,085,303
Segment assets	31,663,672	26,135,813	3,684,039	3,037,249	35,347,711	29,173,062
Segment liabilities	16,567,517	14,633,804	291,623	197,597	16,859,140	14,831,401

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023**

	Un-audited Three months period ended	
	September 30, 2023	September 30, 2022
	(Rupees in thousand)	
17.2 Reconciliations of reportable segments are as follows:		
Revenue		
Total revenue for reportable segments	7,613,221	5,198,846
Profit / (loss) for the period		
Total profit / (loss) for reportable segments	325,422	(171,956)
<i>Unallocated corporate income / (expenses)</i>		
Other expenses	(22,502)	-
Profit / (loss) before taxation	302,920	(171,956)
	Un-audited September 30, 2023	Audited June 30, 2023
	(Rupees in thousand)	
Assets		
Total assets for reportable segments	35,347,711	29,173,062
Other unallocated corporate assets	1,546,067	5,766,711
Company's assets	36,893,778	34,939,773
Liabilities		
Total liabilities for reportable segments	16,859,140	14,831,401
Other unallocated corporate liabilities	3,209,217	3,504,134
Company's liabilities	20,068,357	18,335,535

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, 2023**

	Un-audited Three months period ended	
	September 30, 2023	September 30, 2022
	(Rupees in thousand)	
18 OPERATING CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL		
Profit / (loss) before taxation	302,920	(171,956)
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	327,547	327,364
Depreciation on investment property	2,656	798
Amortization on intangible assets	189	209
Finance cost	518,080	360,981
Exchange loss / (gain)	101	(5,045)
Gain on disposal of property, plant and equipment	(3,470)	(355)
Gain on sale of investments measured at FVTPL	(254)	(346)
Provision for employee benefits	5,295	2,517
Unwinding of discount on deferred consideration	(11,802)	(18,211)
Dividend income	(20,707)	(14,814)
Markup on bank deposits	(7,170)	(4,414)
	810,465	648,684
	1,113,385	476,728

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 30, 2023.

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

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