



**Sitara Chemical
Industries Limited**

EXCELLENCE, QUALITY, TRUST.



**HALF YEAR REPORT
December 31, 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
Mr. Zakir Hussain (FCA)

Company Secretary

Chief Financial Officer

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

External Auditors

Mr. Asghar Ali (ACMA)

M/s. Yousuf Adil
Chartered Accountants

Legal Advisor

Shariah Advisor

Mr. Sahibzada Muhammad Arif

M/s. Alhamd 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, D.H.A., 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, and 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 half year ended on December 31, 2023 along with Auditors' review report thereon.

FINANCIAL PERFORMANCE:

During the first half of the financial year 2024, company recorded net sales of Rs. 14,944 million as compared with net sales of Rs. 11,968 million made during the last year's corresponding period, depicting an overall increase of 24.9%. Gross profit of Rs. 2,391 million was earned during the period under review as compared with Rs. 1,579 million earned during the last year's corresponding period. Gross profit margins in percentage term depicted improvement during the period. Growth in net sale figure is attributable to higher selling prices of Caustic and other allied chemicals as compared with selling prices prevalent in previous year's corresponding period. Electricity cost during the period under review witnessed increase after increase in electricity tariff made by NEPRA and withdrawal of Industrial Support Package during the 2nd quarter of the ongoing financial year (Support Package for Additional Consumption and Abolishment of Time of Use Tariff Scheme for Industrial Consumers of XWDISCOs). Though RLNG prices in USD/mmbtu showed modest decrease during the period under review as compared with prices prevalent in previous year's corresponding period, yet RLNG prices in PKR term during the period under review witnessed increase after PKR devaluation against USD. To compensate against the increased cost of production, selling prices of caustic and other allied chemicals were also increased which ultimately helped improving the gross margins in percentage terms.

Similarly, textile segment of your company has also witnessed an increase in net sales revenues during the period under review. Increase in net sales revenues of textile division are attributable to increased volumetric sales of yarn. Increased volumetric sales is attributable to better production of yarn / capacity utilization because of non-curtailed gas during the period under review whereas for the corresponding half-year of previous year, gas supply was restricted only to 28% of the overall sanctioned capacity, and therefore mill's operations were kept restricted to 28%. Cost of sales of yarn manufacturing also witnessed an increase during the period under review due to change in gas tariff policy by Govt. of Pakistan i.e. gas effective rate of USD 09 per mmbtu applicable for export oriented captive power plants was withdrawn during the 2nd quarter of the ongoing financial year instead 50:50 blend based tariff of system gas and RLNG was introduced together with increase in system gas price, which increased average gas tariff for the textile division and it resultantly increased electricity generation cost per unit. Also increase in minimum wage by GoP increased salaries & wages cost of textile division. PKR devaluation against USD during the period under review as compared with same period last year also impacted the cost of imported cotton and raw materials. The period under review and corresponding period last year also fueled up the cost of basic raw materials including Imported Cotton and Polyester. Despite of all these challenges, the textile segment was able to generate a healthy bottom line as compared to same period last year because of timely and smart buying of the imported and local raw material, which has also given it an edge over its competitors. Also, the textile segment was able to install a solar system of 660 kilowatts through its own source which has enabled it to be ESG compliant and appeals to the international brands due to inclusion of 20% clean and green renewable energy in our energy mix. Average selling price of finished fabric was also witnessed better during the period under review as compared with the similar period of last year.

Increase in financial cost during the period under review as compared with financial cost during the corresponding period of last year is attributable to higher SBP Policy rates witnessed as compared with same period last year.

In view of the above foregoing discussions, your company has posted a cumulative profit after tax of PKR 372 million translating into earning per share (EPS) of Rs. 17.35 as compared with cumulative profit after tax of PKR 88 million with EPS of Rs. 4.10 recorded during the corresponding period 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 major BTG Equipment (Boiler, Turbine and Generator) have also arrived at site. LCs of Balance of Plant Equipment are in progress.

Unstable imported / local coal prices, any reversal of recent appreciation in Pak rupees against US dollar (i.e. PKR devaluation), further 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

February 22, 2024

Faisalabad.



Ahmad Hassan

Director

ڈائریکٹرز رپورٹ

اللہ تعالیٰ کے با برکت نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔ ستارہ کیمیکلز انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی طرف سے ہم 31 دسمبر 2023 کو ختم ہونے والی ششماہی کے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی گوشواروں کے ساتھ آڈیٹرز کی جائزہ رپورٹ پیش کرتے ہوئے پُرسرت ہیں۔

کاروباری جائزہ:

مالی سال کی پہلی ششماہی کے دوران، آپ کی کمپنی نے 14,944 ملین روپے کی خالص فروخت کی ہے۔ اور مجموعی منافع 2,391 ملین روپے رہا۔ جبکہ پچھلے سال اسی سہ ماہی میں خالص فروخت 11,968 ملین روپے اور مجموعی منافع 1,579 ملین روپے تھا، خالص فروخت میں 24.9 فیصد اضافہ دیکھا گیا۔ زیر جائزہ ششماہی کے دوران خالص فروخت کے اعداد و شمار میں اضافہ کانسٹک اور دیگر متعلقہ کیمیکلز کی فروخت کی قیمتوں میں اضافے سے منسوب ہے، جو کہ گذشتہ سال کے مقابلے میں اسی عرصہ کے دوران مروجہ تھیں۔ زیر جائزہ مدت کے دوران نیچر اکی جانب سے بجلی کے نرخوں میں اضافے اور جاری مالی سال کی دوسری سہ ماہی کے دوران صنعتی سپورٹ پیکیج کی واپسی کے بعد اضافہ دیکھا گیا (اضافی کے لیے سپورٹ پیکیج XWDISCOs کے صنعتی صارفین کے لیے استعمال کے وقت کی ٹیرف اسکیم کا استعمال اور خاتمہ)۔ اگرچہ زیر جائزہ مدت کے دوران RLNG کی قیمتوں میں امریکی ڈالر، mmbtu کے لحاظ سے گذشتہ سال کی اسی مدت میں مروجہ قیمتوں کے مقابلے میں معمولی کمی دیکھی گئی، تاہم زیر جائزہ مدت کے دوران RLNG کی قیمتوں میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کے بعد اضافہ دیکھا گیا۔ پیداوار کی بڑھتی ہوئی لاگت کی تلافی کے لیے، کانسٹک اور دیگر متعلقہ کیمیکلز کی فروخت کی قیمتوں میں بھی اضافہ کیا گیا جس سے فیصد کے لحاظ سے مجموعی مارجن میں بہتری آئی ہے۔

اسی طرح زیر جائزہ مدت کے دوران، آپ کی کمپنی کی ٹیکسٹائل ڈویژن کی خالص فروخت کی آمدنی میں بھی اضافہ دیکھا گیا۔ ٹیکسٹائل ڈویژن کے خالص سٹیز رپورٹ میں اضافہ یارن کی فروخت کے حجم میں اضافے سے منسوب ہے۔ حجم کے لحاظ سے فروخت میں اضافہ یارن کی بہتر پیداوار، صلاحیت کے استعمال کی وجہ سے ہے۔ کیونکہ زیر جائزہ مدت کے دوران گیس میں کمی کی گئی جبکہ گذشتہ سال کی اسی ششماہی کے لیے گیس کی سپلائی مجموعی طور پر منظور شدہ گنجائش سے صرف 28 فیصد تک محدود تھی۔ اسی وجہ سے فیکٹری کے آپریشنز کو 28 فیصد تک محدود رکھا گیا۔ حکومت کی جانب سے گیس ٹیرف کی پالیسی میں تبدیلی کی وجہ سے زیر جائزہ مدت کے دوران یارن مینوفیکچرنگ کی فروخت کی لاگت میں بھی اضافہ دیکھا گیا۔ ایکسپورٹ اور ریٹیل کو پاور پلانٹس کے لیے لاگو 09 امریکی ڈالر فی ایم این پی ٹی یو کی گیس موثر شرح کو جاری مالی سال کی دوسری سہ ماہی کے دوران واپس لے لیا گیا تھا اس کی بجائے سٹیم گیس کے 50:50 مرکب پر مبنی ٹیرف اور RLNG کو سٹیم گیس کی قیمت میں اضافے کے ساتھ متعارف کرایا گیا تھا۔ جس نے ٹیکسٹائل ڈویژن کے لیے گیس کے اوسط ٹیرف میں اضافہ کیا، جس کے نتیجے میں بجلی کی پیداوار کی لاگت میں اضافہ ہوا۔ گورنمنٹ آف پاکستان کی جانب سے کم از کم اجرت میں اضافے سے ٹیکسٹائل ڈویژن کی تنخواہوں اور اجرت کی لاگت میں اضافہ ہوا۔ زیر جائزہ مدت کے دوران، گذشتہ سال کی اسی مدت کے مقابلے میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی نے درآمد شدہ کپاس اور خام مال کی لاگت کو بھی متاثر کیا۔ زیر جائزہ مدت اور گذشتہ سال کی اسی مدت کے دوران درآمدی کپاس اور پالیسٹریسمیت بنیادی خام مال کی قیمتوں میں بھی اضافہ ہوا۔ ان تمام چیلنجوں کے باوجود، ٹیکسٹائل کا شعبہ درآمد شدہ اور مقامی خام مال کی بروقت خریداری کی وجہ سے گذشتہ سال کی اسی مدت کے مقابلے میں ایک سازگار ماحول مہیا کرنے میں کامیاب رہا، جس نے اسے اپنے حریفوں پر سبقت بھی دی ہے۔ اس کے علاوہ، ٹیکسٹائل کا شعبہ اپنے طور پر 660 کلو واٹ کاشمی نظام نصب کرنے میں کامیاب رہا جس نے اسے ESG کے مطابق ہونے کے قابل بنایا ہے اور ہمارے انرجی کس میں 20 فیصد صاف اور سبز قابل تجدید توانائی کو شامل کرنے کی وجہ سے بین الاقوامی برانڈز کو اپیل کرتا ہے۔

زیر جائزہ مدت کے دوران تیار شدہ کپڑے کی مقداری فروخت کے حجم اور اوسط فروخت کی قیمت میں بھی گذشتہ سال کی اسی مدت کے مقابلے میں اضافہ دیکھا گیا۔ زیر جائزہ مدت کے دوران مالی لاگت میں اضافہ گذشتہ سال کی اسی مدت کے مقابلے میں SBP پالیسی ریٹ کی شرحوں میں اضافے سے منسوب ہے۔

اوپر بیان کردہ منظر نامے کے پیش نظر آپ کی کمپنی نے ٹیکس کے بعد 372 ملین روپے کا منافع کمایا، جس کی وجہ سے فی حصص آمدنی 17.35 روپے رہی، جبکہ پچھلے سال اسی مدت کے دوران ٹیکس کے بعد منافع 88 ملین روپے رہا اور فی حصص آمدنی 4.10 روپے تھی۔

مستقبل پر نظر:

جیسا کہ ہماری آخری ڈائریکٹر رپورٹ میں بیان کیا گیا ہے کہ ہمارے کونے سے چلنے والے پاور پلانٹ (CFPP) کی توسیع پر سول ورک جاری ہے۔ بڑے BTG آلات (بوائلر، ٹربائن اور جنریٹر) سائٹ پر پہنچ چکے ہیں۔ پلانٹ کے بقیہ آلات کے ایل سیز جاری ہے۔

درآمدی، مقامی کونے کی غیر متوقع قیمتیں، امریکی ڈالر کے مقابلے پاکستانی روپے کی قدر میں مزید کمی، بجلی اور RLNG کے ٹیرف میں مزید اضافہ وغیرہ، یہ وہ عوامل ہیں، جو کمپنی کے لیے جاری مالی سال کے دوران اہم چیلنجز رہیں گے۔

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

22 فروری 2024

فیصل آباد

Almuhammad.

احمد حسن

ڈائریکٹر



SHARIAH COMPLIANCE REVIEW REPORT

For the six months period ended
December 31, 2023



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

January 31, 2024

باسمہ تعالیٰ

Shariah Review Report

For the period ended 31st December 2023

We have reviewed the business activities of **Sitara Chemical Industries Limited** for the half-yearly period ended 31st December, 2023 in accordance with the provisions of Shariah Governance Regulations, 2023; and in our opinion;

- the transactions, the documentations 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 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



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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF SITARA CHEMICAL INDUSTRIES LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Sitara Chemical Industries Limited** (the Company) as at December 31, 2023, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cashflows, condensed interim statement of changes in equity and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three-month period ended December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2023.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Sufyan.

Yousuf Adil
Chartered Accountants

Lahore
Date: February 26, 2024
UDIN: RR202310180wDNA2ZdIE

An Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023**

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	5	20,571,429	18,458,822
Intangible assets		7,164	7,541
Investment property	6	3,468,318	3,320,667
Long-term investments		25,039	25,039
Long-term loans and advances		628,240	1,304,370
Long-term deposits		125,133	125,534
		<u>24,825,323</u>	<u>23,241,973</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		1,741,152	1,669,634
Stock-in-trade		4,517,157	3,581,645
Trade debts		2,468,159	2,233,137
Loans and advances		1,854,292	1,473,915
Trade deposits, prepayments and other receivables		64,522	31,561
Advance income tax		1,907,484	1,651,622
Other financial assets	7	527,012	721,966
Cash and bank balances		493,147	334,319
		<u>13,572,925</u>	<u>11,697,799</u>
		<u>38,398,248</u>	<u>34,939,772</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		214,294	214,294
Reserves		1,427,789	1,347,569
Unappropriated profit		12,167,812	11,927,300
Surplus on revaluation of property, plant and equipment		3,032,142	3,115,075
		<u>16,842,037</u>	<u>16,604,238</u>
NON - CURRENT LIABILITIES			
Long-term financing	8	2,724,021	2,348,978
Long-term deposits		135,963	128,463
Deferred taxation		2,958,602	3,087,152
Deferred liabilities	9	256,446	262,221
		<u>6,075,032</u>	<u>5,826,814</u>
CURRENT LIABILITIES			
Trade and other payables		4,482,061	3,792,608
Profit / financial charges payable		760,127	464,660
Short term borrowings		8,978,660	7,035,129
Provision for taxation		262,873	390,591
Unclaimed dividend		28,159	26,391
Current portion of long-term financing		969,299	799,341
		<u>15,481,179</u>	<u>12,508,720</u>
CONTINGENCIES AND COMMITMENTS			
	10	<u>38,398,248</u>	<u>34,939,772</u>

The annexed notes from 1 to 18 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2023**

	Note	Six months period ended		Three months period ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		(.....Rupees in thousand.....)			
Revenue from contract with customers - net	11	14,944,167	11,968,345	7,330,946	6,769,499
Cost of sales	12	(12,553,147)	(10,389,651)	(6,124,675)	(5,668,053)
Gross profit		2,391,020	1,578,694	1,206,271	1,101,446
Distribution cost		(271,624)	(299,821)	(136,112)	(166,830)
Administrative expenses		(533,970)	(453,004)	(271,373)	(238,986)
Other expenses		(137,536)	(24,837)	(115,034)	(24,837)
Finance cost		(1,135,026)	(770,507)	(616,946)	(409,526)
		(2,078,156)	(1,548,169)	(1,139,465)	(840,179)
Other income		179,340	148,322	122,478	89,536
Profit before taxation		492,204	178,847	189,284	350,803
Provision for taxation	13	(120,331)	(90,944)	(19,133)	(91,791)
Profit after taxation		371,873	87,903	170,151	259,012
Earnings per share - basic and diluted - (Rupees)		17.35	4.10	7.94	12.09

The annexed notes from 1 to 18 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2023**

	Six months period ended		Three months period ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(.....Rupees in thousand.....)			
Profit after taxation	371,873	87,903	170,151	259,012
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Gain on sale of investments measured at FVTOCI	934	-	-	-
Gain/ (loss) on re-measurement of investments measured at FVTOCI	93,278	(3,936)	87,888	(9,326)
Related tax impact	(13,992)	590	(13,183)	1,399
Other comprehensive income	80,220	(3,346)	74,705	(7,927)
Total comprehensive income for the period	452,093	84,557	244,856	251,085

The annexed notes from 1 to 18 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2023**

Share Capital	Reserves							Total Reserves	Total
	Capital				Revenue				
	Share Premium	Reserve on re-measurement of equity instruments as at FVTOCI - net of tax	Reserve on re-measurement of post retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment	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									
Profit for the period	-	-	-	-	-	-	87,903	87,903	87,903
Other comprehensive income	-	-	(3,346)	-	-	-	-	(3,346)	(3,346)
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	-	(3,346)	-	-	-	87,903	84,557	84,557
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	-	-	-	(99,674)	-	99,674	-	-
Transactions with owners									
Final dividend for the year ended June 30, 2022 @ Rs. 8 per share	-	-	-	-	-	-	(171,435)	(171,435)	(171,435)
Balance as at December 31, 2022 - Un-audited	214,294	97,490	50,960	(4,405)	3,426,311	1,225,000	10,941,853	15,737,209	15,951,503
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 period	-	-	-	-	-	-	371,873	371,873	371,873
Other comprehensive income	-	-	80,220	-	-	-	-	80,220	80,220
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	-	80,220	-	-	-	371,873	452,093	452,093
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	-	-	-	(82,932)	-	82,932	-	-
Transactions with owners									
Final dividend for the year ended June 30, 2023 @ Rs. 10 per share	-	-	-	-	-	-	(214,294)	(214,294)	(214,294)
Balance as at December 31, 2023 - Un-audited	214,294	97,490	110,312	(5,013)	3,032,142	1,225,000	12,167,812	16,627,743	16,842,037

The annexed notes from 1 to 18 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2023**

	Note	Six months period ended	
		December 31, 2023	December 31, 2022
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flow before working capital changes	16	2,247,447	1,515,380
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(71,518)	(327,165)
Stock-in-trade		(935,512)	626,334
Trade debts		(332,583)	(119,199)
Loans and advances		(476,245)	(348,898)
Trade deposits, prepayments and other receivables		(32,961)	(27,684)
Increase / (decrease) in current liabilities			
Trade and other payables		689,453	(489,314)
		(1,159,366)	(685,926)
Cash generated from operations		1,088,081	829,454
Finance cost paid		(802,527)	(656,539)
Employee benefits paid		(5,521)	(4,683)
Taxes paid		(646,452)	(96,650)
		(1,454,500)	(757,872)
Net cash (used in) / generated from operating activities		(366,419)	71,582
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment including capital work in progress		(2,785,661)	(1,138,491)
Proceeds from disposal of property, plant and equipment		30,529	19,649
Purchase of investment property		(152,448)	(201)
Purchase of other financial assets		(548,453)	(492,730)
Proceeds from disposal of other financial assets		877,267	477,384
Long-term deposits paid		401	(288)
Long-term loans and advances given		798,512	(764)
Profit received on bank deposits		26,926	11,934
Dividend income received		9,268	8,152
Net cash used in investing activities		(1,743,659)	(1,115,355)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing obtained		864,005	641,261
Repayment of long-term financing		(333,604)	(411,270)
Short term borrowing - net		1,943,531	924,421
Long-term deposits received		7,500	10,700
Dividend paid		(212,526)	(169,852)
Net cash generated from financing activities		2,268,906	995,260
Net increase / (decrease) in cash and cash equivalents		158,828	(48,513)
Cash and cash equivalents at the beginning of the period		334,319	322,690
Cash and cash equivalents at the end of the period		493,147	274,177

The annexed notes from 1 to 18 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 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 Companies Act, 2017). The Company is listed on Pakistan Stock Exchange Limited. 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 operation of Chlor alkali plant, Oleo chemical plant and yarn spinning unit. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hassan 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 six months period ended December 31, 2023 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 (the Act) differ with the requirements of IAS 34 and IFAS, the provisions of and directives issued under the Act 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 statements for the year ended June 30, 2023, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements for the six months period ended December 31, 2022.

- 2.3 These condensed interim financial statements are un-audited. However, a limited scope review has been performed by statutory auditor of the Company in accordance with Section 237 of Companies Act, 2017 and they have issued their review report thereon.

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

The material 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.

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the company's annual accounting periods beginning on or after July 1, 2023. However, these will not have any significant effects on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparation of these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for the year ended June 30, 2023.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited December 31, 2023	Audited June 30, 2023
(Rupees in thousand)			
Operating assets	5.1	16,868,874	16,998,641
Capital work-in-progress	5.2	3,508,616	1,315,328
Capital stores		193,939	144,853
		<u>20,571,429</u>	<u>18,458,822</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023**

	Un-audited December 31, 2023	Audited June 30, 2023
	(Rupees in thousand)	
5.1 Operating assets		
Opening written down value	16,998,641	17,257,906
Additions during the period / year:		
Buildings on freehold land - Mill	27,825	90,106
Plant and machinery	386,959	727,221
Grid station and electric installations	76,624	345
Containers and cylinders	-	1,477
Factory equipment	7,054	25,386
Electric equipment	10,484	103,502
Office equipment	2,631	7,302
Furniture and fittings	603	23,194
Vehicles	31,107	106,770
	543,287	1,085,303
Written down value of assets disposed off during the period / year	(20,860)	(6,967)
Depreciation charged during the period / year	(652,194)	(1,337,601)
Written down value at the end of the period / year	16,868,874	16,998,641

5.2 Capital work-in-progress

Description	At July 01, 2023	Additions	Transfers	At December 31, 2023
	----- (Rupees in thousand) -----			
Civil works	338,750	215,225	(96,564)	457,411
Mechanical works	976,578	2,153,763	(79,136)	3,051,205
	1,315,328	2,368,988	(175,700)	3,508,616
Description	At July 01, 2022	Additions	Transfers	At June 30, 2023
	----- (Rupees in thousand) -----			
Civil works	34,189	396,480	(91,919)	338,750
Mechanical works	52,682	1,276,872	(352,976)	976,578
	86,871	1,673,352	(444,895)	1,315,328

5.3 The Company had revalued its freehold land, building and plant and 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. It was 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.

Out of the total revaluation surplus of Rs. 4,514 million, Rs. 3,032 million net of tax (June 30, 2023: 3,115 million) remains undepreciated as at December 31, 2023.

Details of the Company's revalued assets and information about fair value hierarchy, as at December 31, 2023 are as follows:

	Un-audited December 31, 2023			Audited June 30, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- (Rupees in thousand) -----					
Land - freehold	-	1,300,628	-	-	1,300,875	-
Buildings on freehold land	-	1,729,440	-	-	1,789,965	-
Plant and machinery	-	12,132,263	-	-	12,218,350	-
	-	15,162,331	-	-	15,309,190	-

		Un-audited December 31, 2023	Audited June 30, 2023
		(Rupees in thousand)	
6 INVESTMENT PROPERTY	Note		
Land	6.1	3,339,768	3,188,600
Buildings	6.2	91,136	95,933
Advance against purchase of investment property		37,414	36,134
		3,468,318	3,320,667

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023**

	Note	Un-audited December 31, 2023 (Rupees in thousand)	Audited June 30, 2023
6.1 Land			
Balance at the beginning of the period / year		3,188,600	3,188,600
Additions during the period / year		152,768	-
Disposals during the period / year		(1,600)	-
Balance at the end of the period / year		<u>3,339,768</u>	<u>3,188,600</u>
6.2 Buildings			
Opening written down value		95,933	35,877
Additions during the period / year		-	64,179
Depreciation charged during the period / year		(4,797)	(4,123)
Written down value at the end of the period / year		<u>91,136</u>	<u>95,933</u>
7 OTHER FINANCIAL ASSETS			
Investments classified as fair value through other comprehensive income (FVTOCI)			
Equity investments	7.1	270,030	186,672
Investments classified as fair value through profit and loss (FVTPL)			
Mutual Funds		256,982	535,294
		<u>527,012</u>	<u>721,966</u>
7.1 Reconciliation between fair value and cost of investments classified at FVTOCI			
Fair value of investments			
- in listed equity securities		270,030	186,672
Gain on remeasurement of investments		129,779	35,402
Cost of investment		<u>140,251</u>	<u>151,270</u>

7.2 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 follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

	Un-audited December 31, 2023			Audited June 30, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	------(Rupees in thousand)-----					
Equity instruments at fair value:						
Investments - FVTOCI	270,030	-	-	186,672	-	-
Investments - FVTPL	256,982	25,039	-	535,294	25,039	-
Total assets at fair value	<u>527,012</u>	<u>25,039</u>	<u>-</u>	<u>721,966</u>	<u>25,039</u>	<u>-</u>

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 approximates to their fair values.

	Note	Un-audited December 31, 2023 (Rupees in thousand)	Audited June 30, 2023
8 LONG-TERM FINANCING			
Diminishing Musharka (from financial institutions - secured)			
Opening balance		3,346,367	2,655,056
Obtained during the period / year	8.1	864,005	1,486,138
Re-paid during the period / year		(333,604)	(794,827)
		3,876,768	3,346,367
Deferred grant recognized on subsidized rate loan		(183,448)	(198,048)
		3,693,320	3,148,319
Less: Current portion of long term loans		(969,299)	(799,341)
		<u>2,724,021</u>	<u>2,348,978</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023**

- 8.1 Subject to the terms and conditions disclosed in note 21 of the audited financial statements for the year ended June 30, 2023, the entity has availed additional financing from Dubai Islamic Bank Limited, Meezan Bank Limited, The Bank of Punjab and Askari Bank Limited amounting to Rs. 41.18 million, Rs. 79.51 million, Rs. 493.31 million and Rs. 250 million respectively.

	Un-audited December 31, 2023	Audited June 30, 2023
	(Rupees in thousand)	
9 DEFERRED LIABILITIES		
Gratuity payable	72,998	64,173
Deferred grant	183,448	198,048
	<u>256,446</u>	<u>262,221</u>

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There are no significant change in status of contingencies as disclosed in the annual audited financials statements for the year ended June 30, 2023.

10.2 Commitments

Outstanding letters of credit for raw material, spare parts, plant and machinery	2,941,159	1,885,068
Guarantees issued by banks on behalf of the Company	230,986	232,041

	Un-audited		Un-audited	
	Six months period ended		Three months period ended	
	December 31 2023	December 31 2022	December 31 2023	December 31 2022
	(.....Rupees in thousand.....)			
11 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET				
Local:				
Chemicals	15,003,366	12,852,013	7,351,688	7,099,915
Yarn	2,407,159	975,510	1,158,342	652,795
Fabric	65,184	104,538	50,348	58,722
Waste	25,118	3,951	15,957	3,312
Others - trading	113,362	-	62,227	-
	<u>17,614,189</u>	<u>13,936,012</u>	<u>8,638,562</u>	<u>7,814,744</u>
Export:				
Chemicals	196,837	353,079	49,994	237,040
Gross Sales	<u>17,811,026</u>	<u>14,289,091</u>	<u>8,688,556</u>	<u>8,051,784</u>
Less:				
Commission and discount	(396,765)	(293,586)	(199,572)	(155,348)
Sales tax	(2,470,094)	(2,027,160)	(1,158,038)	(1,126,937)
	<u>(2,866,859)</u>	<u>(2,320,746)</u>	<u>(1,357,610)</u>	<u>(1,282,285)</u>
	<u>14,944,167</u>	<u>11,968,345</u>	<u>7,330,946</u>	<u>6,769,499</u>
12 COST OF SALES				
Raw material consumed	4,337,087	2,298,183	1,571,523	1,457,312
Fuel and power	7,195,278	6,221,612	3,871,276	2,757,995
Salaries, wages and benefits	529,659	372,632	283,806	195,273
Factory overheads	1,097,525	990,724	540,975	519,656
	<u>13,159,549</u>	<u>9,883,151</u>	<u>6,267,580</u>	<u>4,930,236</u>
Work-in-process				
Opening stock	45,650	40,929	52,718	32,200
Closing stock	(29,682)	(41,716)	(29,682)	(41,716)
	<u>15,968</u>	<u>(787)</u>	<u>23,036</u>	<u>(9,516)</u>
Cost of goods manufactured	<u>13,175,517</u>	<u>9,882,364</u>	<u>6,290,616</u>	<u>4,920,720</u>
Finished goods				
Opening stock	1,700,648	1,990,509	2,194,911	2,230,555
Closing stock	(2,412,910)	(1,483,222)	(2,412,910)	(1,483,222)
	<u>(712,262)</u>	<u>507,287</u>	<u>(217,999)</u>	<u>747,333</u>
Cost of trading items	89,892	-	52,058	-
	<u>12,553,147</u>	<u>10,389,651</u>	<u>6,124,675</u>	<u>5,668,053</u>
13 PROVISION FOR TAXATION				
Current - for the period	262,873	158,007	116,790	94,472
Deferred	(142,542)	(67,063)	(97,657)	(2,681)
	<u>120,331</u>	<u>90,944</u>	<u>19,133</u>	<u>91,791</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023**

14 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of 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 period are as follows:

Relationship with the Company	Nature of transactions	Un-audited Six months period ended	
		December 31 2023 (Rupees in thousand)	December 31 2022 (Rupees in thousand)
Associated undertaking	Sale of goods	87	498
	Organizational expenses paid	-	52
	Donation	29,957	23,726
Key management personnel	Remuneration to Executives	107,986	90,775
		Un-audited December 31, 2023 (Rupees in thousand)	Audited June 30, 2023 (Rupees in thousand)
Associated company	Long term receivable	702,225	702,225

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

Company name	Basis of association	Relationship with the Company
Sitara Developers (Private) Limited	Common directorship	Associated company
Aziz Fatima Trust Hospital	Common directorship	Associated undertaking

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023**

15 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

15.1 Information about operating segments is as follows:

	Chemical Division		Textile Division		Total	Total
	Un-audited					
	Six months period ended					
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(----- Rupees in thousand -----)					
Revenue from external customers - net	12,602,731	11,049,124	2,341,436	919,221	14,944,167	11,968,345
Depreciation on property, plant and equipment	602,942	614,128	49,253	47,394	652,195	661,522
Segment profit	523,715	190,443	106,025	13,241	629,740	203,684
	Un-audited December 31, 2023	Audited June 30 2023	Un-audited December 31 2023	Audited June 30 2023	Total Un-audited December 31 2023	Total Audited June 30 2023
	(----- Rupees in thousand -----)					
Capital expenditure	449,460	996,735	93,827	88,568	543,287	1,085,303
Segment assets	32,786,677	26,135,813	3,510,915	3,037,249	36,297,592	29,173,062
Segment liabilities	17,877,699	14,633,804	428,880	197,596	18,306,579	14,831,400

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023**

	Un-audited Six months period ended	
	December 31, 2023	December 31, 2022
	(Rupees in thousand)	
15.2 Reconciliations of reportable segments are as follows:		
Revenue		
Total revenue for reportable segments	14,944,167	11,968,345
Profit for the period		
Total profit for reportable segments	629,740	203,684
Unallocated other expenses	(137,536)	(24,837)
Profit before taxation	492,204	178,847
	Un-audited December 31, 2023	Audited June 30, 2023
	(Rupees in thousand)	
Assets		
Total assets for reportable segments	36,297,592	29,173,062
Other unallocated corporate assets	2,100,656	5,766,710
Company's assets	38,398,248	34,939,772
Liabilities		
Total liabilities for reportable segments	18,306,579	14,831,400
Other unallocated corporate liabilities	3,249,632	3,504,134
Company's liabilities	21,556,211	18,335,534

15.3 The Company has no reportable geographical segment.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023**

	Un-audited	
	Six months period ended	
	December 31, 2023	December 31, 2022
	(Rupees in thousand)	
16 OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES		
Profit before taxation	492,204	178,847
Adjustments for:		
Depreciation on property, plant and equipment	652,194	659,925
Depreciation on investment property	4,797	1,597
Amortization on intangible assets	377	419
Gain on sale of investments measured at FVTPL	(1,308)	(356)
Finance cost	1,135,026	770,507
Gain on disposal of property, plant and equipment	(9,669)	(16,435)
Provision for employee benefits	14,346	8,547
Dividend income	(47,609)	(42,811)
Exchange gain	(183)	(5,755)
Unwinding of deferred receivable	(26,514)	(36,422)
Amortization of deferred grant	(37,032)	(868)
Impairment loss on financial assets	97,744	10,119
Profit on bank deposits	(26,926)	(11,934)
	1,755,243	1,336,533
	2,247,447	1,515,380

17 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 22, 2024.

18 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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