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Company Information

Board of Directors

Chairman
Chief Executive Officer
Directors

Mr. Muhammad Khalil
Mr. Muhammad Adrees
Mr. Haseeb Ahmed
Mr. Waheed Akhter Sher
Mr. Abdul Awal
Mr. Muneeb ul Haq
Mr. Ahmad Nawaz

Company Secretary

Mr. Mazhar Ali Khan

Chief Financial Officer

Mr. Anwar-ul-Haq (FCA)

Audit Committee

Chairman
Members

Mr. Abdul Awal
Mr. Muhammad Khalil
Mr. Muneeb ul Haq

Human Resource & Remuneration Committee

Chairman
Members

Mr. Muhammad Khalil
Mr. Muhammad Adrees
Mr. Abdul Awal

Head of Internal Audit

Mr. Zakir Hussain (FCA)

Auditors

Deloitte Yousuf Adil
Chartered Accountants

Legal Advisor

Mr. Sahibzada Muhammad Arif

Bankers

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

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

Factories

28/32 KM, Faisalabad - Sheikhpura Road,
Faisalabad.

Directors' Review

In the name of Allah, the Most Beneficent, the Most Gracious, the Most Merciful. The Directors of Sitara Chemical Industries Limited are pleased to present the un-audited condensed interim financial statements of the Company for the third quarter ended March 31, 2018.

Overview:

During the period under review, your Company has recorded net sales of Rs. 8,986/- million and gross profits of Rs 1,920/- million as compared with net sales of Rs. 7,263 million and gross profits of Rs 1,807/- million in the corresponding period the last year. Profit after tax amounted to Rs. 891 million as compared with Rs 790 million of corresponding period last year. Your company witnessed an improvement of 23.73% in net sales revenue and 12.78% in after tax profits. Earnings per share remained at Rs. 41.58 as compared with Rs. 36.84 during the corresponding period of last year.

Overall improved economic environment of the country and stable international caustic soda prices mounted in better financial performance of your Company. Average yarn prices and yarn volumetric sales during period under review remained better as compared with same period last year.

Corporate Social Responsibility:

Your Company continues to donate towards charitable hospital, arrangement of free medical camps, and installation/running of clean water treatment plants at the surrounding areas of Faisalabad on regular basis.

Future Outlook:

Based on stable international prices coupled with rupee depreciation against other foreign currencies, we have undertaken BMR of one of our old membrane cell at approximate cost of Rs 500 million. This BMR will result in increased production of caustic at reduced electricity cost per ton. Excess production of caustic soda will be available to export to neighboring countries. Negotiation with foreign vendor for the establishment of letter of credit is in progress. This project has been planned to be completed by the end of third quarter of next fiscal year (INSHA'ALLAH).

Furthermore, we are actively pursuing our agenda of diversification and induction of new product lines that will create shareholders' value on sustainable basis. Rising international prices of coal and RLNG along with adverse exchange rate parity are key challenges being faced by the Company.

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
Faisalabad: April 20, 2018



Haseeb Ahmed
Director

ڈائریکٹرز رپورٹ

شروع اللہ کے نام سے جو بڑا مہربان اور رحم کرنے والا ہے

ستارہ کیمیکلز انڈسٹریز لمیٹیڈ کے بورڈ آف ڈائریکٹرز کی طرف سے میں 31 مارچ 2018 کو ختم ہونے والی تیسری سہ ماہی کے غیر آڈٹ شدہ اکاؤنٹس پیش کرنے کے لیے خوش ہوں۔

جائزہ:

زیر جائزہ مدت کے دوران آپ کی کمپنی نے 8,986 ملین روپے کی خالص فروخت کی ہے۔ اور مجموعی منافع 1,920 ملین روپے رہا۔ جو کہ پچھلے سال اسی سہ ماہی میں خالص فروخت 7,263 ملین روپے اور مجموعی منافع 1,807 ملین روپے تھا۔ ٹیکس کے بعد منافع پچھلے سال کے اسی سہ ماہی میں 790 ملین روپے کے مقابلے میں 891 ملین روپے رہا جس سے فی حصص آمدنی 41.58 روپے رہی جو کہ پچھلے سال اسی مدت کے دوران فی حصص آمدنی 36.84 روپے تھی۔ آپ کی کمپنی نے پچھلے سال اسی مدت کے دوران خالص فروخت کے مقابلے میں 23.73% اور ٹیکس کے بعد کمایا گیا منافع میں 12.78% بہتری دیکھنے میں آئی۔

ملک کی مجموعی بہتر معاشی صورتحال اور مستحکم بین الاقوامی کانسٹک سوڈا کی قیمتوں کی وجہ سے آپ کی کمپنی کی بہتر مالیاتی کارکردگی میں اضافہ ہوا۔ گزشتہ سال اسی مدت کے مقابلے میں اوسط دھاگہ کی قیمت اور دھاگہ کی مقدار کی فروخت بہتر رہی۔

کارپوریٹ سماجی ذمہ داری:

آپ کی کمپنی باقاعدگی سے فیصل آباد کے اردگرد کے علاقوں میں خیراتی ہسپتال، فری میڈیکل کیمپ اور صاف پانی کے پلانٹ کی تنصیب، چلانے کی طرف متوجہ رہتی ہے۔

مستقبل پر نظر:

بین الاقوامی قیمتوں میں استحکام اور پاکستانی روپیہ کی قدر میں کمی کی وجہ سے، ہم نے اپنے پرانے ممبرین سیل کی 500 ملین روپے کی لاگت سے BMR کر رہے ہیں۔ یہ BMR بجلی کی کم قیمت پر ہماری کانسٹک کی فی ٹن پیداوار میں اضافہ کرے گی۔ کانسٹک سوڈا کی اضافی پیداوار ہمسایہ ممالک کو برآمد کرنے کے لیے دستیاب ہوگی۔ LC کے قیام کے لیے غیر ملکی فروخت کنندہ کے ساتھ گفتگو جاری ہے۔ اس منصوبہ کو اگلے مالی سال کی تیسری سہ ماہی کے اختتام تک مکمل کرنے کی منصوبہ بندی کی گئی ہے۔ ہم توجہ مرکوز کر رہے ہیں اور ہماری ترقی کا ایجنڈا مزید متنوع اور نئی مصنوعات کی لائنوں کو شامل ہونے پر ہے جو حصہ داروں کی مالیت پائیدار بنیادوں پر پیدا کرتی ہے۔ بین الاقوامی مارکیٹ میں کونسٹک کی بڑھتی ہوئی قیمتیں، RLNG کی قیمت میں بڑھتا ہوا اضافہ اور پکنج ریت میں ناموافق رد و بدل یہ وہ عوامل ہیں جن کا کمپنی کو سامنا ہے۔


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 فخر کرتی ہے۔


محمد ادریس

چیف ایگزیکٹو آفیسر


فیصل آباد 20 اپریل 2018



حبیب احمد
ڈائریکٹر

Condensed Interim Balance Sheet (Un-Audited) As At March 31, 2018

| | Un-audited March 31, 2018 (Rupees in thousand) | Audited June 30, 2017 |
|--|---|-----------------------------|
| NON - CURRENT ASSETS | | |
| Property, plant and equipment | 9,725,672 | 9,413,115 |
| Intangible assets | 11,748 | 13,089 |
| Investment property | 3,035,358 | 2,926,570 |
| Long-term investments | 31,157 | 31,579 |
| Long-term loans and advances | 1,427,505 | 1,267,852 |
| Long-term deposits | 111,209 | 111,209 |
| | <u>14,342,649</u> | <u>13,763,414</u> |
| CURRENT ASSETS | | |
| Stores, spare parts and loose tools | 529,602 | 644,412 |
| Stock-in-trade | 1,163,255 | 1,194,327 |
| Trade debts | 1,306,612 | 1,163,485 |
| Loans and advances | 2,482,462 | 2,335,623 |
| Trade deposits and short-term prepayments | 8,033 | 5,692 |
| Other receivables | 13,148 | 12,053 |
| Other financial assets | 300,176 | 274,883 |
| Cash and bank balances | 152,785 | 131,002 |
| | <u>5,956,073</u> | <u>5,761,477</u> |
| | <u>20,298,722</u> | <u>19,524,891</u> |
| SHARE CAPITAL AND RESERVES | | |
| Share capital | 214,294 | 214,294 |
| Reserves | 1,367,140 | 1,402,817 |
| Un-appropriated profits | 7,680,319 | 7,007,851 |
| | <u>9,261,753</u> | <u>8,624,962</u> |
| SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT | | |
| | 1,176,784 | 1,226,133 |
| NON - CURRENT LIABILITIES | | |
| Long-term financing | 1,386,170 | 2,143,016 |
| Long-term deposits | 20,743 | 23,743 |
| Deferred liabilities | 1,069,443 | 983,139 |
| | <u>2,476,356</u> | <u>3,149,898</u> |
| CURRENT LIABILITIES | | |
| Trade and other payables | 3,573,960 | 3,238,773 |
| Profit / financial charges payable | 81,687 | 82,220 |
| Short term borrowings | 2,792,387 | 2,290,759 |
| Current portion of long term financing | 849,358 | 872,020 |
| Sales tax payable | 86,437 | 40,126 |
| | <u>7,383,829</u> | <u>6,523,898</u> |
| CONTINGENCIES AND COMMITMENTS | | |
| | <u>20,298,722</u> | <u>19,524,891</u> |

The annexed selected notes 1 to 16 form an integral part of this condensed interim financial information.


Anwar-ul-Haq
Chief Financial Officer


Muhammad Adrees
Chief Executive Officer


Haseeb Ahmed
Director

Condensed Interim Profit and Loss Account (Un-Audited) For The Nine Months Ended March 31, 2018

| | | Un-audited Nine Month Period Ended | | Un-audited Quarter ended | |
|--|----|---|-------------------|-----------------------------|-------------------|
| | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| | | Note (.....) Rupees in thousand (.....) | | | |
| Sales - net | 10 | 8,986,582 | 7,262,678 | 3,603,178 | 2,779,019 |
| Cost of sales | 11 | (7,066,001) | (5,455,765) | (2,830,582) | (2,163,240) |
| Gross profit | | 1,920,581 | 1,806,913 | 772,596 | 615,779 |
| Distribution cost | | (180,518) | (135,694) | (75,629) | (41,876) |
| Administrative expenses | | (432,189) | (392,573) | (157,890) | (138,981) |
| Other expenses | | (69,748) | (73,617) | (31,711) | (23,382) |
| Finance cost | | (339,975) | (261,063) | (114,502) | (113,544) |
| | | (1,022,430) | (862,947) | (379,732) | (317,783) |
| Other Income | | 81,731 | 53,075 | 53,754 | 16,168 |
| | | 979,882 | 997,041 | 446,618 | 314,164 |
| Share of Profit/(loss) of associates - net of tax | | (423) | (4,073) | (17) | 1,401 |
| Profit before taxation | | 979,459 | 992,968 | 446,601 | 315,565 |
| Provision for taxation | 12 | (88,472) | (203,443) | (77,739) | (30,281) |
| Profit after taxation | | 890,987 | 789,525 | 368,862 | 285,284 |
| Earnings per share - basic and diluted (Rupees) | 13 | 41.58 | 36.84 | 17.21 | 13.31 |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


Anwar-ul-Haq
Chief Financial Officer


Muhammad Adrees
Chief Executive Officer


Haseeb Ahmed
Director

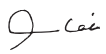
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

| | Un-audited Nine Month Ended | | Un-audited Quarter Ended | |
|---|----------------------------------|-------------------|-----------------------------|-------------------|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| | (..... Rupees in thousand) | | | |
| Profit after taxation | 890,987 | 789,525 | 368,862 | 285,284 |
| Other comprehensive income | | | | |
| Items that may be reclassified subsequently to profit and loss | | | | |
| Surplus/(Deficit) on re-measurement of investment available for sale to fair value | (35,280) | 50,443 | 33,116 | 17,538 |
| Reclassification adjustment relating to available for sale financial assets disposed off during the period/year | (397) | 4,339 | - | 285 |
| Total items that may be reclassified subsequently to profit and loss | (35,677) | 54,782 | 33,116 | 17,823 |
| Items that will not be reclassified subsequently to profit and loss | | | | |
| Remeasurement of post retirement benefits obligation | - | - | - | - |
| Impact of deferred tax | - | - | - | - |
| Total comprehensive income for the period | <u>855,310</u> | <u>844,307</u> | <u>401,978</u> | <u>303,107</u> |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


Muhammad Adrees
Chief Executive Officer


Haseeb Ahmed
Director


Anwar-ul-Haq
Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

| | Note | Nine Month Ended | |
|--|------|-------------------|-------------------|
| | | March 31, 2018 | March 31, 2017 |
| (Rupees in thousand) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating cash flow before working capital changes | 16 | 1,967,241 | 1,711,750 |
| Changes in working capital (Increase) / decrease in current assets | | | |
| Stores, spare parts and loose tools | | 114,810 | (131,844) |
| Stock-in-trade | | 31,072 | (268,573) |
| Trade debts | | (143,127) | (40,133) |
| Advance sales tax | | - | 111,267 |
| Loans and advances | | 210,633 | (351,156) |
| Trade deposits and short-term prepayments | | (2,342) | (24,084) |
| Other receivables | | (1,095) | 1,884 |
| Increase in current liabilities | | | |
| Trade and other payables | | 328,146 | 197,793 |
| Sales tax payable | | 46,310 | - |
| | | 584,407 | (504,846) |
| Cash generated from operations | | 2,551,648 | 1,206,904 |
| Finance cost paid | | (340,508) | (251,596) |
| Employee benefits paid | | (5,211) | (6,211) |
| Taxes paid | | (360,886) | (230,897) |
| Profit received | | 7,617 | 8,595 |
| | | (698,988) | (480,109) |
| Net cash generated from operating activities | | 1,852,660 | 726,795 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (994,168) | (1,060,973) |
| Proceeds from disposal of property, plant and equipment | | 5,975 | 5,512 |
| Purchase of investment property | | (155,250) | (91,650) |
| Proceed from disposal of investment property | | 71,578 | - |
| Purchase of available for sale investments | | (103,859) | - |
| Proceeds from disposal of available for sale investments | | 43,381 | 121,554 |
| Long-term loans and advances | | (159,653) | (1,852) |
| Long-term deposits | | - | (351) |
| Dividend income received | | 4,040 | 5,231 |
| Net cash used in investing activities | | (1,287,956) | (1,022,529) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Receipt / (payment) of long-term financing - net | | (779,508) | 301,388 |
| Short term financing - net | | 501,627 | 210,872 |
| Long term deposits | | (3,000) | 11,800 |
| Dividend paid | | (262,040) | (245,096) |
| Net cash generated from / (used in) financing activities | | (542,921) | 278,964 |
| Net decrease in cash and cash equivalents | | 21,783 | (16,770) |
| Cash and cash equivalents at beginning of the period | | 131,002 | 188,425 |
| Cash and cash equivalents at end of the period | | 152,785 | 171,655 |


The annexed selected notes 1 to 18 form an integral part of this condensed interim financial information.



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmed
Director



Anwar-ul-Haq
Chief Financial Officer

Condensed Interim Statement Of Changes In Equity (un-audited) For The Nine Months Ended March 31, 2018

| | Share Capital | Share Premium | Reserves | | | | Un-appropriated Profit | Total Reserves | Total |
|---|---------------|---------------|---|---|-----------------|-----------|------------------------|----------------|-------|
| | | | Reserve on re-measurement of available for sale investments | Remeasurement of post retirement benefits obligation - net of tax | General Reserve | | | | |
| Rupees in thousand | | | | | | | | | |
| Balance as at July 01, 2016 - audited | 214,294 | 97,490 | 46,642 | (6,366) | 1,225,000 | 5,958,347 | 7,321,113 | 7,535,407 | |
| Total comprehensive income | - | - | - | - | - | 789,525 | 789,525 | 789,525 | |
| Profit for the nine months ended March 31, 2017 | - | - | - | - | - | - | - | - | |
| Re-measurement of post retirement benefits - net of tax | - | - | - | - | - | - | - | - | |
| (Loss)/Gain on re-measurement of available for sale financial assets | - | - | 54,782 | - | - | - | 54,782 | 54,782 | |
| Transfer to un-appropriated profit on account of incremental depreciation | - | - | 54,782 | - | - | 789,525 | 844,307 | 844,307 | |
| Distribution to owners | - | - | - | - | - | 54,832 | 54,832 | 54,832 | |
| Final dividend for the year ended June 30, 2016 | - | - | - | - | - | (246,439) | (246,439) | (246,439) | |
| Balance as at March 31, 2017 | 214,294 | 97,490 | 101,424 | (6,366) | 1,225,000 | 6,556,265 | 7,973,813 | 8,188,107 | |
| Balance as at July 01, 2017 - audited | 214,294 | 97,490 | 86,641 | (6,314) | 1,225,000 | 7,007,851 | 8,410,668 | 8,624,962 | |
| Total comprehensive income | - | - | - | - | - | 890,987 | 890,987 | 890,987 | |
| Profit for the nine months ended March 31, 2018 | - | - | - | - | - | - | - | - | |
| Re-measurement of post retirement benefits - net of tax | - | - | - | - | - | - | - | - | |
| (Loss)/Gain on re-measurement of available for sale financial assets | - | - | (35,677) | - | - | - | (35,677) | (35,677) | |
| Transfer to un-appropriated profit on account of incremental depreciation - net | - | - | (35,677) | - | - | 890,987 | 855,310 | 855,310 | |
| Distribution to owners | - | - | - | - | - | 49,349 | 49,349 | 49,349 | |
| Final dividend for the year ended June 30, 2017 | - | - | - | - | - | (257,868) | (257,868) | (257,868) | |
| Balance as at March 31, 2018 | 214,294 | 97,490 | 50,964 | (6,314) | 1,225,000 | 7,680,319 | 9,047,459 | 9,261,753 | |

Balance as at July 01, 2016 - audited

Total comprehensive income

Profit for the nine months ended March 31, 2017

Re-measurement of post retirement benefits - net of tax
(Loss)/Gain on re-measurement of available for sale financial assets

Transfer to un-appropriated profit on account of incremental depreciation

Distribution to owners

Final dividend for the year ended June 30, 2016

Balance as at March 31, 2017

Balance as at July 01, 2017 - audited

Total comprehensive income

Profit for the nine months ended March 31, 2018

Re-measurement of post retirement benefits - net of tax
(Loss)/Gain on re-measurement of available for sale financial assets

Transfer to un-appropriated profit on account of incremental depreciation - net

Distribution to owners

Final dividend for the year ended June 30, 2017

Balance as at March 31, 2018

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.



Anwar-ul-Haq
Chief Financial Officer



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmed
Director

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended March 31, 2018

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 Companies Act, 1913 (now Companies Act, 2017). The company is currently listed on Pakistan Stock Exchange. The principal activities of the Company are operation of 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 - Sheikhupura 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 and allied products |
| Textile Division | Manufacturing of yarn and trading of fabric. |

- 1.2 This condensed interim financial information is presented in Pak Rupee, which is the Company's functional and presentation currency.

2 BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting Standards as applicable in Pakistan for Interim Financial Reporting. The Accounting & Reporting Standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of or directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2017. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2017 whereas comparative profit and loss account, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed interim financial information for the nine months ended on March 31, 2017.

3 ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended 30 June 2017.

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended March 31, 2018

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, 2017.

| | Note | Un-audited March 31, 2018 (Rupees in thousand) | Audited June 30, 2017 |
|---|------|---|-----------------------------|
| 5 PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating assets | 5.1 | 9,626,345 | 9,227,921 |
| Capital work-in-progress | | 99,327 | 185,194 |
| | | <u>9,725,672</u> | <u>9,413,115</u> |
| 5.1 Operating assets | | | |
| Opening written down value | | 9,227,921 | 5,307,233 |
| Additions during the period / year: | | | |
| Freehold land | | - | 94,588 |
| Building on freehold land - Mills | | 165,201 | 946,176 |
| Plant and machinery | | 780,666 | 2,751,791 |
| Factory equipment | | 46,022 | 4,261 |
| Electric equipment | | 45,629 | 783,858 |
| Office equipment | | 2,885 | 3,825 |
| Furniture and fittings | | 2,888 | 4,055 |
| Vehicles | | 36,744 | 32,743 |
| | | 1,080,035 | 4,621,297 |
| Written down value of operating assets disposed off during the period / year | | (1,736) | (4,340) |
| Depreciation charged during the period / year | | (679,875) | (696,269) |
| | | <u>9,626,345</u> | <u>9,227,921</u> |
| 6 INVESTMENT PROPERTY | | | |
| Land | 6.1 | 2,979,388 | 2,854,288 |
| Building | 6.2 | 55,970 | 72,282 |
| | | <u>3,035,358</u> | <u>2,926,570</u> |

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended March 31, 2018

| | Un-audited March 31, 2018 | Audited June 30, 2017 |
|--|---------------------------------|-----------------------------|
| | (Rupees in thousand) | |
| 6.1 Land - at cost | | |
| Balance at beginning of the period / year | 2,854,288 | 2,819,105 |
| Acquisitions | 149,824 | 35,183 |
| Disposal | (24,724) | - |
| Balance at end of the period / year | <u>2,979,388</u> | <u>2,854,288</u> |
| 6.2 Building - at cost | | |
| Cost | 101,865 | 77,921 |
| Acquisitions | 5,426 | 23,944 |
| Disposal | (18,014) | - |
| | <u>89,277</u> | <u>101,865</u> |
| Accumulated Depreciation: | | |
| At the beginning of the period / year | 29,583 | 24,033 |
| Adjustment | (1,689) | - |
| For the period / year | 5,413 | 5,550 |
| At the end of the period / year | <u>33,307</u> | <u>29,583</u> |
| Written down value at the end of the period / year | <u>55,970</u> | <u>72,282</u> |

7 SHARE CAPITAL

| Un-audited March 31, 2018 (No. of Shares) | Audited June 30, 2017 | | Un-audited March 31, 2018 (Rupees in thousand) | Audited June 30, 2017 |
|--|-----------------------------|--|---|-----------------------------|
| | | Authorized Ordinary shares of Rs. 10 each | | |
| <u>40,000,000</u> | <u>40,000,000</u> | Class "A" | <u>400,000</u> | <u>400,000</u> |
| <u>20,000,000</u> | <u>20,000,000</u> | Class "B" | <u>200,000</u> | <u>200,000</u> |
| | | 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> |

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

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended March 31, 2018

| | Un-audited March 31, 2018 | Audited June 30, 2017 |
|-------------------------------------|---------------------------------|-----------------------------|
| <u>(Rupees in thousand)</u> | | |
| 8 LONG-TERM FINANCING | | |
| Opening balance | 3,015,036 | 2,396,523 |
| Obtained during the period / year | - | 1,342,907 |
| | 3,015,036 | 3,739,430 |
| Less: Paid during the period / year | 779,508 | 724,394 |
| | 2,235,528 | 3,015,036 |
| Less: Current portion | 849,358 | 872,020 |
| | 1,386,170 | 2,143,016 |

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

Guarantees issued by banks on behalf of the Company

| | | |
|--|---------|---------|
| | 364,896 | 210,300 |
|--|---------|---------|

9.2 Commitments

Outstanding letters of credit for Coal Power Project raw material and spares

| | | |
|--|---------|---------|
| | 223,548 | 176,600 |
|--|---------|---------|

| Un-audited Nine Month Ended | | Un-audited Quarter Ended | |
|--------------------------------|-------------------|-----------------------------|-------------------|
| March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| (.....Rupees in thousand.....) | | | |

10 SALES - NET

| | | | | |
|-------------------------------|------------|-----------|-----------|-----------|
| Local | 10,172,404 | 8,607,722 | 3,982,649 | 3,216,678 |
| Export | 442,347 | 59,027 | 229,501 | 45,723 |
| | 10,614,751 | 8,666,749 | 4,212,150 | 3,262,401 |
| Less: Commission and discount | 403,951 | 366,757 | 139,614 | 118,082 |
| Sales tax | 1,224,219 | 1,037,314 | 469,359 | 365,300 |
| | 1,628,170 | 1,404,071 | 608,973 | 483,382 |
| | 8,986,581 | 7,262,678 | 3,603,177 | 2,779,019 |

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended March 31, 2018

| | Un-audited Nine Month Ended | | Un-audited Quarter Ended | |
|--|--------------------------------|-------------------|-----------------------------|-------------------|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| (.....Rupees in thousand.....) | | | | |
| 11 COST OF SALES | | | | |
| Raw material consumed | 1,996,381 | 1,530,399 | 901,218 | 640,236 |
| Fuel and power | 3,611,314 | 2,440,082 | 1,497,190 | 1,038,051 |
| Salaries, wages and benefits | 367,094 | 293,936 | 120,382 | 106,499 |
| Factory overheads | 1,078,012 | 1,077,903 | 365,545 | 325,939 |
| | 7,052,801 | 5,342,320 | 2,884,335 | 2,110,725 |
| Work-in-process | | | | |
| Opening stock | 11,630 | 9,671 | 10,632 | 9,445 |
| Closing stock | (12,767) | (11,771) | (12,767) | (11,771) |
| | (1,137) | (2,100) | (2,135) | (2,326) |
| | 7,051,664 | 5,340,220 | 2,882,200 | 2,108,399 |
| Cost of goods manufactured | | | | |
| Finished goods | | | | |
| Opening stock | 554,063 | 652,710 | 488,110 | 592,006 |
| Purchases | - | - | - | - |
| Closing stock | (539,727) | (537,165) | (539,727) | (537,165) |
| | 14,336 | 115,545 | (51,617) | 54,841 |
| | 7,066,000 | 5,455,765 | 2,830,583 | 2,163,240 |
| (.....Rupees in thousand.....) | | | | |
| 12 PROVISION FOR TAXATION | | | | |
| Current - for the period | 4,080 | 67,808 | 1,809 | (370) |
| Prior year | 547 | 127 | - | - |
| Deferred | 83,845 | 135,508 | 75,930 | 30,651 |
| | 88,472 | 203,443 | 77,739 | 30,281 |
| 13 EARNINGS PER SHARE - BASIC AND DILUTED | | | | |
| Profit for the period | 890,987 | 789,525 | 368,862 | 285,284 |
| Weighted average number of ordinary shares outstanding during the period | 21,429 | 21,429 | 21,429 | 21,429 |
| Earnings per share (Rupees) | 41.58 | 36.84 | 17.21 | 13.31 |

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended March 31, 2018

14 TRANSACTIONS WITH RELATED PARTIES - UN-AUDITED

The related parties comprise of associated undertakings, staff retirement benefit plans, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Nature and description of significant related party transactions along with monetary values are as follows:

| | | Un-audited March 31, 2018 | Un-Audited March 31, 2017 |
|-------------------------------|-----------------------------------|---------------------------------|---------------------------------|
| | | <u>(Rupees in thousand)</u> | |
| Relationship with the Company | Nature of transactions | | |
| Associated Undertakings | Sales | 73 | 3,681 |
| | Organizational expenses recovered | - | 3 |
| | Organizational expenses paid | 1,618 | 840 |
| | Donation | 16,864 | 4,257 |
| Key Management Personnel | Remuneration to Executives | 107,650 | 120,079 |

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Nine Month Ends March 31, 2018

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 and allied products

Textile division: Manufacturing of yarn and trading of fabric

15.1 Information about operating segments is as follows:

| | Chemical Division | | Operating segments Textile Division | | | | Total |
|---|---------------------------------|---------------------------------|--|---------------------------------|---------------------------------|---------------------------------|-------|
| | Un-audited March 31, 2018 | Un-audited March 31, 2017 | Nine Month ended | | Un-audited March 31, 2018 | Un-audited March 31, 2017 | |
| | | | Un-audited March 31, 2018 | Un-audited March 31, 2017 | | | |
| Revenue from external customers - net | 7,334,343 | 5,936,513 | 1,652,239 | 1,326,165 | 8,986,582 | 7,262,678 | |
| Depreciation on property, plant and equipment | 647,416 | 435,704 | 32,459 | 32,804 | 679,875 | 468,508 | |
| Segment profit | 1,235,762 | 1,209,489 | 72,112 | 69,157 | 1,307,874 | 1,278,646 | |
| | Chemical Division | | Textile Division | | | | Total |
| | Un-audited March 31, 2018 | Audited June 30, 2017 | For the quarter ended | | Un-audited March 31, 2018 | Audited June 30, 2017 | |
| | | | Un-audited March 31, 2018 | Audited June 30, 2017 | | | |
| Capital expenditure | 1,052,293 | 4,587,304 | 27,742 | 33,993 | 1,080,035 | 4,621,297 | |
| Segment assets | 13,389,467 | 12,965,279 | 1,983,562 | 1,905,013 | 15,373,029 | 14,870,292 | |
| Segment liabilities | 2,785,831 | 2,339,161 | 110,565 | 158,545 | 2,896,396 | 2,497,706 | |

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Nine Months Ends March 31, 2018

| | Nine Month ended | |
|--|--|--------------------------------------|
| | Un-audited March 31, 2018 | Un-Audited March 31, 2017 |
| | (Rupees in thousand) | |
| 15.2 Reconciliations of reportable segments are as follows: | | |
| Revenue | | |
| Total revenue for reportable segments | 8,986,582 | 7,262,678 |
| Profit for the period | | |
| Total profit for reportable segments | 1,307,874 | 1,278,646 |
| Unallocated corporate income / (expenses): | | |
| Other income | 81,731 | 53,075 |
| Other expenses | (69,748) | (73,617) |
| Finance cost | (339,975) | (261,063) |
| Share of profit of associates - net of tax | (423) | (4,073) |
| Profit before taxation | 979,459 | 992,968 |
| | Un-audited March 31, 2018 | Audited June 30, 2017 |
| | (Rupees in thousand) | |
| Assets | | |
| Total assets for reportable segments | 15,373,029 | 14,870,292 |
| Other unallocated corporate assets | 4,925,693 | 4,654,599 |
| Entity's assets | 20,298,722 | 19,524,891 |
| Liabilities | | |
| Total liabilities for reportable segments | 2,896,396 | 2,497,706 |
| Other unallocated corporate liabilities | 6,963,789 | 7,176,090 |
| Entity's liabilities | 9,860,185 | 9,673,796 |

15.3 The Company has no reportable geographical segment.

**Selected Explanatory Notes To The Condensed Interim
Financial Information (Un-Audited)
For The Nine Months Ended March 31, 2018**

| | Nine Month Ended | |
|---|---------------------------------|---------------------------------|
| | Un-audited March 31, 2018 | Un-Audited March 31, 2017 |
| | (Rupees in thousand) | |
| 16 OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES | | |
| Profit before taxation | 979,459 | 992,968 |
| Adjustments for: | | |
| Depreciation on property, plant and equipment | 679,875 | 468,508 |
| Depreciation on investment property | 5,413 | 3,717 |
| Amortization on intangible assets | 1,341 | 1,090 |
| Finance cost | 339,975 | 261,063 |
| Share of Loss of associated company - net of tax | 423 | 4,073 |
| (Gain) on disposal of property, plant and equipment - net | (4,239) | (1,342) |
| (Gain) on sale of available for sale investments | (491) | (4,169) |
| (Gain) on disposal of investment property | (30,529) | - |
| Reversal of impairment loss on investment in associated company | - | (5,237) |
| Provision for employee benefits | 7,671 | 4,905 |
| Dividend income | (4,040) | (5,231) |
| Profit on bank deposits | (7,617) | (8,595) |
| | <u>987,782</u> | <u>718,782</u> |
| | <u>1,967,241</u> | <u>1,711,750</u> |

17 DATE OF AUTHORIZATION FOR ISSUE


This interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 20, 2018.

18 GENERAL

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


Muhammad Adrees
Chief Executive Officer


Haseeb Ahmed
Director


Anwar-ul-Haq
Chief Financial Officer

