

Sitara Chemical Industries Limited  
3rd Quarter Report  
March 31, 2016



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# Company Information

## Board of Directors

Chairman  
Chief Executive Officer  
Directors

Mr. Muhammad Khalil  
Mr. Muhammad Adrees  
Mr. Haseeb Ahmed  
Mr. Munib-ul-Haq  
Mr. Abdul Awal  
Mr. Waheed Akhter Sher  
Mr. Muhammad Yousuf Adil

## 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. Munib-ul-Haq

## Human Resource & Remuneration Committee

Chairman  
Members

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

## Head of Internal Audit

Mr. Zakir Hussain (ACA)

## 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 Bank Limited  
Standard Chartered Bank Pakistan Limited  
Al-Baraka Islamic Bank B.S.C. (E.C.)  
Faysal Bank Limited  
Habib Bank Limited  
Burj 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](http://www.sitara.com.pk)

## Registered Office

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

## Share Registrar Address

THK Associates (Private) Limited  
Ground Floor, State Life Building No.3,  
Dr. Zia ud Din Ahmed Road,  
Karachi-75530

## Factories

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

# Directors' Review

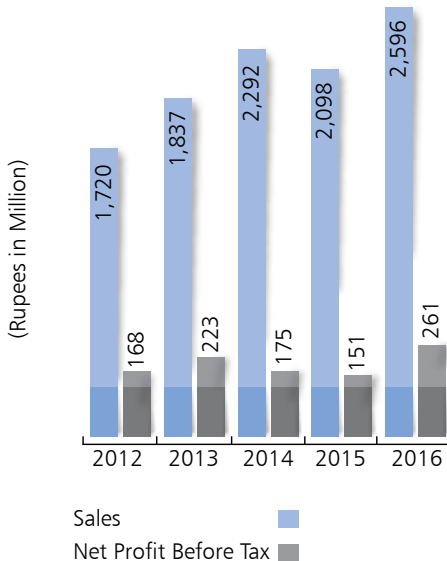
In the name of Allah, the Most Beneficent, the Most Gracious, the Most Merciful

On behalf of the Board of Directors of Sitara Chemical Industries Limited, I am pleased to present the un-audited Condensed Interim Financial Statements for the Third Quarter ended March 31, 2016.

**Alhamdulillah**, during the first nine months of Financial Year 2016, your Company has witnessed revenue growth of 19 % as compared to comparative period of Last financial year and has posted revenue of Rs. 7,222 million, against Rs. 6,062 in same period last year. Cumulative profit after tax for the reporting period of nine months remained Rs. 602.08 million against Rs 822.42 million of pervious year corresponding period, whereas EPS during the said period remained Rs. 28.10 of current reporting period against Rs. 38.38 of previous year corresponding period. Profit after tax for the reporting quarter remained Rs. 181.08 million against Rs 117.46 million of pervious year corresponding period, whereas EPS remained Rs.8.45 of current reporting period against Rs. 5.48 of previous year corresponding period.

Constantly reduced crude oils prices now been impacting electricity prices in Pakistan also in shape of favourable fuel prices adjustments. This improved situation, especially in Punjab, has provided breathing space to industries and their production capacities are being better utilized. Further, energy shortage of the country has been improved that has lead to better performance of SME sector. Financing Benchmark KIBOR is also its lowest level and almost stable since last year that will obviously improve economic condition of the country.

## Quarterly Sales and Net Profit Before Tax



# Directors' Review

## Future Outlook:

By grace of Almighty Allah, major Equipment's installation and Civil and Mechanical work have almost been completed for establishment of the 40 MW Coal Fired Power Plant. Insha'Allah, the said project will start its commercial production in last quarter of current financial year.

**Alhamdulillah**, Establishment of Calcium Chloride Prill Plant is in final stages as the Plant installations have almost been completed and pre commencement testing is being done. Insha'Allah, the plant will start its commercial production in last quarter of current financial year.

## Acknowledgments:

We take this opportunity to thank our valued business partner and stakeholders for their continuous support, trust and assistance.

The Company is also immensely proud of and thankful to employees for their committed and passionate efforts, loyalty and dedication.



Muhammad Adrees  
Chief Executive Officer  
Faisalabad: April 22, 2016




# Condensed Interim Balance Sheet (Un-Audited)

## As at March 31, 2016

	Note	Un-audited March 31, 2016	Audited June 30, 2015
Rupees in thousand			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	5	7,968,169	5,790,536
Intangible assets		14,948	16,160
Investment property	6	2,844,428	2,716,463
Long-term investments		98,818	99,192
Long-term loans and advances		1,266,413	1,265,059
Long-term deposits		110,433	110,433
		<u>12,303,209</u>	<u>9,997,843</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		451,864	380,379
Stock-in-trade		1,090,502	717,460
Trade debts		1,256,466	1,187,078
Advance sales tax		-	24,617
Loans and advances		1,779,221	1,659,000
Trade deposits and short-term prepayments		24,559	7,778
Other receivables		6,724	11,727
Other financial assets		90,880	201,065
Cash and bank balances		218,761	256,977
		<u>4,918,977</u>	<u>4,446,081</u>
		<u>17,222,186</u>	<u>14,443,924</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	7	214,294	214,294
Reserves		1,355,129	1,363,581
Un-appropriated profits		5,774,287	5,314,313
		<u>7,343,710</u>	<u>6,892,188</u>
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		1,253,024	1,305,696
<b>NON - CURRENT LIABILITIES</b>			
Long-term financing	8	1,838,040	858,001
Long-term deposits		8,787	9,921
Deferred liabilities		1,021,082	1,084,464
		<u>2,867,909</u>	<u>1,952,386</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,723,300	2,121,585
Profit / financial charges payable		89,326	55,226
Short term borrowings		2,332,467	1,836,486
Current portion of long term financing		605,804	280,357
Sales tax payable		6,646	-
		<u>5,757,543</u>	<u>4,293,654</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	<u>17,222,186</u>	<u>14,443,924</u>

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

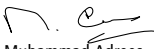
  
Muhammad Adrees  
Chief Executive Officer

  
Haseeb Ahmed  
Director

# Condensed Interim Profit and Loss Account (Un-Audited) For The Nine Months Ended March 31, 2016

	Note	Nine months ended		Quarter ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
(Rupees in thousand)					
Sales - net	10	7,222,159	6,061,597	2,595,688	2,097,636
Cost of sales	11	(5,620,912)	(4,996,982)	(2,091,595)	(1,739,470)
Gross profit		1,601,247	1,064,615	504,093	358,166
Distribution cost		(150,791)	(156,832)	(50,484)	(47,101)
Administrative expenses		(349,352)	(301,590)	(118,422)	(82,056)
Other expenses		(65,064)	(81,515)	(18,761)	(13,110)
Finance cost		(192,886)	(269,847)	(67,733)	(86,665)
		(758,093)	(809,784)	(255,400)	(228,932)
Other Income		41,004	584,848	12,330	20,926
		884,158	839,679	261,023	150,160
Share of Profit/(loss) of associates - net of tax		1,540	34,789	(77)	1,190
Profit before taxation		885,698	874,468	260,946	151,350
Provision for taxation	12	(283,617)	(52,047)	(79,862)	(33,889)
Profit after taxation		602,081	822,421	181,084	117,461
Earnings per share - basic and diluted (Rupees)	13	28.10	38.38	8.45	5.48

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

# Condensed Interim Statement of Comprehensive Income (Un-Audited) For The Nine Months Ended March 31, 2016

	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	(Rupees in thousand)			
Profit after taxation	602,081	822,421	181,084	117,461
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit and loss				
Gain/(Loss) on re-measurement of available for sale financial assets	(8,452)	(4,415)	1,402	-
Total items that may be reclassified subsequently to profit and loss	(8,452)	(4,415)	1,402	-
<b>Items that will not be reclassified subsequently to profit and loss</b>				
Remeasurement of post retirement benefits obligation	-	(2,711)	-	-
Impact of deferred tax	-	895	-	-
	-	(1,816)	-	-
Total comprehensive income for the period	593,629	816,190	182,486	117,461

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



# Condensed Interim Statement of Changes in Equity (Un-Audited) For The Nine Months Ended March 31, 2016

	Reserves						Total Reserves	Total
	Share Capital	Capital			Revenue			
		Share Premium	Reserve on re-measurement of available for sale investments	Remeasurement on post retirement benefits	General Reserve	Un-appropriated Profit		
	Rupees in thousand							
Balance as at July 01, 2014 - audited	214,294	97,490	91,692	(4,080)	1,225,000	4,477,693	5,887,795	6,102,089
<b>Total comprehensive income</b>	-	-	-	-	-	822,421	822,421	822,421
Profit for the nine months ended March 31, 2015	-	-	-	(1,816)	-	-	(1,816)	(1,816)
Re-measurement of post retirement benefits - net of tax (Loss)/Gain on re-measurement of available for sale financial assets	-	-	(4,415)	(1,816)	-	-	(4,415)	(4,415)
Transfer to un-appropriated profit on account of incremental depreciation	-	-	(4,415)	(1,816)	-	822,421	816,190	816,190
<b>Distribution to owners</b>	-	-	-	-	-	7,704	7,704	7,704
Final dividend for the year ended June 30, 2014	-	-	-	-	-	(225,009)	(225,009)	(225,009)
Balance as at March 31, 2015	214,294	97,490	87,277	(5,896)	1,225,000	5,082,809	6,486,680	6,700,974
Balance as at July 01, 2015 - audited	214,294	97,490	47,024	(5,933)	1,225,000	5,314,313	6,677,894	6,892,188
<b>Total comprehensive income</b>	-	-	-	-	-	602,081	602,081	602,081
Profit for the nine months ended March 31, 2016	-	-	-	-	-	-	-	-
Re-measurement of post retirement benefits - net of tax (Loss)/Gain on re-measurement of available for sale financial assets	-	-	(8,452)	-	-	-	(8,452)	(8,452)
Transfer to un-appropriated profit on account of incremental depreciation - net	-	-	(8,452)	-	-	602,081	593,629	593,629
<b>Distribution to owners</b>	-	-	-	-	-	50,758	50,758	50,758
Final dividend for the year ended June 30, 2015	-	-	-	-	-	(192,865)	(192,865)	(192,865)
Balance as at March 31, 2016	214,294	97,490	38,572	(5,933)	1,225,000	5,774,287	7,129,416	7,343,710

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

# Condensed Interim Cash Flow Statement (Un-Audited)

## For The Nine Months Ended March 31, 2016

	Nine months ended	
	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating cash flow before working capital changes 16	1,439,611	914,356
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(71,486)	(31,821)
Stock-in-trade	(373,041)	81,024
Trade debts	(69,388)	(31,445)
Advance sales tax	24,617	-
Loans and advances	(116,324)	(235,786)
Trade deposits and short-term prepayments	(16,781)	(3,799)
Other receivables	5,003	(447)
Increase in current liabilities		
Trade and other payables	600,401	340,194
	(16,999)	117,920
Cash generated from operations	1,422,612	1,032,276
Finance cost paid	(158,786)	(268,242)
Employee benefits paid	(3,343)	(2,656)
Taxes paid	(352,340)	(268,094)
Profit received	10,268	10,244
	(504,201)	(528,748)
<b>Net cash generated from operating activities</b>	<b>918,411</b>	<b>503,528</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,547,305)	(275,555)
Proceeds from disposal of property, plant and equipment	3,138	542,527
Proceeds from available for sale investments - net	101,733	-
Purchase of investment property	(132,111)	-
Disposal of investment property	-	321,503
Long-term loans and advances	(1,354)	(848,121)
Sales tax payable	6,646	(6,508)
Dividend income received	4,045	7,915
<b>Net cash used in investing activities</b>	<b>(2,565,208)</b>	<b>(258,239)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt / (payment) of long-term financing - net	1,305,486	(344,760)
Short term financing - net	495,981	73,854
Long term deposits	(1,134)	(1,316)
Dividend paid	(191,752)	(218,789)
<b>Net cash generated from / (used in) financing activities</b>	<b>1,608,581</b>	<b>(491,011)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(38,216)</b>	<b>(245,722)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>256,977</b>	<b>436,767</b>
<b>Cash and cash equivalents at end of the period</b>	<b>218,761</b>	<b>191,045</b>

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

# Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended March 31, 2016

## 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 Ordinance, 1984). 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 - 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 and allied products
Textile Division	Manufacturing of yarn and 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 This condensed interim financial information of the Company for the nine months period ended March 31, 2016 has been prepared in accordance with the International Accounting Standard - 34 “Interim Financial Reporting” provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 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, 2015. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2015 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, 2015.

## 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 2015.

# Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended March 31, 2016

## 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, 2015.

	Note	Un-audited March 31, 2016 (Rupees in thousand)	Audited June 30, 2015
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	5.1	5,131,073	5,439,242
Capital work-in-progress		2,837,096	351,294
		<u>7,968,169</u>	<u>5,790,536</u>
<b>5.1 Operating assets</b>			
Opening written down value		5,439,242	5,707,991
Additions during the period / year:			
Building on freehold land - Mills		9,480	19,713
Plant and machinery		27,972	215,580
Grid station and electric installation		16	6
Containers and cylinders		32	-
Factory equipment		2,346	3,646
Electric equipment		4,934	10,905
Office equipment		5,742	3,859
Furniture and fittings		1,405	1,698
Vehicles		9,575	9,914
		61,502	265,321
Written down value of operating assets disposed off during the period / year		(1,974)	(12,810)
Write off /transfer -net		-	(892)
Depreciation charged during the period / year		(367,697)	(520,368)
		<u>5,131,073</u>	<u>5,439,242</u>

# Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended March 31, 2016

	Note	Un-audited March 31, 2016	Audited June 30, 2015
<b>6 INVESTMENT PROPERTY</b>		(Rupees in thousand)	
Land	6.1	2,789,169	2,657,058
Building	6.2	55,259	59,405
		<u>2,844,428</u>	<u>2,716,463</u>
<b>6.1 Land - at cost</b>			
Balance at beginning of the period / year		2,657,058	2,939,295
Disposal		-	(1,156,552)
Acquisitions		132,111	874,315
Balance at end of the period / year		<u>2,789,169</u>	<u>2,657,058</u>
<b>6.2 Building - at cost</b>			
Cost		77,921	77,921
Acquisitions		-	-
		<u>77,921</u>	<u>77,921</u>
Accumulated Depreciation:			
At the beginning of the period / year		18,516	12,401
For the period / year		4,146	6,115
At the end of the period / year		<u>22,662</u>	<u>18,516</u>
Written down value at the end of the period / year		<u>55,259</u>	<u>59,405</u>

# Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended March 31, 2016

## 7 SHARE CAPITAL

Un-audited March 31, 2016	Audited June 30 2015		Un-audited March 31, 2016	Audited June 30, 2015
.....No of shares.....			(Rupees in thousand)	
<b>Authorized</b>				
40,000,000	40,000,000	Class 'A' ordinary shares of Rs. 10/- each	400,000	400,000
20,000,000	20,000,000	Class 'B' ordinary shares of Rs. 10/- each	200,000	200,000
<b>Issued, subscribed and paid up</b>				
"A" class ordinary shares of Rs. 10/- each fully paid				
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.

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

## 8 LONG-TERM FINANCING

Un-audited March 31, 2016	Audited June 30, 2015
(Rupees in thousand)	

Opening balance	1,138,358	1,256,350
Obtained during the period / year	1,515,748	572,287
	2,654,106	1,828,637
Less: Paid during the period / year	210,262	690,279
	2,443,844	1,138,358
Less: Current portion	605,804	280,357
	<u>1,838,040</u>	<u>858,001</u>

# Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended March 31, 2016

	Un-audited March 31, 2016	Audited June 30, 2015
<b>9 CONTINGENCIES AND COMMITMENTS</b>	(Rupees in thousand)	
<b>9.1 Contingencies</b>		
Sales tax demand not acknowledged in view of pending appeals	3,398	3,398
Suppliers' claim not acknowledged in view of pending case in Civil Court	890	890
Guarantees issued by banks on behalf of the Company	180,908	180,908
<b>9.2 Commitments</b>		
Outstanding letters of credit for Coal Power Project raw material and spares	38,511	603,071

	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>10 SALES - NET</b>	(Rupees in thousand)			
Local	8,630,803	7,211,850	3,072,233	2,485,600
Export	27,729	17,149	23,357	-
	8,658,532	7,228,999	3,095,590	2,485,600
Less: Commission and discount	371,325	303,440	133,616	93,418
Sales tax	1,065,048	863,962	366,286	294,546
	1,436,373	1,167,402	499,902	387,964
	7,222,159	6,061,597	2,595,688	2,097,636
<b>11 COST OF SALES</b>				
Raw material consumed	1,489,167	1,234,890	531,054	239,890
Fuel and power	3,189,964	2,768,476	964,754	816,069
Salaries, wages and benefits	244,969	215,312	78,938	82,129
Factory overheads	717,540	701,897	230,523	258,480
	5,641,640	4,920,575	1,805,269	1,396,568
Work-in-process				
Opening stock	8,102	10,254	7,351	9,225
Closing stock	(7,965)	(8,465)	(7,965)	(8,465)
	137	1,789	(614)	760
Cost of goods manufactured	5,641,777	4,922,364	1,804,655	1,397,328
Finished goods				
Opening stock	479,954	465,875	787,759	733,399
Purchases	-	-	-	-
Closing stock	(500,819)	(391,257)	(500,819)	(391,257)
	(20,865)	74,618	286,940	342,142
	5,620,912	4,996,982	2,091,595	1,739,470

# Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited)

## For The Nine Months Ended March 31, 2016

	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>12 PROVISION FOR TAXATION</b>				
Current - for the period	341,747	135,998	105,385	55,295
Prior year	6,898	4,805	-	-
Deferred	(65,028)	(88,756)	(25,523)	(21,406)
	<u>283,617</u>	<u>52,047</u>	<u>79,862</u>	<u>33,889</u>
<b>13 EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit for the period	602,081	822,421	181,084	117,461
Weighted average number of ordinary shares outstanding during the period	21,429	21,429	21,429	21,429
Earnings per share (Rupees)	<u>28.10</u>	<u>38.38</u>	<u>8.45</u>	<u>5.48</u>

#### 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:

Relationship with the Company	Nature of transactions	Nine months ended	
		March 31, 2016	March 31, 2015
		( Rupees in thousand)	
Associated Undertakings	Sales	66,225	50,253
	Purchases	-	-
	Organizational expenses recovered	603	757
	Organizational expenses paid	1,112	936
	Donation	18,090	16,711
Key Management Personnel	Remuneration to Executives	106,286	71,960



# Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited)

## For The Nine Months Ended March 31, 2016

### 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 fabric

#### 15.1 Information about operating segments is as follows:

	Chemical Division		Operating segments			
			Textile Division		Total	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	(Rupees in thousand)					
Revenue from external customers - net	6,049,230	4,943,708	1,172,929	1,117,889	7,222,159	6,061,597
Depreciation on property, plant and equipment	335,123	314,137	32,574	35,061	367,697	349,198
Segment profit	1,077,851	602,637	23,253	5,713	1,101,104	608,350
	(Rupees in thousand)					
	Un-audited March 31, 2016	Audited June 30 2015	Un-audited March 31, 2016	Audited June 30 2015	Total Un-audited March 31, 2016	Total Audited June 30 2015
Capital expenditure	59,093	200,970	2,409	68,308	61,502	269,278
Segment assets	11,424,530	8,455,002	1,585,210	1,508,230	13,009,740	9,963,232
Segment liabilities	1,710,892	1,269,557	144,917	121,035	1,855,809	1,390,592

# Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended March 31, 2016

## 15.2 Reconciliations of reportable segments are as follows:

### Revenue

Total revenue for reportable segments

Nine months ended	
March 31, 2016	March 31, 2015
(Rupees in thousand)	

7,222,159	6,061,597
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### Profit for the period

Total profit for reportable segments

1,101,104	608,350
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Unallocated corporate income / (expenses)

Other income

41,004	584,848
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Administrative expenses

-	(2,157)
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Other expenses

(65,064)	(81,515)
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Finance cost

(192,886)	(269,847)
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Share of profit of associates - net of tax

1,540	34,789
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Profit before taxation

885,698	874,468
---------	---------

Un-audited March 31, 2016	Audited June 30, 2015
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(Rupees in thousand)

### Assets

Total assets for reportable segments

13,009,740	9,963,232
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Other unallocated corporate assets

4,212,446	4,480,692
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Entity's assets

17,222,186	14,443,924
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### Liabilities

Total liabilities for reportable segments

1,855,809	1,390,592
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Other unallocated corporate liabilities

15,366,377	13,053,332
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Entity's liabilities

17,222,186	14,443,924
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## 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, 2016

	Nine months ended	
	March 31, 2016	March 31, 2015
(Rupees in thousand)		
Profit before taxation	885,698	874,468
Adjustments for:		
Depreciation on property, plant and equipment	367,697	343,261
Depreciation on investment property	4,146	4,590
Amortization on intangible assets	1,212	1,347
Finance cost	192,886	269,847
Share of profit of associated companies - net of tax	(1,540)	(34,789)
(Gain) on disposal of property, plant and equipment - net	(1,164)	(533,377)
Provision for employee benefits	4,989	7,168
Dividend income	(4,045)	(7,915)
Profit on bank deposits	(10,268)	(10,244)
	553,913	39,888
	1,439,611	914,356

## 16 OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES

## 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 22, 2016.

## 18 GENERAL

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



Muhammad Adrees  
Chief Executive Officer



Haseeb Ahmed  
Director







**Sitara Chemical** Industries Limited

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