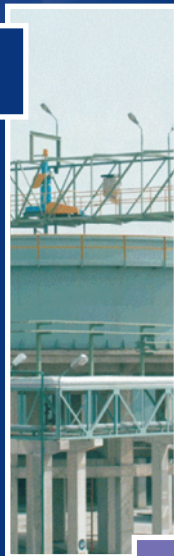




# Sitara Chemical Industries Limited

Half Year Report  
December 31, 2017



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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 Bank Limited  
Standard Chartered Bank Pakistan Limited  
Al-Baraka Islamic Bank B.S.C. (E.C.)  
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](http://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' Report

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 half year ended December 31, 2017.

### Overview:

During the half year under review, your Company has recorded net sales of Rs. 5,383/- million and gross profits of Rs 1,148/- million as compared with net sales of Rs. 4,484 million and gross profits of Rs 1,191/- million in the corresponding quarter of the last year. Profit after tax amounted to Rs. 522 million as compared with Rs 504 million of corresponding quarter of last year. Your company witnessed an improvement of 20.07% in net sales revenue compared with the net sales of the corresponding period of last year. Earnings per share remained at Rs. 24.37 as compared with Rs. 23.53 during the corresponding period of last year.

Textile segment of your company also performed well compared with same period last year in terms of increased sales of yarn resulting into enhanced segment's gross and net margins.

### Financial Performance:

Financial performance your Company for the half year ended 2017-18 compared to the same period last year is as follows:

Particulars	Half Year 2017-18	Half Year 2016-17	Growth /(Decline)
	Rs. In '000'		%
Net Revenue	5,383,404	4,483,659	20.07
Gross profit	1,147,987	1,191,135	(3.62)
Net profit after tax	522,125	504,240	3.55
Earnings per share (Rupees)	24.37	23.53	3.57

#### a) Revenue

During the period under review, company achieved 20% growth in net revenue compared with last year's corresponding period which is due to increased volume of sales of major products. Selling price of caustic was also increased to mitigate the adverse effects of rising cost of sales to some extent particularly in prevailing competitive market environment.

#### b) Gross Profit

Gross profit reduced by 3.62% during the period under review as compared with corresponding period of last year which was due to the factors like higher coal prices in international market, higher Re-gasified Liquefied Liquid Natural Gas (RLNG) prices in Pakistan, and adverse currency exchange rate fluctuations etc.

#### c) Net Profits and Earning Per Share

Net profit after tax and earnings per share of the company increased by 3.55% and 3.57% respectively during the period under review as compared with corresponding period of last year which was due to adjustment of current tax liability against available tax credits admissible under the Income Tax Ordinance, 2001.

## Directors' Report

### Corporate Social Responsibility

During the first half of the financial year under review, your Company extended a number of scholarships to deserving and brilliant students from various colleges/universities. Your Company also 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.

### JCR-VIS Credit Rating

During the second quarter of the period under review, credit rating of the Company was reassessed by JCR-VIS Credit Rating Co. Ltd., and your company has been able to maintain its long term entity's rating as A+ (Single A Plus) and short term rating as A-1 (A one) while outlook on the assigned ratings has been revised from 'Stable to Positive'. This rating depicts a good credit quality along with adequate protection factors on medium to long term basis, and on short term basis depicts high certainty of timely payments along with excellent liquidity factors supported with good fundamental protection factors.

### Future Outlook:

With overall better economic environment of the country, we are expecting growth of overall industrial sector particularly textile sector of the country during the remaining quarters of the ongoing fiscal year. We are focused and committed on our growth agenda including further diversification and induction of new product lines that creates shareholders' value on sustainable basis. Rising coal prices in international market, charging of RLNG tariff by SNGPL which is at upward trajectory at the moment, along with adverse exchange rate fluctuations are key challenges 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: February 19, 2018



**Haseeb Ahmed**  
Director

## ڈائریکٹرز رپورٹ

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

ستارہ کیمیکلز انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی طرف سے میں 31 دسمبر 2017 کو ختم ہونے والے نصف سال کے غیر آڈٹ شدہ اکاؤنٹس پیش کرنے کے لیے خوش ہوں۔

جائزہ:

زیر جائزہ نصف سال کے دوران آپ کی کمپنی نے 5,383 ملین روپے کی خالص فروخت کی ہے۔ اور مجموعی منافع 1,148 ملین روپے رہا۔ جو کہ پچھلے سال اسی سہ ماہی میں خالص فروخت 4,484 ملین روپے اور مجموعی منافع 1,191 ملین روپے تھا۔ ٹیکس کے بعد منافع پچھلے سال کے اسی سہ ماہی میں 504 ملین روپے کے مقابلے میں 522 ملین روپے رہا جس سے فی حصص آمدنی 24.37 روپے رہی جو کہ پچھلے سال اسی مدت کے دوران فی حصص آمدنی 23.53 روپے تھی۔ آپ کی کمپنی نے پچھلے سال اسی مدت کے دوران خالص فروخت کے مقابلے میں 20.07 فیصد بہتری دیکھی۔

آپ کی کمپنی کے ٹیکسٹائل سیکشن نے گزشتہ سال کے اسی مدت کے مقابلے میں اچھی کارکردگی کا مظاہرہ کیا جس میں یارن کی بڑھتی ہوئی بہتر فروخت کے لحاظ سے مجموعی اور خالص مارجن میں اضافہ ہوا ہے۔

مالیاتی کارکردگی:

2017-18 کے اختتامی نصف سال کے دوران آپ کی کمپنی کی مالیاتی کارکردگی گزشتہ سال کے اسی مدت کے مقابلے میں کچھ اس طرح رہی:

تفصیل	نصف سال 2017-18	نصف سال 2016-17	اضافہ / (کمی)
			%
خالص منافع	5,383,404	4,483,659	20.07
مجموعی منافع	1,147,987	1,191,135	(3.62)
ٹیکس کے بعد خالص منافع	522,125	504,240	3.55
فی حصص آمدن	24.37	23.53	3.57

(ا) آمدن

زیر جائزہ مدت کے دوران کمپنی گزشتہ سال کی اسی مدت کے مقابلے میں خالص آمدنی میں 20 فیصد اضافہ ہوا جس کی بڑی وجہ بڑی مصنوعات کی فروخت کی شرح میں اضافہ ہے۔ خاص طور پر موجودہ مسابقتی مارکیٹ کے ماحول میں کاسٹک سوڈا کی قیمت فروخت میں اضافے نے بھی بڑھتی ہوئی فروخت کی لاگت کے منفی اثرات کو بھی کمی حد تک کم کیا ہے۔

(ب) مجموعی منافع

زیر جائزہ مدت کے دوران کمپنی کے مجموعی منافع میں پچھلے سال کی اسی مدت کے مقابلے میں 3.62 فیصد کمی ہوئی ہے۔ جس کی وجہ بین الاقوامی مارکیٹ میں کوئلے کی بڑھتی ہوئی قیمتیں، پاکستان میں RLNG کی بڑھتی ہوئی قیمت اور کرنسی ریٹ میں ناموافق اتار چڑھاؤ ہے۔

(ج) خالص منافع اور فی حصص آمدن

زیر جائزہ مدت کے دوران کمپنی کے ٹیکس کے بعد خالص اور فی حصص منافع میں پچھلے سال کی اسی مدت کے مقابلے میں 3.55 فیصد اور 3.57 فیصد بل ترتیب اضافہ ہوا ہے۔ جو کہ سابقہ سالوں کے آٹھ ٹیکس آرڈیننس 2001 کے تحت غیر استعمال شدہ ٹیکس کریڈٹ کے مقابلے میں موجودہ ٹیکس ذمہ داری کی ایڈجسٹمنٹ کی وجہ سے ہے۔

کارپوریٹ سماجی ذمہ داری۔

زیر جائزہ مدت کے دوران آپ کی کمپنی نے مختلف کالجوں اور یونیورسٹیوں کے ذہین اور مستحق طالب علموں کو اسکالرشپ دیا۔ آپ کی کمپنی نے فیصل آباد کے ارد گرد کے علاقوں میں خیراتی ہسپتال، فری میڈیکل کیمپ اور صاف پانی کے پلانٹ کی تنصیب کے لیے بھی مدد جاری رکھی۔

**JCR-VIS** کریڈٹ ریٹنگ۔


زیر جائزہ مدت کی دوسری سماجی کے دوران JCR-VIS کریڈٹ ریٹنگ کرنے والی کمپنی نے آپ کی کمپنی کو دوبارہ جانچا ہے اور آپ کی کمپنی نے لمبے عرصہ کی درجہ بندی کے لئے A+ اور مختصر عرصہ کی درجہ بندی کے لئے (A 1) A-1 درجہ کو برقرار رکھا۔ جب کہ مستقبل کے لیے اس درجہ بندی کو **Stable** سے **Positive** میں تبدیل کیا گیا ہے۔ یہ درجہ بندی مناسب تحفظاتی عوامل کے ساتھ ایک اچھی، درمیانی اور طویل مدتی کریڈٹ کو الٹی کو ظاہر کرتا ہے۔ اور مختصر مدت کے لیے بروقت ادائیگی کو یقینی بنانا ظاہر کرتا ہے۔

مستقبل پر نظر۔

ملک میں مجموعی طور پر بہتر اقتصادی حالات کی بنا پر ہم صنعتی شعبے خاص طور پر ٹیکسٹائل سیکٹر کی ترقی کی توقع رکھتے ہیں۔ 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 کونسل کی بڑھتی ہوئی قیمتیں، SNGPL کی طرف سے RLNG کی قیمت میں بڑھتا ہوا اضافہ اور آپکنج 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 محترف اور فخر کرتی ہے۔



محمد ادریس

چیف ایگزیکٹو آفیسر

19 فروری 2018 فیصل آباد



حبیب احمد

ڈائریکٹر

# Auditors' Report to the Members on Review of Condensed Interim Financial Information to the Members

## Introduction

We have reviewed the accompanying condensed interim balance sheet of Sitara Chemical Industries Limited ("the Company") as at December 31, 2017, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as "the interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2017.

## 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 information 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 information as of and for the six months period ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

*Deloitte Jousuf Adil*


Chartered Accountants  
Engagement Partner: Rana M. Usman Khan

Date: February 19, 2018  
Lahore

## Condensed Interim Balance Sheet (Un-Audited) As At December 31, 2017

		Un-audited December 31, 2017 (Rupees in thousand)	Audited June 30, 2017
	Note		
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	5	9,615,967	9,413,115
Intangible assets		12,281	13,089
Investment property	6	3,072,519	2,926,570
Long-term investments		31,173	31,579
Long-term loans and advances		1,274,016	1,267,852
Long-term deposits		111,209	111,209
		14,117,165	13,763,414
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		690,687	644,412
Stock-in-trade		1,271,858	1,194,327
Trade debts	7	1,144,059	1,163,485
Loans and advances		2,790,806	2,335,623
Trade deposits and short-term prepayments		4,938	5,692
Other receivables	8	10,679	12,053
Other financial assets	9	174,060	274,883
Cash and bank balances		296,498	131,002
		6,383,585	5,761,477
		20,500,750	19,524,891
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	10	214,294	214,294
Reserves		1,334,024	1,402,817
Un-appropriated profits		7,295,947	7,007,851
		8,844,265	8,624,962
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		1,192,294	1,226,133
<b>NON - CURRENT LIABILITIES</b>			
Long-term financing	11	1,695,934	2,143,016
Long-term deposits		22,043	23,743
Deferred liabilities		992,596	983,139
		2,710,573	3,149,898
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	3,800,883	3,238,773
Profit / financial charges payable		90,148	82,220
Short term borrowings		2,949,350	2,290,759
Current portion of long term financing		903,092	872,020
Sales tax payable		10,145	40,126
		7,753,618	6,523,898
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13	20,500,750	19,524,891

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

## Condensed Interim Profit and Loss Account (Un-Audited) For The Six Month Period Ended December 31, 2017

		Un-audited		Un-audited	
		Six Month Period Ended		Three Month Period Ended	
		December 31,	December 31,	December 31,	December 31,
		2017	2016	2017	2016
	Note	(Rupees in thousand)			
Sales - net	14	5,383,404	4,483,659	3,019,139	2,443,255
Cost of sales	15	(4,235,417)	(3,292,525)	(2,370,716)	(1,801,216)
Gross profit		1,147,987	1,191,134	648,423	642,039
Distribution cost		(104,888)	(93,819)	(61,782)	(49,255)
Administrative expenses		(274,300)	(253,592)	(143,260)	(133,656)
Other expenses		(38,038)	(50,235)	(22,263)	(26,979)
Finance cost		(225,473)	(147,519)	(114,447)	(71,881)
		(642,699)	(545,165)	(341,752)	(281,771)
Other income		27,976	36,907	13,634	8,820
		533,264	682,876	320,305	369,088
Share of loss from investment in associate - Net of Tax		(406)	(5,474)	(406)	(5,474)
Profit before taxation		532,858	677,402	319,899	363,614
Provision for taxation	16	(10,733)	(173,162)	(137,070)	(101,050)
Profit after taxation		522,125	504,240	182,829	262,564
Earnings per share - basic and diluted (Rupees)	17	24.37	23.53	8.53	12.25

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE  
INCOME (UN-AUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2017**

	Un-audited Six Month Period Ended		Un-audited Three Month Period Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	<u>(Rupees in thousand)</u>			
Profit after taxation	522,125	504,240	182,829	262,564
Other comprehensive income Items that may be reclassified subsequently to profit and loss				
(Deficit)/ surplus on re-measurement of available for sale financial assets	(68,396)	32,905	(47,872)	3,279
Reclassification adjustment relating to available for sale financial assets disposed off during the period	(397)	4,054	(397)	4,054
Total items that may be reclassified subsequently to profit and loss	(68,793)	36,959	(48,269)	7,333
Items that will not be reclassified subsequently to profit and loss	-	-	-	-
Total comprehensive income for the period	<u>453,332</u>	<u>541,199</u>	<u>134,560</u>	<u>269,897</u>

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

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTH ENDED DECEMBER 31, 2017

		Six Month Period Ended	
	Note	December 31, 2017 (Rupees in thousand)	December 31, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating cash flow before working capital changes	20	1,201,805	1,079,948
Changes in working capital (Increase) / decrease in current assets			
Stores, spare parts and loose tools		(46,275)	(272,705)
Stock-in-trade		(77,531)	(544,479)
Trade debts		19,426	86,823
Advance sales tax		-	61,214
Loans and advances		(220,382)	(302,118)
Trade deposits and short-term prepayments		754	(24,988)
Other receivables		1,374	2,248
Increase / (decrease) in current liabilities		553,502	(83,816)
Trade and other payables		(29,981)	-
Sales tax payable		200,887	(1,077,821)
Cash generated from operations		1,402,692	2,127
Finance cost paid		(217,545)	(141,449)
Employee benefits paid		(3,084)	(4,105)
Taxes paid		(235,662)	(120,921)
Profit received		4,878	7,158
		(451,413)	(259,317)
<b>Net cash generated from / (used in) operating activities</b>		<b>951,279</b>	<b>(257,190)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(646,256)	(242,012)
Proceeds from disposal of property, plant and equipment		47	4,933
Proceeds from available for sale investments - net		32,521	121,052
Purchase of investment property		(149,516)	(29,137)
Long term deposits paid		-	(126)
Long-term loans and advances paid		(6,164)	(1,001)
Dividend income received		3,920	2,539
<b>Net cash used in investing activities</b>		<b>(765,448)</b>	<b>(143,752)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment / proceeds from long-term financing - net	21	(416,010)	484,429
Short term financing - net		658,591	173,016
Long term deposits		(1,700)	11,800
Dividend paid		(261,216)	(238,791)
<b>Net cash (used in) / generated from financing activities</b>		<b>(20,335)</b>	<b>430,454</b>
<b>Net increase in cash and cash equivalents</b>		<b>165,496</b>	<b>29,512</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>131,002</b>	<b>188,425</b>
<b>Cash and cash equivalents at end of the period</b>		<b>296,498</b>	<b>217,937</b>

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



Condensed Interim Statement Of Changes In  
Equity (un-audited)  
For The Six Month Ended December 31, 2017

Share Capital	Reserves						Total	
	Capital			Revenue				
	Share Premium	Reserve on re-measurement of available for sale investments	Remeasurement of post retirement benefits obligation - net of tax	Share of other comprehensive income of associate	General Reserve	Un-appropriated Profit		
214,294	97,490	46,642	(6,366)	-	1,225,000	5,958,347	7,321,113	7,535,407
-	-	-	-	-	-	504,240	504,240	504,240
-	-	36,959	-	-	-	-	36,959	36,959
-	-	36,959	-	-	-	504,240	541,199	541,199
-	-	-	-	-	-	36,555	36,555	36,555
-	-	-	-	-	-	(246,438)	(246,438)	(246,438)
214,294	97,490	83,601	(6,366)	-	1,225,000	6,252,704	7,652,429	7,866,723
214,294	97,490	86,641	(6,314)	-	1,225,000	7,007,851	8,410,668	8,624,962
-	-	-	-	-	-	522,125	522,125	522,125
-	-	(68,793)	-	-	-	-	(68,793)	(68,793)
-	-	(68,793)	-	-	-	522,125	453,332	453,332
-	-	-	-	-	-	33,839	33,839	33,839
-	-	-	-	-	-	(267,868)	(267,868)	(267,868)
214,294	97,490	17,848	(6,314)	-	1,225,000	7,295,947	8,629,971	8,844,265

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

Q. Cair

**Anwar-ul-Haq**  
Chief Financial Officer

*[Signature]*

**Haseeb Ahmed**  
Director

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Six Month Period Ended December 31, 2017

### 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 all Stock Exchanges in Pakistan. 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 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 This condensed interim financial information of the Company for the six months period ended December 31, 2017 has been prepared in accordance with the International Accounting Standard - 34 "Interim Financial Reporting" provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.
- 2.2 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 comprehensive income, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed interim financial information for the six months period ended on December 31, 2016.
- 2.3 This condensed interim financial information is un-audited. However, a limited scope review has been performed by statutory auditors of the Company and they have issued their review report thereon.

### 3 ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information, 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 June 30, 2017.

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Six Month Period Ended December 31, 2017

- 3.1 Certain new International Financial Reporting Standards (IFRSs) and amendments to existing IFRSs are effective for periods beginning on or after July 01, 2017, which do not have any impact on this condensed interim financial information except for IFRS 13 "Fair Value Measurement".

### 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 historical 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.

		Un-audited December 31, 2017 (Rupees in thousand)	Audited June 30, 2017
	Note		
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	5.1	9,417,270	9,227,921
Capital work-in-progress		198,697	185,194
		<u>9,615,967</u>	<u>9,413,115</u>
<b>5.1 Operating assets</b>			
Opening written down value		9,227,921	5,307,233
Additions during the period / year:			
Freehold land		-	94,588
Buildings on freehold land - Mill		79,915	946,176
Plant and machinery		475,195	2,751,791
Factory equipment		6,711	4,261
Electric equipment		42,166	783,858
Office equipment		682	3,825
Furniture and fittings		2,331	4,055
Vehicles		25,753	32,743
		<u>632,753</u>	<u>4,621,297</u>
Written down value of assets disposed off during the period / year		(54)	(4,340)
Depreciation charged during the period / year		(443,350)	(696,269)
		<u>9,417,270</u>	<u>9,227,921</u>

- 5.2 The Company follows the revaluation model for certain classes of property plant and equipment. Revaluation of freehold land, buildings and plant & machinery was carried out by Hamid Mukhatar & Company (Private) Ltd., an independent valuer not connected with the Company and is on the panel of Pakistan Banks' Association as 'Any Amount' asset valuer. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors.

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Six Month Period Ended December 31, 2017

The revaluation was performed at June 30, 2016. Out of the total revaluation surplus of Rs. 1,386 million, Rs. 1,192 million net of tax (June 30, 2017: 1,226 million) remains undepreciated as at December 30, 2017.

Details of the Company's revalued assets and information about fair value hierarchy, as at December 31, 2017 are as follows:

	Un-audited December 31, 2017			Audited June 30, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Land - freehold	-	768,019	-	-	768,019	-
Buildings on freehold land	-	1,368,530	-	-	1,359,191	-
Plant and machinery	-	6,241,957	-	-	6,082,791	-
	-	8,378,506	-	-	8,210,001	-

Un-audited  
December 31,  
2017

Audited  
June 30,  
2017

(Rupees in thousand)

### 6 INVESTMENT PROPERTY

Land	6.1	2,999,214	2,854,288
Buildings	6.2	73,305	72,282
		<u>3,072,519</u>	<u>2,926,570</u>

#### 6.1 Land - at cost

Balance at beginning of the period / year		2,854,288	2,819,105
Acquisitions	6.3	144,926	35,183
Disposal		-	-
Balance at end of the period / year		<u>2,999,214</u>	<u>2,854,288</u>

#### 6.2 Building - at cost

Cost		101,865	77,921
Transferred from capital work in progress		4,590	23,944
		<u>106,455</u>	<u>101,865</u>

Accumulated depreciation:

At the beginning of the period / year		29,583	24,033
For the period / year		3,567	5,550
At the end of the period / year		<u>33,150</u>	<u>29,583</u>
Written down value at the end of the period/year		<u>73,305</u>	<u>72,282</u>

6.3 During the period the company has invested in freehold land covering area of 59 kanals for the purpose of capital appreciation and earning rental income. These properties are situated within the Province of Punjab.

### 7 TRADE DEBTS

These include receivable from related parties amounting to Rs. 384 thousand (June 30, 2017: Rs. 323 thousand).

### 8 OTHER RECEIVABLES

These include receivable from related parties amounting to Rs. 8,810 thousand (June 30, 2017: Rs. 7,749 thousand).

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Six Month Period Ended December 31, 2017

	Un-audited December 31, 2017	Audited June 30, 2017
<b>9 OTHER FINANCIAL ASSETS</b>		
	<u>(Rupees in thousand)</u>	
Available for sale securities		
Listed equity securities		
Fair Value at July 01	274,883	197,070
Additions in investment	10,463	92,978
	<u>285,346</u>	<u>290,048</u>
Sale / disposal	<u>(42,890)</u>	<u>(74,133)</u>
	242,456	215,915
(Loss) / gain on remeasurement of available for sale financial assets during the period / year	9.1 (68,396)	58,968
	<u>174,060</u>	<u>274,883</u>

### 9.1 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 (that is, as prices) or indirectly (that is, derived from prices).

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

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

	Un-audited December 31, 2017			Audited June 30, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets - at fair value						
Available for sale						
Listed equity securities	174,060	-	-	-	274,883	-
	<u>174,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,883</u>	<u>-</u>

There were no transfers between levels during the period / year.

There were no changes in valuation techniques during the period / year.

The carrying value of all other financial assets and liabilities reflected in the condensed interim financial information approximates their fair values.

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Six Month Period Ended December 31, 2017

### 10 SHARE CAPITAL

Un-audited December 31, 2017 (No. of Shares)	Audited June 30, 2017		Un-audited December 31, 2017 (Rupees in thousand)	Audited June 30, 2017
40,000,000	40,000,000	Authorized Ordinary shares of Rs. 10 each Class "A"	400,000	400,000
20,000,000	20,000,000	Class "B"	200,000	200,000
		Issued, subscribed and paid up Class "A" ordinary shares of Rs. 10/- each		
8,640,000	8,640,000	- fully paid in cash	86,400	86,400
10,804,398	10,804,398	- issued as fully paid bonus shares	108,044	108,044
1,985,009	1,985,009	- issued as fully paid under scheme of arrangement for amalgamation	19,850	19,850
21,429,407	21,429,407		214,294	214,294

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

Un-audited December 31, 2017 (Rupees in thousand)	Audited June 30, 2017
--	-----------------------------

### 11 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: Re-paid during the period / year	(416,010)	(724,394)
	2,599,026	3,015,036
Less: current portion	903,092	872,020
	1,695,934	2,143,016

### 12 TRADE AND OTHER PAYABLES

- 12.1 These include Murabaha payable amounting to Rs. 958,422 thousand (June 30, 2017: Rs. 685,410 thousand). The aggregate unavailed facilities available to the Company from banking companies amounted to Rs. 1,593 million (June 30, 2017: Rs. 2,224 million). These are subject to profit margin ranging from 6.82% to 7.13% (June 30, 2017: 6.71% to 7.89%) per annum and are secured against joint pari-passu charge over present and future current assets of the chemical division and pledge of stocks and charge over present and future current assets of the textile division.

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Six Month Period Ended December 31, 2017

	Un-audited December 31, 2017	Audited June 30, 2017
	(Rupees in thousand)	
<b>13 CONTINGENCIES AND COMMITMENTS</b>		
<b>13.1 Contingencies</b>		
Guarantees issued by banks on behalf of the Company	<u>218,196</u>	<u>210,300</u>
<b>13.2 Commitments</b>		
Outstanding letters of credit for raw material and spares	<u>427,040</u>	<u>176,600</u>

	Un-audited Six Month Period Ended		Un-audited Three Month Period Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(.....Rupees in thousand.....)			
<b>14 SALES - NET</b>				
Local	6,189,755	5,391,044	3,429,293	2,924,039
Export	212,846	13,304	131,533	13,304
	<u>6,402,601</u>	<u>5,404,348</u>	<u>3,560,826</u>	<u>2,937,343</u>
Less: Commission and discount	264,337	248,675	131,437	129,912
Sales tax	754,860	672,014	410,250	364,176
	<u>1,019,197</u>	<u>920,689</u>	<u>541,687</u>	<u>494,088</u>
	<u>5,383,404</u>	<u>4,483,659</u>	<u>3,019,139</u>	<u>2,443,255</u>

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Six Month Period Ended December 31, 2017

	Un-audited		Un-audited	
	Six Month Period Ended	December 31,	Three Month Period Ended	December 31,
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(.....Rupees in thousand.....)			
<b>15 COST OF SALES</b>				
Raw material consumed	1,095,163	890,163	591,172	509,859
Fuel and power	2,114,124	1,402,031	1,104,452	643,113
Salaries, wages and benefits	246,712	187,437	128,346	106,580
Factory overheads	712,467	751,964	373,689	490,866
	<u>4,168,466</u>	<u>3,231,595</u>	<u>2,197,659</u>	<u>1,750,418</u>
Work-in-process				
Opening stock	11,630	9,671	10,596	10,939
Closing stock	(10,632)	(9,445)	(10,632)	(9,445)
	<u>998</u>	<u>226</u>	<u>(36)</u>	<u>1,494</u>
Cost of goods manufactured	<u>4,169,464</u>	<u>3,231,821</u>	<u>2,197,623</u>	<u>1,751,912</u>
Finished goods				
Opening stock	554,063	652,710	661,204	641,310
Closing stock	(488,111)	(592,006)	(488,111)	(592,006)
	<u>65,953</u>	<u>60,704</u>	<u>173,093</u>	<u>49,304</u>
	<u>4,235,417</u>	<u>3,292,525</u>	<u>2,370,716</u>	<u>1,801,216</u>
<b>16 PROVISION FOR TAXATION</b>				
Current - for the period	2,271	68,178	(2,590)	(49,528)
Prior year	547	127	547	127
Deferred	7,915	104,857	139,113	150,451
	<u>10,733</u>	<u>173,162</u>	<u>137,070</u>	<u>101,050</u>
<b>17 EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit for the period	522,125	504,240	182,829	262,564
Weighted average number of ordinary shares outstanding during the period				
(No. of share in thousand)	21,429	21,429	21,429	21,429
Earnings per share (Rupees)	<u>24.37</u>	<u>23.53</u>	<u>8.53</u>	<u>12.25</u>

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Six Month Period Ended December 31, 2017

### 18 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, 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 December 31, 2017	Un-Audited December 31, 2016
		<u>(Rupees in thousand)</u>	
Relationship with the Company	Nature of transactions		
Associated undertakings	Sales	1,984	2,507
	Organizational expenses recovered	-	118
	Organizational expenses paid	242	323
	Donation given	11,650	3,454
Key management personnel	Remuneration to Executives	69,620	81,372

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Six Month Period Ended December 31, 2017

Textile division: Manufacturing of yarn and trading of fabric

### 19 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

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

	Chemical Division		Operating segments Textile Division			Total	
			For the six month period ended				
			Un-audited				
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2016
	Rupees in thousand						
Revenue from external customers - net	4,422,867	3,817,788	960,537	665,871	5,383,404	4,483,659	
Depreciation on property, plant and equipment	422,018	241,504	20,638	21,981	442,656	263,485	
Segment profit	746,837	846,934	21,962	(3,211)	768,799	843,723	
	Operating segments						
	Chemical Division		Textile Division			Total	
	Un-audited December 31, 2017	Audited June 30, 2017	Un-audited December 31, 2017	Audited June 30, 2017	Un-audited December 31, 2017	Audited June 30, 2017	
	Rupees in thousand						
Capital expenditure	609,299	4,587,304	23,454	33,993	632,753	4,621,297	
Segment assets	13,834,552	12,965,279	1,848,386	1,905,013	15,682,938	14,870,292	
Segment liabilities	2,563,596	2,339,161	148,687	158,545	2,712,283	2,497,706	

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Quarter Ended September 30, 2017

	For the quarter ended	
	Un-audited December 31, 2017	Un-Audited December 31, 2016
	(Rupees in thousand)	
<b>19.2 Reconciliations of reportable segments are as follows:</b>		
<b>Revenue</b>		
Total revenue for reportable segments	5,383,404	4,483,659
Profit for the period		
Total profit for reportable segments	768,799	843,723
Unallocated corporate income / (expenses)		
Other income	27,976	36,907
Other expenses	(38,038)	(50,235)
Finance cost	(225,473)	(147,519)
Share of loss from investment in associate - net of tax	(406)	(5,474)
Profit before taxation	532,858	677,402
	Un-audited December 31, 2017	Audited June 30, 2017
	(Rupees in thousand)	
<b>Assets</b>		
Total assets for reportable segments	15,682,938	14,870,292
Other unallocated corporate assets	4,817,812	4,654,599
Company's assets	20,500,750	19,524,891
<b>Liabilities</b>		
Total liabilities for reportable segments	2,712,283	2,497,706
Other unallocated corporate liabilities	7,751,908	7,176,090
Company's liabilities	10,464,191	9,673,796
<b>19.3 The Company has no reportable geographical segment.</b>		

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Quarter Ended September 30, 2017

	For the quarter ended	
	Un-audited December 31, 2017	Un-Audited December 31, 2016
<b>20 OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES</b>	(Rupees in thousand)	
Profit before taxation	532,858	677,402
Adjustments for:		
Depreciation on property, plant and equipment	443,350	263,485
Depreciation on investment property	3,567	2,496
Gain on sale of available for sale investments	(491)	(4,165)
Amortization on intangible assets	808	727
Finance cost	225,473	147,519
Share of loss from investment in associate - net of tax	406	5,474
Gain on disposal of property, plant and equipment - net	7	(1,366)
Reversal of impairment loss on investment in associated company	-	(5,237)
Provision for employee benefits	4,625	3,310
Dividend income	(3,920)	(2,539)
Profit on bank deposits	(4,878)	(7,158)
	668,947	402,546
	<u>1,201,805</u>	<u>1,079,948</u>

### 21 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES


	Audited June 30, 2017	Availed during the period	Repaid during the period	Un-Audited December 31, 2017
	Rupees in Thousand			
Long term financing	3,015,036	-	(416,010)	2,599,026
Short term financing	2,290,759	3,528,960	(2,870,369)	2,949,350
Long term deposits	23,743	-	(1,700)	22,043
	<u>5,329,538</u>	<u>3,528,960</u>	<u>(3,288,079)</u>	<u>5,570,419</u>

### 22 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 February 19, 2018.

### 23 GENERAL

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

  
Anwar-ul-Haq  
Chief Financial Officer

  
Muhammad Adrees  
Chief Executive Officer

  
Haseeb Ahmed  
Director



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Designed & Produced By  
**Zammad Printers**  
0300-8650903, 0300-6642460