

1<sup>st</sup> Quarter Report  
September 30,  
2019



Sitara Chemical Industries Limited

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# Company Information

## *Board of Directors*

Chairman  
Chief Executive Officer  
Directors

Mr. Abdul Awal  
Mr. Muhammad Adrees  
Mr. Haseeb Ahmad  
Mr. Haroon Ahmad Zuberi  
Mr. Ahmad Nawaz  
Mr. Ashraf Shahzad Ahmad  
Mrs. Shala Waheed Sher

## *Company Secretary*

Mr. Mazhar Ali Khan

## *Chief Financial Officer*

Mr. Anwar-ul-Haq (FCA)

## *Audit Committee*

Chairman  
Members

Mr. Haroon Ahmad Zuberi  
Mr. Abdul Awal  
Mr. Ahmad Nawaz

## *Human Resource & Remuneration Committee*

Chairman  
Members

Mr. Abdul Awal  
Mr. Muhammad Adrees  
Mrs. Shala Waheed Sher

## *Head of Internal Audit*

Mr. Zakir Hussain (FCA)

## *Auditors*

Deloitte Yousuf Adil  
Chartered Accountants

## *Legal Advisor*

Mr. Sahibzada Muhammad Arif

## *Shariah Advisor*

Al Hamd Shariah Advisory Services (Pvt.) Limited

## *Bankers*

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

## *Website of the Company*

[www.sitara.com.pk](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 - 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, We are pleased to present the un-audited condensed interim financial statements of the Company for the 1st quarter ended September 30, 2019.

## *Business Overview:*

During the quarter under review, your Company has recorded a net sales of Rs. 2,582 million and gross profits of Rs. 528 million as compared with net sales of Rs. 2,790 million and gross profits of Rs. 627 million in the corresponding quarter of the last year witnessing a decline of 7.45% in net sales and 15.79% in gross profit. Profit before tax stood at Rs. 94 million as compared with Rs. 278 million during the corresponding quarter of last year. Earning per share was recorded at Rs. 3.06 during the quarter as against Rs. 9.47 during the corresponding quarter of last year.

During the quarter under review, cost of sales remained on the higher side due to hike in WAPDA tariff (after withdrawal of industrial relief package during off-peak hours' consumption and levy of quarterly tariff adjustment by Govt.), increase in RLNG rates per mmbtu after PKR depreciation. However, a little relief was witnessed in energy cost due to decrease in coal price in international market compared with corresponding quarter of last year which was partly off-set after massive PKR devaluation by around 29%. Also no system gas was available in the quarter under review whereas the same was being available in the corresponding quarter of the last year. Financial cost of the company also increased due to prevalent high interest rates compared with corresponding quarter of last year. Volumetric sale of caustic and yarn during the quarter under review remained under stress due to continuous country wide strikes observed in looms and processing units of textile sector. In view of these factors, gross margins and earning per share remained low during the quarter. However, we hope that economic conditions of the country will improve in the remainder part of the current financial year.

Any increase in international coal prices, electricity tariff, cost of imported RLNG, and devaluation of Pak rupee against US dollar etc. are key challenges being faced by the Company in the wake of prevalent slowdown in economic growth of the country.

## *Future Outlook:*

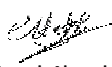
Board of Directors of your company has recently approved setting up a Soap Noodles Plant having production capacity of 35,000 MT per year, as a part of its corporate diversification strategy. We hope that this project will add to the profitability of the company and increase shareholders' wealth in the years to come (INSHA'ALLAH). Furthermore, your company is also evaluating number of options to have alternate, reliable and cheaper source of electricity to add value to 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  
October 28, 2019  
Faisalabad.



**Haseeb Ahmad**  
Director

# ڈائریکٹرز رپورٹ

اللہ تعالیٰ کے بابرکت نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔ ستارہ کیمیکلز انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی طرف سے ہم 30 ستمبر 2019 کو ختم ہونے والی پہلی سہ ماہی کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے پرمسرت ہیں۔

## کاروباری جائزہ:

زیر جائزہ سہ ماہی کے دوران آپ کی کمپنی نے 2,582 ملین روپے کی خالص فروخت کی ہے۔ اور مجموعی منافع 528 ملین روپے رہا۔ جبکہ پچھلے سال اسی سہ ماہی میں خالص فروخت 2,790 ملین روپے اور مجموعی منافع 627 ملین روپے تھا، خالص فروخت میں 7.45 فیصد اور مجموعی منافع میں 15.79 فیصد کمی آئی۔ ٹیکس سے قبل منافع پچھلے سال کے اسی سہ ماہی میں 278 ملین روپے کے مقابلے میں 94 ملین روپے رہا جس سے فی حصص آمدنی 3.06 روپے رہی جبکہ پچھلے سال اسی مدت کے دوران فی حصص آمدنی 9.47 روپے تھی۔

زیر جائزہ سہ ماہی کے دوران، واپڈ اٹیرف میں اضافے کی وجہ سے (قیمت میں Off Peak Hours کے دوران صنعتی ریلیف پنکج کا خاتمہ اور حکومت کی طرف سے سہ ماہی ایف ایل جیٹنٹ عائد کرنے کے بعد) مال کی لاگت میں اضافہ دیکھا گیا، روپے کی قدر میں کمی کی وجہ سے RLNG کی قیمت میں mmbtu کے حساب سے اضافہ ہوا۔ تاہم پچھلے سال کی اسی سہ ماہی کے مقابلے میں بین الاقوامی مارکیٹ میں کوئلے کی قیمت میں کمی کی وجہ سے توانائی کی لاگت میں تھوڑا سا ریلیف ملا جو کہ پاکستانی روپے کی قدر میں بہت زیادہ کمی تقریباً 29 فیصد کے بعد جزوی طور پر میسر نہ رہا۔ زیر جائزہ سہ ماہی کے دوران انڈسٹری کو سسٹم گیس بھی دستیاب نہیں تھی جو کہ پچھلے سال کی اسی سہ ماہی کے دوران میسر تھی۔ پچھلے سال کی اسی سہ ماہی کے مقابلے میں کمپنی کی Financial Cost میں بھی مروجہ بلند شرح منافع کی وجہ سے اضافہ ہوا ہے۔ ٹیکسٹائل میکینک کے کومز اور پروسیسنگ یونٹوں میں جاری ملک گیر ہڑتالوں کے باعث موجودہ سہ ماہی کے دوران کاسٹک اور دھماگے کے حجم کی فروخت دباؤ کا شکار رہی۔ انہی عوامل کے پیش نظر موجودہ سہ ماہی کے دوران مجموعی مارجن اور فی حصص آمدنی کم رہی۔ تاہم، ہم امید کرتے ہیں موجودہ مالی سال کے بقیہ دورانیے میں ملک کے معاشی حالات بہتر ہوں گے۔

بین الاقوامی کوئلے کی قیمتوں میں اضافہ، بجلی کے نرخ اور درآمد شدہ RLNG کی قیمت میں اضافے کے ساتھ ساتھ امریکی ڈالر کے مقابلے میں پاکستانی روپیہ کی قدر میں کمی کی وجہ سے ملک کی معاشی نمو میں مروجہ سست روی، یہ وہ Challenges ہیں جن کا کمپنی کو سامنا ہے۔

## مستقبل پر نظر:

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے حال ہی میں Corporate Diversification کی حکمت عملی کے تحت ایک Soap Noodles پلانٹ کی تشکیل کی منظوری دے دی ہے جس کی سالانہ پیداوار 35,000 میٹرک ٹن ہوگی۔ ہم امید کرتے ہیں کہ آنے والے سالوں میں اس منصوبے سے کمپنی کے منافع اور اورائٹرز جوئلڈرز کی دولت میں اضافہ ہوگا (انشاء اللہ)۔ مزید برآں، آپ کی کمپنی بجلی کے متبادل، قابل اعتماد اور سستے وسائل رکھنے کے لیے بہت سی تجاویز کا کمپنی کی قدر میں اضافے کے لیے جائزہ لے رہی ہے۔

## اعتزافات:

ہم اس موقع پر اپنے محترم کاروباری شراکت داروں کی مستقل حوصلہ افزائی، مدد اور اعتماد کا شکریہ ادا کرتے ہیں۔ کمپنی اپنے ملازمین کی مستقل مزاجی، محنت لگن اور صلاحیتوں کی معترف اور اس پر فخر کرتی ہے۔

محمد ادیس

چیف ایگزیکٹو آفیسر

28 اکتوبر 2019

فیصل آباد

حسین احمد


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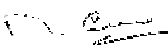
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# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT SEPTEMBER 30, 2019

		Un-audited September 30, 2019 (Rupees in thousand)	Audited June 30, 2019
<b>ASSETS</b>	<b>Note</b>		
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	5	15,379,824	15,516,237
Intangible assets		10,842	11,120
Investment property	6	3,293,258	3,296,505
Long-term investments		19,640	19,640
Long-term loans and advances		1,107,545	1,082,125
Long-term deposits		111,809	111,809
		19,922,918	20,037,436
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		1,014,616	950,071
Stock-in-trade		1,743,222	1,328,480
Trade debts	7	1,155,730	1,176,876
Loans and advances		2,753,113	2,871,978
Trade deposits and short-term prepayments		99	4,863
Other receivables		14,885	14,576
Other financial assets	8	270,191	336,175
Advance sales tax		-	4,526
Cash and bank balances		155,844	102,510
		7,107,700	6,790,055
		27,030,618	26,827,491
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	9	214,294	214,294
Reserves		1,342,833	1,369,324
Un-appropriated profits		8,638,443	8,522,364
Surplus on revaluation of property, plant and equipment		4,463,205	4,513,641
		14,658,775	14,619,623
<b>NON - CURRENT LIABILITIES</b>			
Long-term financing	10	1,797,687	2,054,447
Long-term deposits		39,787	39,787
Deferred liabilities		2,420,677	2,436,001
		4,258,151	4,530,235
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,554,684	2,416,097
Sales tax payable		22,535	-
Profit / financial charges payable		208,134	186,354
Short term borrowings		4,586,514	4,333,342
Unclaimed dividend		19,809	19,824
Current portion of long term financing		722,016	722,016
		8,113,692	7,677,633
<b>CONTINGENCIES AND COMMITMENTS</b>	11	27,030,618	26,827,491

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

  
Anwar-ul-Haq  
Chief Financial Officer

  
Muhammad Adrees  
Chief Executive Officer

  
Haseeb Ahmad  
Director

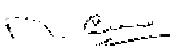
# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

		Un-audited Three months period ended	
	Note	September 30, 2019	September 30, 2018
		(Rupees in thousand)	
Sales - net	12	2,582,292	2,790,585
Cost of sales	13	(2,054,617)	(2,163,534)
<i>Gross profit</i>		527,675	627,051
Distribution cost		(85,310)	(71,846)
Administrative expenses		(156,070)	(154,006)
Other expenses		(8,818)	(23,052)
Finance cost		(231,680)	(113,360)
		(481,878)	(362,264)
Other income		47,759	13,561
<i>Profit before taxation</i>		93,556	278,348
Provision for taxation	14	(27,913)	(75,320)
<i>Profit after taxation</i>		65,643	203,028
<i>Earnings per share - basic and diluted (Rupees)</i>	15	3.06	9.47

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



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



**Muhammad Adrees**  
Chief Executive Officer



**Haseeb Ahmad**  
Director

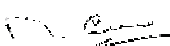
# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Un-audited Three months period ended	
	September 30, 2019	September 30, 2018
	(Rupees in thousand)	
Profit after taxation	65,643	203,028
<i>Other comprehensive income</i>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Gain on re-measurement of available for sale investments to fair value	-	27,662
Reclassification adjustments relating to available for sale investments disposed off during the year	-	-
Total items that may be reclassified subsequently to profit or loss	-	27,662
<i>Items that will not be reclassified to profit or loss:</i>		
Loss on re-measurement of equity instruments as at FVTOCI	(26,491)	-
Total items that will not be reclassified to profit or loss	(26,491)	-
Total comprehensive income for the period	39,152	230,690

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



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



**Muhammad Adrees**  
Chief Executive Officer



**Haseeb Ahmad**  
Director




Sitara Chemical Industries Limited

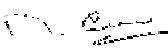
**Haseeb Ahmad**  
Director

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

		Un-audited Three months period ended	
	Note	September 30, 2019 (Rupees in thousand)	September 30, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating cash flow before working capital changes	18	582,887	617,720
<b>Changes in working capital:</b>			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(64,545)	(46,371)
Stock-in-trade		(414,741)	(460,686)
Trade debts		23,377	(108,602)
Loans and advances		125,819	482,539
Trade deposits and short-term prepayments		4,763	3,236
Other receivables		(309)	(1,675)
Increase / (decrease) in current liabilities			
Trade and other payables		134,586	(493,615)
Sales tax payable		27,060	25,992
		(163,990)	(599,182)
Cash generated from operations		418,897	18,538
Finance cost paid		(209,900)	(85,232)
Employee benefits paid		(513)	(1,872)
Taxes paid		(52,274)	(58,089)
Profit received		1,721	2,321
		(260,966)	(142,872)
<b>Net cash generated from operating activities</b>		<b>157,931</b>	<b>(124,334)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(150,232)	(181,803)
Proceeds from disposal of property, plant and equipment		-	200
Proceeds from available for sale investments		84,020	64,497
Purchase of investment property		1,876	-
Purchase of available for sale investment		(42,088)	(1,584)
Long term deposits paid		-	(109)
Long-term loans and advances received		5,199	7,195
Dividend income received		229	60
<b>Net cash used in investing activities</b>		<b>(100,996)</b>	<b>(111,544)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipt / (Repayment) of long-term financing		(256,759)	(139,138)
Short term financing - net		253,172	453,247
Long term deposits availed / (repaid)		-	3,600
Dividend paid		(14)	(94)
<b>Net cash generated from / (used in) financing activities</b>		<b>(3,601)</b>	<b>317,615</b>
<b>Net increase in cash and cash equivalents</b>		<b>53,334</b>	<b>81,737</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>102,510</b>	<b>79,663</b>
<b>Cash and cash equivalents at end of the period</b>		<b>155,844</b>	<b>161,400</b>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

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

  
**Muhammad Adrees**  
Chief Executive Officer

  
**Haseeb Ahmad**  
Director

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

## 1 LEGAL STATUS AND OPERATIONS

- 1.1 Sitara Chemical Industries Limited ("the Company") was incorporated in Pakistan on September 08, 1981 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017). The Company is currently listed on the Pakistan Stock Exchange. The company is a Shariah Compliant Company certified by Securities & Exchange Commission of Pakistan (SECP) under Shariah Governance Regulation 2018. The principal activities of the Company are operating Chlor Alkali plant 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.

Chemical Division      Manufacturing of caustic soda and allied products

Textile Division      Manufacturing of yarn and fabric

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

## 2 BASIS OF PREPARATION

- 2.1 These condensed interim financial statements of the Company for the three months period ended September 30, 2019 have been prepared in accordance with the International Accounting Standard - 34 "Interim Financial Reporting" provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

- 2.2 These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. Comparative statement of financial position is extracted from annual audited financial statement for the year ended June 30, 2019, whereas comparative statement of profit or loss, comparative statement of comprehensive income, comparative statement of changes in equity and comparative of statement of cash flows are stated from un-audited condensed interim financial statements for the three months period ended September 30, 2018.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT

The significant accounting policies and methods of computation adopted in preparation of these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended June 30, 2019, except rate of depreciation of plant & machinery which has been reduced from 10% to 7.5% after revaluation and reassessment of asset's useful life.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

## 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, 2019.

		Un-audited September 30, 2019 (Rupees in thousand)	Audited June 30, 2019
	Note		
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	5.1	15,190,856	15,429,125
Capital work-in-progress		188,968	87,112
		<u>15,379,824</u>	<u>15,516,237</u>
<b>5.1 Operating assets</b>			
Opening written down value		15,429,125	9,492,027
Additions during the period / year:			
Freehold land		-	5,468
Buildings on freehold land - Mill		14,964	129,901
Plant and machinery		6,803	1,934,580
Grid station and electric installations		1,099	360
Factory equipment		6,452	55,156
Electric equipment		14,858	305,898
Office equipment		2,375	15,038
Furniture and fittings		390	5,969
Vehicles		1,201	52,823
		48,142	2,505,193
Written down value of assets disposed off during the period / year		(1,885)	(150,417)
Revaluation surplus		-	4,549,909
Depreciation charged during the period / year		(284,526)	(967,587)
		<u>15,190,856</u>	<u>15,429,125</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

5.2 The Company had revalued its freehold land, building and plant & machinery at June 30, 2019. The revaluation had been carried out by Hamid Mukhtar & Company (Private) Limited, an independent valuer not connected to the Company and is on the panel of Pakistan Banks Association as 'Any Amount' asset valuer. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property / project, condition, size, utilization, and other relevant factors.

The revaluation was performed at June 30, 2019. Out of the total revaluation surplus of Rs. 4,514 million, Rs. 4,463 million net of tax (June 30, 2019: 4,514 million) remains undepreciated as at September 30, 2019.

Details of the Company's revalued assets and information about fair value hierarchy, as at September 30, 2019 are as follows:

	Un-audited September 30, 2019			Audited June 30, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(.....Rupees in thousand.....)					
Land - freehold	-	1,271,108	-	-	1,271,108	-
Buildings on freehold land	-	1,741,115	-	-	1,769,060	-
Plant and machinery	-	10,836,588	-	-	11,035,400	-
	-	13,848,811	-	-	14,075,568	-

		Un-audited September 30, 2019 (Rupees in thousand)	Audited June 30, 2019	
	Note			
6	INVESTMENT PROPERTY			
	Land	6.1	3,244,836	3,246,712
	Buildings	6.2	48,422	49,793
			3,293,258	3,296,505
6.1	Land			
	Balance at the beginning of the period / year		3,246,712	2,979,388
	Addition during the period / year		-	267,324
	Disposal during the period / year		(1,876)	-
	Balance at end of the period / year		3,244,836	3,246,712

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Note	Un-audited September 30, 2019	Audited June 30, 2019
<b>6.2 Buildings</b>			
Cost:			
Balance at the beginning of the period / year		89,277	89,277
Addition during the period / year		-	-
Disposal during the period / year		-	-
Balance at the end of the year		89,277	89,277
<b>Accumulated depreciation:</b>			
At the beginning of the period / year		39,484	34,697
For the period / year		1,371	4,787
Accumulated depreciation on disposed asset		-	-
At the end of the period / year		(40,855)	(39,484)
Written down value at the end of the period / year		48,422	49,793

## 7 TRADE DEBTS

These include receivable from related parties amounting to Rs. 500 thousand (June 30, 2019: Rs. 477 thousand).

## 8 OTHER FINANCIAL ASSETS

Investments classified as available for sale	8.1	270,191	352,254
<b>8.1 Listed equity securities and mutual funds</b>			
Fair value at July 01		336,175	352,254
Additions in investments during the period / year		42,088	533,477
		378,263	885,731
Sale / disposal of investments during the period / year		(84,021)	(557,734)
		294,242	327,997
Gain / (loss) on investments during the period / year		(24,051)	8,178
		270,191	336,175

## 8.2 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (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).

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

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

	Un-audited September 30, 2019			Audited June 30, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(.....Rupees in thousand.....)					
Investments classified as						
- available for sale	270,191	-	-	336,175	-	-

There were no transfers between levels during the period / year. The carrying value of all other financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values.

## 9 SHARE CAPITAL

Un-audited September 30, 2019 (No. of Shares)	Audited June 30, 2019		Un-audited September 30, 2019 (Rupees in thousand)	Audited June 30, 2019
		<i>Authorized</i>		
		Ordinary shares of Rs. 10 each		
40,000,000	40,000,000	Class "A"	400,000	400,000
20,000,000	20,000,000	Class "B"	200,000	200,000
		<i>Issued, subscribed and paid up</i>		
		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

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

## 10 LONG-TERM FINANCING

### *Diminishing Musharka (from financial institutions - secured)*

Opening balance	2,776,463	2,019,841
Obtained during the period / year	-	1,570,266
Re-paid during the period / year	(256,760)	(813,644)
	2,519,703	2,776,463
Less: Current portion	(722,016)	(722,016)
	1,797,687	2,054,447

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Un-audited September 30, 2019 (Rupees in thousand)	Audited June 30 2019
<b>11. CONTINGENCIES AND COMMITMENTS</b>		
<b>11.1 Contingencies</b>		
Guarantees issued by banks on behalf of the Company	259,095	259,984
<b>11.2 Commitments</b>		
Outstanding letters of credit for raw material and spare parts	262,617	268,873
	Un-audited Three months period ended September 30, 2019	September 30, 2018 (Rupees in thousand)
<b>12 SALES - NET</b>		
<i>Local:</i>		
Chemicals	2,779,657	2,890,144
Yarn	208,351	351,973
Fabric	16,488	35,708
Waste	286	4,053
	3,004,782	3,281,878
<i>Export:</i>		
Chemicals	82,342	39,528
<i>Gross Sales</i>	3,087,124	3,321,406
<i>Less:</i>		
Commission and discount	(99,763)	(112,763)
Sales tax	(405,069)	(418,058)
	(504,832)	(530,821)
	2,582,292	2,790,585
<b>13 COST OF SALES</b>		
Raw material consumed	1,221,495	1,266,442
Fuel and power	597,593	827,557
Salaries, wages and benefits	135,015	139,216
Factory overheads	419,151	357,663
	2,373,254	2,590,878
Work-in-process		
Opening stock	-	14,928
Closing stock	(15,562)	(17,096)
	(15,562)	(2,168)
Cost of goods manufactured	2,357,692	2,588,710
Finished goods		
Opening stock	904,916	634,800
Closing stock	(1,207,991)	(1,059,976)
	(303,075)	(425,176)
	2,054,617	2,163,534



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Un-audited Three months period ended	
	September 30, 2019 (Rupees in thousand)	September 30, 2018
<b>14 PROVISION FOR TAXATION</b>		
Current - for the period	44,941	71,073
Deferred	(17,028)	4,247
	<u>27,913</u>	<u>75,320</u>

## 15 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period	65,643	203,028
Weighted average number of ordinary shares outstanding during the period (No. of shares in thousand)	21,429	21,429
Earnings per share (Rupees)	<u>3.06</u>	<u>9.47</u>

## 16 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with its related parties. Details of transactions with related parties for the three months period ended are as follows:

		Un-audited Three months period ended	
		September 30, 2019 (Rupees in thousand)	September 30, 2018
<i>Relationship with the Company</i>	<i>Nature of transactions</i>		
Associated Undertakings	Sales	19	19
	Organizational expenses recovered	-	7,491
	Organizational expenses paid	72	10,461
	Donation given	5,091	4,925
Key management personnel	Remuneration to Executives	30,418	29,357

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

<i>Company name</i>	<i>Basis of association</i>
Sitara Developers (Private) Limited	Common directorship
Aziz Fatima Trust Hospital	Common directorship

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

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

## 17 SEGMENT REPORTING

The Company has two reportable segments, which offer different products and are managed separately. The following summary describes the operations in each of the reportable segment of the Company;

- Chemical division: Manufacturing of caustic soda and allied products
- Textile division: Manufacturing of yarn and trading of fabric

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

	Chemical Division		Operating segments Textile Division		Total	Total
			Un-audited			
			Three months period ended			
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
			Rupees in thousand			
			(.....)			
Revenue from external customers - net	2,357,861	2,400,472	224,431	390,113	2,582,292	2,790,585
Depreciation on property, plant and equipment	268,394	212,435	16,365	10,679	284,759	223,114
Segment profit / (Loss)	308,632	397,187	(22,337)	4,012	286,295	401,199
			Total		Un-audited	Audited
	Un-audited	Audited	Un-audited	Audited	September 30, 2019	June 30, 2019
	September 30, 2019	June 30, 2019	September 30, 2019	June 30, 2019	September 30, 2019	June 30, 2019
			Rupees in thousand			
			(.....)			
Capital expenditure	44,636	2,058,531	3,505	446,663	48,141	2,505,194
Segment assets	15,744,839	15,599,826	2,388,561	2,151,911	18,133,400	17,751,737
Segment liabilities	1,478,629	1,735,388	397,364	397,364	1,875,993	2,132,752

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

Un-audited Three months ended	
September 30, 2019	September 30, 2018
(Rupees in thousand)	

### 17.2 Reconciliations of reportable segments are as follows:

#### Revenue

Total revenue for reportable segments	2,582,292	2,790,585
---------------------------------------	-----------	-----------

#### Profit for the period

Total profit for reportable segments	286,295	401,199
Unallocated corporate income / (expenses)		
Other income	47,759	13,561
Other expenses	(8,818)	(23,052)
Finance cost	(231,680)	(113,360)
Profit before taxation	93,556	278,348

Un-audited September 30, 2019	Audited June 30, 2019
(Rupees in thousand)	

#### Assets

Total assets for reportable segments	18,133,400	17,751,737
Other unallocated corporate assets	8,897,218	9,075,754
Company's assets	27,030,618	26,827,491

#### Liabilities

Total liabilities for reportable segments	1,875,993	2,132,752
Other unallocated corporate liabilities	10,495,850	10,075,116
Company's liabilities	12,371,843	12,207,868

### 17.3 The Company has no reportable geographical segment.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

Un-audited  
Three months ended  
September 30, September 30,  
2019 2018  
(Rupees in thousand)

## 18 OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES

Profit before taxation	93,556	278,348
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	284,760	223,114
Depreciation on investment property	1,371	1,263
(Gain) / loss on sale of available for sale investments	(2,440)	1,659
Amortization on intangible assets	278	392
Finance cost	231,680	113,360
Exchange gain	(2,231)	(196)
(Gain) / loss on disposal of property, plant and equipment	1,885	(56)
Provision for employee benefits	2,217	2,217
Dividend income	(229)	(60)
Unwinding of deferred receivable	(26,239)	-
Profit on bank deposits	(1,721)	(2,321)
	<u>489,331</u>	<u>339,372</u>
	<u>582,887</u>	<u>617,720</u>

## 19 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 28, 2019.

## 20 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 Ahmad**  
Director

*Note*

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