



**Sitara Chemical
Industries Limited**



1ST QUARTER REPORT
30 SEPTEMBER 2020

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Company Information

Board of Directors

Chairman	Mr. Abdul Awal
Chief Executive Officer	Mr. Muhammad Adrees
Directors	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. Zakir Hussain (FCA)

Audit Committee

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

Human Resource & Remuneration Committee

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

Head of Internal Audit

Mr. Asghar Ali (ACMA)

Auditors

Deloitte Yousuf Adil
Chartered Accountants

Legal Advisor

Mr. Sahibzada Muhammad Arif

Shariah Advisor

Al Hamd Shariah Advisory Services (Pvt.) Ltd.

Bankers

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

Website of the Company

www.sitara.com.pk

Registered Office

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

Share Registrar Address

THK Associates (Private) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi

Factories

28 / 32 KM, Faisalabad - Sheikhpura Road,

Directors' Report

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 on September 30, 2020.

Business Overview:

During the quarter under review, your Company has recorded a net sales of Rs. 3,313 million and gross profits of Rs 773 million as compared with net sales of Rs. 2,582 million and gross profits of Rs 528 million in the corresponding quarter of the last year witnessing an increase of 28.3% in net sales and 46.4% in gross profit respectively. During the quarter under review, gross margins also improved compared with gross margins of last year's corresponding quarter. Improvement in gross margins is attributable to decrease in per unit electricity cost of the company witnessed after decrease of coal prices in international market, decrease in RLNG tariff and better energy mix. Volumetric sale of caustic and other allied chemicals, yarn and fabric also increased during the quarter compared with volumetric sales of last year's corresponding quarter. Some increases in volumes were also witnessed as a result of post COVID-19 lock down recovery, particularly in export units of textile sector. Financial cost of the company also decreased due to lower bank borrowing rates prevalent during the quarter under review compared with corresponding quarter of the last year.

Profit before tax stood at Rs. 408 million as compared with profit of Rs. 94 million during the corresponding quarter of last year. Earning per share was recorded at Rs. 13.49 during the quarter as against Rs. 3.06 during the corresponding quarter of last year.

Future Outlook:


Work on setting up of soap noodles plant, having production capacity of 34,000 M. Ton per annum, is in progress and major LCs of plant & machinery have been opened with banks and civil work is also in progress. Some of the shipments of plant & machinery have reached at Karachi Port as well. We are hopeful that project will be completed in its due timelines Insha'Allah. For Linear Alkyl Benzene Sulphonic Acid (LABSA) project, negotiations with foreign vendors are underway.

Furthermore, your company is continuously working on evaluation of number of options to have alternate, reliable and cheaper source of electricity to add value to the company.

Any probable increase in international coal prices, increase of RLNG tariff, devaluation of Pak rupee against US\$, increase in SBP policy rates, and risk of resurgence of COVID-19 till such time that vaccine is developed and is widely available in the country, could happen to be the key challenges for the Company. However, your company is resilient enough to cope up such challenges.

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 20, 2020
Faisalabad.



Haseeb Ahmad
Director

ڈائریکٹر 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 2020 کو ختم ہونے والی پہلی سہ ماہی کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے پُرسرت ہیں۔

کاروباری جائزہ:

زیر جائزہ سہ ماہی کے دوران آپ کی کمپنی نے 3,313 ملین روپے کی خالص فروخت کی ہے۔ اور مجموعی منافع 773 ملین روپے رہا۔ جبکہ پچھلے سال اسی سہ ماہی میں خالص فروخت 2,582 ملین روپے اور مجموعی منافع 528 ملین روپے تھا، خالص فروخت میں 28.3 فیصد اور مجموعی منافع میں 46.4 فیصد اضافہ دیکھا گیا۔ زیر جائزہ سہ ماہی کے دوران مجموعی منافع کے مارجن میں پچھلے سال کے اسی عرصے کی مقابلے میں بہتری دیکھی گئی۔ مجموعی مارجن میں بہتری کی وجہ بجلی کی قیمت میں فی یونٹ کے حساب سے کمی کے ساتھ بین الاقوامی مارکیٹ میں کونکے کی قیمت میں کمی، RLNG کے ٹیرف میں کمی اور بہتر توانائی کے وسائل شامل ہیں۔ زیر جائزہ سہ ماہی کے دوران کاسٹک اور دوسرے متعلقہ کیمیکل، دھاگے اور فیبرک کی فروخت کے حجم میں پچھلے سال کی اسی سہ ماہی میں فروخت کے حجم میں بھی اضافہ ہوا ہے۔ فروخت کے حجم میں کچھ اضافہ، خاص طور پر ٹیکسٹائل سیکنر کے برآمدی یونٹوں میں COVID-19 لاک ڈاؤن کے بعد بہتری کی وجہ سے دیکھا گیا۔ زیر جائزہ سہ ماہی کے دوران پچھلے سال کی اسی سہ ماہی کے مقابلے میں کمپنی کی Financial Cost مروجہ بینک سے قرضہ لینے کی شرح کی وجہ سے بھی کم ہوئی ہے۔

ٹیکس سے قبل منافع پچھلے سال کی اسی سہ ماہی میں 94 ملین روپے کے مقابلے میں 408 ملین روپے رہا جس سے فی حصص آمدنی 13.49 روپے رہی جبکہ پچھلے سال اسی مدت کے دوران فی حصص آمدنی 3.06 روپے تھی۔

مستقبل پر نظر:

Soap Noodles پلانٹ لگانے کے لیے کام جاری ہے جس کی سالانہ پیداوار 34000 میٹرک ٹن ہوگی۔ پلانٹ اور مشینری کے بڑے LGS بیٹنوں کے ساتھ کھول دیے گئے ہیں اور تعمیراتی کام بھی جاری ہے۔ پلانٹ اور مشینری کی کچھ ترسیلات کراچی پورٹ پر بھی پہنچ چکی ہیں۔ ہم امید کرتے ہیں کہ یہ منصوبہ اپنی مقررہ مدت میں مکمل ہو جائے گا (انشاء اللہ)۔ LABSA پروجیکٹ کے لیے غیر ملکی فروخت کنندگان کے ساتھ تجارتی معاملات طے کیے جا رہے ہیں۔ 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۔

کونکے کی بین الاقوامی قیمت میں ممکنہ اضافہ، RLNG ٹیرف میں اضافہ، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی، ٹیٹ بینک کا منافع کی شرح میں اضافہ اور COVID-19 کے دوبارہ پھیلنے کا خدشہ جب تک اس کی ویکسین تیار نہیں ہوتی اور ملک میں وسیع پیمانے پر دستیاب نہیں ہوتی یہ وہ عوامل ہیں جن کا کمپنی کو سامنا ہے۔ تاہم، آپ کی کمپنی اس طرح کے چیلنجوں کا مقابلہ کرنے کے لیے ہمہ وقت تیار ہے۔

اعترافات:

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



محمد ازیمن

چیف ایگزیکٹو آفیسر

فیصل آباد، 20 اکتوبر 2020



حبیب احمد

ڈائریکٹر


**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2020**

		Un-audited September 30, 2020 (Rupees in thousand)	Audited June 30, 2020
ASSETS	Note		
NON - CURRENT ASSETS			
Property, plant and equipment	5	14,839,000	14,935,071
Intangible assets		9,757	10,008
Investment property	6	3,314,483	3,315,540
Long-term investments		25,039	25,039
Long-term loans and advances		1,127,852	1,106,764
Long-term deposits		123,489	123,489
		19,439,620	19,515,911
CURRENT ASSETS			
Stores, spare parts and loose tools		834,954	860,466
Stock-in-trade		2,108,846	2,326,955
Trade debts	7	1,188,514	1,201,406
Loans and advances		2,208,606	2,224,221
Trade deposits and short-term prepayments		12,788	7,656
Other receivables		14,317	15,875
Other financial assets	8	242,647	196,569
Cash and bank balances		148,384	81,643
		6,759,056	6,914,791
		26,198,676	26,430,702
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	9	214,294	214,294
Reserves		1,388,757	1,357,786
Un-appropriated profits		9,254,232	8,882,763
Surplus on revaluation of property, plant and equipment		4,155,365	4,237,712
		15,012,648	14,692,555
NON - CURRENT LIABILITIES			
Long-term financing	10	1,237,841	1,375,943
Long-term deposits		56,547	52,547
Deferred liabilities		2,413,721	2,417,878
		3,708,109	3,846,368
CURRENT LIABILITIES			
Trade and other payables		2,176,437	1,991,302
Profit / financial charges payable		123,015	171,286
Short term borrowings		4,420,000	4,983,545
Unclaimed dividend		21,609	21,609
Current portion of long term financing		736,858	724,037
		7,477,919	7,891,779
CONTINGENCIES AND COMMITMENTS	11		
		26,198,676	26,430,702

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



Zakir Hussain
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, 2020**

	Note	Un-audited Three months period ended	
		September 30, 2020	September 30, 2019
		(Rupees in thousand)	
Sales - net	12	3,312,544	2,582,292
Cost of sales	13	(2,539,437)	(2,054,617)
Gross profit		773,107	527,675
Distribution cost		(70,752)	(85,310)
Administrative expenses		(147,155)	(156,070)
Other expenses		(34,779)	(8,818)
Finance cost		(154,269)	(231,680)
		(406,955)	(481,878)
Other income		41,388	47,759
Profit before taxation		407,540	93,556
Provision for taxation	14	(118,417)	(27,913)
Profit after taxation		289,123	65,643
Earnings per share - basic and diluted (Rupees)	15	13.49	3.06

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



Zakir Hussain
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, 2020**

	Un-audited Three months period ended	
	September 30, 2020 (Rupees in thousand)	September 30, 2019
Profit after taxation	289,123	65,643
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Gain on re-measurement of available for sale investments to fair value	-	-
Reclassification adjustments relating to available for sale investments disposed off during the year	-	-
Total items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified to profit or loss:		
Gain / (Loss) on re-measurement of equity instruments as at FVTOCI	30,970	(26,491)
Total items that will not be reclassified to profit or loss	30,970	(26,491)
Total comprehensive income for the period	320,093	39,152

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



Zakir Hussain
Chief Financial Officer



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmad
Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

		Un-audited Three months period ended	
		September 30, 2020	September 30, 2019
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Operating cash flow before working capital changes	18	821,494	582,887
Changes in working capital:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		25,512	(64,545)
Stock-in-trade		218,109	(414,741)
Trade debts		12,530	23,377
Loans and advances		(87,933)	125,819
Trade deposits and short-term prepayments		(5,133)	4,763
Other receivables		1,558	(309)
Increase / (decrease) in current liabilities			
Trade and other payables		137,851	134,586
Sales tax payable		46,276	27,060
		348,770	(163,990)
Cash generated from operations		1,170,264	418,897
Finance cost paid		(202,540)	(209,900)
Employee benefits paid		(2,004)	(513)
Taxes paid		(19,493)	(52,274)
Profit received		1,156	1,721
		(222,881)	(260,966)
Net cash generated from operating activities		947,383	157,931
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(189,530)	(150,232)
Proceeds from disposal of property, plant and equipment		5,350	-
Proceeds from available for sale investments		-	84,020
Purchase of investment property		-	1,876
Purchase of available for sale investment		(15,108)	(42,088)
Long-term loans and advances received		3,371	5,199
Dividend income received		100	229
Net cash used in investing activities		(195,817)	(100,996)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt / (Repayment) of long-term financing		(125,281)	(256,759)
Short term financing - net		(563,544)	253,172
Long term deposits availed / (repaid)		4,000	-
Dividend paid		-	(14)
Net cash generated from / (used in) financing activities		(684,825)	(3,601)
Net increase in cash and cash equivalents		66,741	53,334
Cash and cash equivalents at beginning of the period		81,643	102,510
Cash and cash equivalents at end of the period		148,384	155,844

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



Zakir Hussain
Chief Financial Officer



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmad
Director

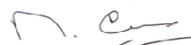
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

Share Capital	Reserves							Total
	Capital				Revenue		Total Reserves	
	Share Premium	Reserve on re-measurement of equity instruments as at FVTOCI	Reserve on re-measurement of post retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment	General Reserve	Un-appropriated profit		
(..... Rupees in thousand)								
214,294	97,490	51,449	(4,615)	4,513,641	1,225,000	8,522,364	14,405,329	14,619,623
-	-	-	-	-	-	65,643	65,643	65,643
-	-	-	-	-	-	-	-	-
-	-	(26,491)	-	-	-	-	(26,491)	(26,491)
-	-	(26,491)	-	-	-	65,643	39,152	39,152
-	-	-	-	-	-	-	-	-
-	-	-	-	(50,436)	-	50,436	-	-
214,294	97,490	24,958	(4,615)	4,463,205	1,225,000	8,638,443	14,444,481	14,658,775
-	-	-	-	-	-	233,321	233,321	233,321
-	-	15,117	(164)	-	-	-	14,953	14,953
-	-	15,117	(164)	-	-	233,321	248,274	248,274
-	-	-	-	(225,493)	-	225,493	-	-
-	-	-	-	-	-	(214,494)	(214,494)	(214,494)
214,294	97,490	40,075	(4,779)	4,237,712	1,225,000	8,882,763	14,478,261	14,692,555
-	-	-	-	-	-	289,123	289,123	289,123
-	-	30,970	-	-	-	-	30,970	30,970
-	-	30,970	-	-	-	289,123	320,093	320,093
-	-	-	-	(82,347)	-	82,347	-	-
214,294	97,490	71,045	(4,779)	4,155,365	1,225,000	9,254,233	14,798,354	15,012,648

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



Zakir Hussain
Chief Financial Officer



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmad
Director

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 - Sheikhupura Road, Faisalabad, in the province of Punjab.

The Company is currently organized into two operating divisions and these divisions are the basis on which the Company reports its primary segment information.

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, 2020 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, 2020. Comparative statement of financial position is extracted from annual audited financial statement for the year ended June 30, 2020, 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, 2019.

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, 2020.

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, 2020.

	Note	Un-audited September 30, 2020 (Rupees in thousand)	Audited June 30, 2020
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	14,638,084	14,798,051
Capital work-in-progress		200,916	137,020
		<u>14,839,000</u>	<u>14,935,071</u>
5.1 Operating assets			
Opening written down value		14,798,051	15,429,126
Additions during the period / year:			
Freehold land		-	16,297
Buildings on freehold land - Mill		18,524	70,775
Plant and machinery		77,295	343,180
Grid station and electric installations		-	23,078
Containers and cylinders		-	-
Containers and cylinders		14,528	-
Factory equipment		5,227	38,169
Electric equipment		3,502	47,212
Office equipment		5,192	3,316
Furniture and fittings		127	3,063
Vehicles		1,240	15,892
		<u>125,635</u>	<u>560,982</u>
Written down value of assets disposed off during the period / year		(9,925)	(19,680)
Depreciation charged during the period / year		<u>(275,677)</u>	<u>(1,172,377)</u>
		<u>14,638,084</u>	<u>14,798,051</u>

- 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. 4,155 million net of tax (June 30, 2020: 4,237 million) remains undepreciated as at September 30, 2020.

Details of the Company's revalued assets and information about fair value hierarchy, as at September 30, 2020 are as follows:

	Un-audited September 30, 2020			Audited June 30, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(.....Rupees in thousand.....)					
Land - freehold	-	1,287,405	-	-	1,287,405	-
Buildings on freehold land	-	1,635,695	-	-	1,658,999	-
Plant and machinery	-	10,408,283	-	-	10,535,044	-
	-	13,331,383	-	-	13,481,448	-

	Note	Un-audited September 30, 2020 (Rupees in thousand)	Audited June 30, 2020
6 INVESTMENT PROPERTY			
Land	6.1	3,269,147	3,269,147
Buildings	6.2	45,336	46,393
		<u>3,314,483</u>	<u>3,315,540</u>
6.1 Land			
Balance at the beginning of the period / year		3,269,147	3,246,712
Addition during the period / year		-	22,435
Disposal during the period / year		-	-
Balance at end of the period / year		<u>3,269,147</u>	<u>3,269,147</u>
6.2 Buildings			
Cost:			
Balance at the beginning of the period / year		90,438	89,277
Addition during the period / year		-	1,161
Disposal during the period / year		-	-
Balance at the end of the year		<u>90,438</u>	<u>90,438</u>
Accumulated depreciation:			
At the beginning of the period / year		44,045	39,483
For the period / year		1,057	4,562
Accumulated depreciation on disposed asset		-	-
At the end of the period / year		<u>(45,102)</u>	<u>(44,045)</u>
Written down value at the end of the period / year		<u>45,336</u>	<u>46,393</u>

7 TRADE DEBTS

These include receivable from related parties amounting to Rs. 27 thousand (June 30, 2020: Rs. Nil).

8 OTHER FINANCIAL ASSETS

Investments held at FVTOCI	8.1	220,552	189,582
Investments held at FVTPL	8.2	22,095	6,987
		<u>242,647</u>	<u>196,569</u>

8.1 Investment designated as fairvalue through other comprehensive income (FVTOCI)

Fair value at July 01	189,582	200,727
Additions in investments during the period / year	-	229
	<u>189,582</u>	<u>200,956</u>
Sale / disposal of investments during the period / year	-	-
	<u>189,582</u>	<u>200,956</u>
Gain / (loss) on investments during the period / year	30,970	(11,374)
	<u>220,552</u>	<u>189,582</u>

	Un-audited September 30, 2020 (Rupees in thousand)	Audited June 30, 2020
8.2 Investment designated as fairvalue through profit and Loss (FVTPL)		
Fair value at July 01	6,987	135,448
Additions in investments during the period / year	14,993	424,857
	21,980	560,305
Sale / disposal of investments during the period / year	-	(564,827)
	21,980	(4,522)
Gain / (loss) on investments during the period / year	115	11,509
	22,095	6,987

8.3 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 September 30, 2020			Audited June 30, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(.....Rupees in thousand.....)					
Investments classified as						
- available for sale	242,647			196,569		
	242,647	-	-	196,569	-	-

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, 2020	Audited June 30, 2020		Un-audited September 30, 2020	Audited June 30, 2020
.....No of shares.....		Authorized	(Rupees in thousand)	
40,000,000	40,000,000	Ordinary shares of Rs. 10 each		
20,000,000	20,000,000	Class "A"	400,000	400,000
		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

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	2,099,980	2,776,463
Obtained during the period / year		76,290
Re-paid during the period / year	(125,281)	(752,773)
	1,974,699	2,099,980
Less: Current portion	(736,858)	(724,037)
	1,237,841	1,375,943

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

Guarantees issued by banks on behalf of the Company

262,517	262,517
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11.2 Commitments

Outstanding letters of credit for raw material and spare parts

2,047,984	1,125,850
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		Un-audited Three months period ended	
		September 30, 2020	September 30, 2019
		(Rupees in thousand)	
12 SALES - NET			
Local:			
Chemicals		3,211,207	2,779,657
Yarn		712,373	208,351
Fabric		31,400	16,488
Waste		4,708	286
		3,959,688	3,004,782
Export:			
Chemicals		43,680	82,342
Gross Sales		4,003,368	3,087,124
Less:			
Commission and discount		(115,933)	(99,763)
Sales tax		(574,891)	(405,069)
		(690,824)	(504,832)
		3,312,544	2,582,292
13 COST OF SALES			
Raw material consumed		748,692	625,098
Fuel and power		1,235,221	1,193,989
Salaries, wages and benefits		129,543	135,015
Factory overheads		431,470	419,152
		2,544,926	2,373,254
Work-in-process			
Opening stock		27,136	-
Closing stock		(22,068)	(15,562)
		5,068	(15,562)
Cost of goods manufactured		2,549,994	2,357,692
Finished goods			
Opening stock		1,016,084	904,916
Purchases		-	-
Closing stock		(1,026,641)	(1,207,991)
		(10,557)	(303,075)
		2,539,437	2,054,617
14 PROVISION FOR TAXATION			
Current - for the period		123,086	44,941
Deferred		(4,669)	(17,028)
		118,417	27,913
15 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the period		289,123	65,643
Weighted average number of ordinary shares outstanding during the period (No. of shares in thousand)		21,429	21,429
Earnings per share (Rupees)		13.49	3.06
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, 2020	September 30, 2019
		(Rupees in thousand)	
Relationship with the Company	Nature of transactions		
Associated undertakings	Sales	27	19
	Organizational expenses paid	215	72
	Donation given	5,503	5,091
Key management personnel	Remuneration to Executives	32,701	30,418

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

Company name	Basis of association
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, 2020**

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 fabric

17.1 Information about operating segments is as follows:

	Chemical Division		Textile Division		Total	Total
	Un-audited		Un-audited			
	Three months period ended		Three months period ended			
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	(----- Rupees in thousand -----)					
Revenue from external customers - net	2,675,661	2,357,861	636,882	224,431	3,312,543	2,582,292
Depreciation on property, plant and equipment	251,406	268,394	24,271	16,365	275,677	284,759
Segment profit / (Loss)	537,315	308,632	17,885	(22,337)	555,200	286,295
	Un-audited September 30, 2020	Audited June 30, 2020	Un-audited September 30, 2020	Audited June 30, 2020	Total Un-audited September 30, 2020	Total Audited June 30, 2020
	(----- Rupees in thousand -----)					
Capital expenditure	124,727	356,942	908	204,041	125,635	560,983
Segment assets	14,912,613	15,040,780	2,845,374	3,167,197	17,757,987	18,207,977
Segment liabilities	1,089,993	1,219,725	298,291	298,291	1,388,284	1,518,016

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

		Un-audited Three months ended	
		September 30, 2020	September 30, 2019
		(Rupees in thousand)	
17.2	Reconciliations of reportable segments are as follows:		
	Revenue		
	Total revenue for reportable segments	3,312,543	2,582,292
	Profit for the period		
	Total profit for reportable segments	555,200	286,295
	Unallocated corporate income / (expenses)		
	Other income	41,388	47,759
	Other expenses	(34,779)	(8,818)
	Finance cost	(154,269)	(231,680)
	Profit before taxation	407,540	93,556

		Un-audited September 30, 2020	Audited June 30, 2020
		(Rupees in thousand)	
	Assets		
	Total assets for reportable segments	17,757,987	18,207,977
	Other unallocated corporate assets	8,440,689	8,222,725
	Company's assets	26,198,676	26,430,702
	Liabilities		
	Total liabilities for reportable segments	1,388,284	1,518,016
	Other unallocated corporate liabilities	9,797,744	10,220,131
	Company's liabilities	11,186,028	11,738,147

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, 2020**

	Un-audited Three months ended	
	September 30, 2020	September 30, 2019
	(Rupees in thousand)	
18 OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES		
Profit before taxation	407,540	93,556
Adjustments for:		
Depreciation on property, plant and equipment	275,676	284,760
Depreciation on investment property	1,057	1,371
(Gain) / loss on sale of available for sale investments	-	(2,440)
Amortization on intangible assets	250	278
Finance cost	154,268	231,680
Exchange gain	(906)	(2,231)
(Gain) / loss on disposal of property, plant and equipment	4,574	1,885
Provision for employee benefits	2,517	2,217
Provision for doubtful debts	1,268	-
Dividend income	(100)	(229)
Unwinding of deferred receivable	(23,494)	(26,239)
Profit on bank deposits	(1,156)	(1,721)
	413,954	489,331
	821,494	582,887

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 20, 2020.

20 GENERAL

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



Zakir Hussain
Chief Financial Officer



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmad
Director



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