



Sitara Chemical
Industries Limited



Half Year Report - December 31, 2021

Contents

02	Company Information
03	Directors' Report
05	Auditor's Review Report
06	Shariah Review Report
07	Condensed Interim Statement of Financial Position (Un-audited)
08	Condensed Interim Statement of Profit or Loss (Un-audited)
09	Condensed Interim Statement of Comprehensive Income (Un-audited)
10	Condensed Interim Statement of Changes in Equity (Un-audited)
11	Condensed Interim Statement of Cash Flows (Un-audited)
12	Notes to the Condensed Interim Financial Statements (Un-audited)

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

Mr. Mazhar Ali Khan
Mr. Zakir Hussain (FCA)

Company Secretary

Chief Financial Officer

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. Ghulam Abbas (ACA)

Auditors

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

Registered Office

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

Share Registrar Address

THK Associates (Private) Limited
Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500

Factories

28 / 32 KM, Faisalabad - Sheikhpura Road, Pakistan

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 half year ended on December 31, 2021 along with Auditors' review report thereon.

Business Overview:

During the period under review, Company recorded a net sales of Rs. 9,385 million and gross profits of Rs. 1,209 million as compared with net sales of Rs. 6,995 million and gross profits of Rs. 1,681 million in the corresponding period of last year, witnessing a growth of 34.2% in net sales. Growth in net sale figure is attributable to increase in quantitative sale of caustic, other allied chemicals, and Oleo Chemicals' sales in the total sales of the company. Profit after tax remained at Rs. 253 million as against profit after tax of Rs. 757 million during the corresponding period of last year. Earnings per share was recorded at Rs. 11.81 as against Rs. 35.31 during the corresponding period of last year. Decrease in profitability during the period under review is due to higher energy costs i.e. electricity, coal prices, RLNG prices, higher POL prices and general inflation, and increase in SBP policy rate by 275 basis points during the ongoing financial year etc. However, during the 2nd quarter of the year under review, some price increase of caustic and other chemicals was made to compensate against the higher cost of sales keeping in view the current market conditions. Gross margins of textile division of the company have remained better during the period under review as against corresponding period of last year due to better yarn prices.

During the period under review, M/s JCR-VIS Credit Rating Co. Ltd., reassessed Company's rating and maintained its long term rating as A+ (Single A Plus) and short term rating as A-1 (A one) while outlook on the assigned ratings was also maintained as 'Stable'. 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:

Work on expansion of existing coal fired power plant of the company is also in progress and techno-commercial negotiations with technology suppliers and engineering company is underway.

Presently increased coal, RLNG, and palm oil prices in international market, as well as increase in SBP policy rates are the key challenges for the company; however, company is taking appropriate measures including optimum energy mix and market penetration in Oleo chemical market etc. to mitigate the adverse impacts of the 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
February 25, 2022
Faisalabad.



Haseeb Ahmad
Director

ڈائریکٹر رپورٹ

شروع 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 31 دسمبر 2021 کو ختم ہونے والے نصف سال کے غیر آڈٹ شدہ اکاؤنٹس بمعہ آڈیٹرز کی جائزہ رپورٹ کے ساتھ پیش کرتے ہوئے پرمسرت ہیں۔

کاروباری جائزہ:

زیر جائزہ نصف سال کے دوران آپ کی کمپنی نے 9,385 ملین روپے کی خالص فروخت کی ہے۔ اور مجموعی منافع 1,209 ملین روپے رہا۔ جبکہ پچھلے سال اسی عرصہ کے دوران خالص فروخت 6,995 ملین روپے اور مجموعی منافع 1,681 ملین روپے تھا، خالص فروخت میں 34.2 فیصد اضافہ دیکھا گیا۔ خالص فروخت کے اعداد و شمار میں اضافہ کمپنی کی کل فروخت میں کاسٹک، دیگر الائیڈ کیمیکلز، اور اولیو کیمیکلز کی مقداری فروخت میں اضافے سے منسوب ہے۔ ٹیکس کے بعد کمایا گیا منافع 253 ملین روپے رہا جبکہ پچھلے سال اسی عرصہ کے دوران ٹیکس کے بعد کمایا گیا 757 ملین روپے تھا۔ فی حصص آمدنی 11.81 روپے رہی جبکہ پچھلے سال اسی مدت کے دوران فی حصص آمدنی 35.31 روپے تھی۔

زیر جائزہ مدت کے دوران منافع میں کمی کی وجہ تو انائی کی زیادہ قیمتیں یعنی بجلی، کوئلے، RLNG، تیل کی بڑھتی ہوئی قیمتیں، عام افراط زر اور جاری مالی سال کے دوران اسٹیٹ بینک کے پالیسی ریٹ میں 275 پوائنٹس کا اضافہ وغیرہ۔ تاہم، اضافی لاگت کی تلافی کے لیے زیر جائزہ سال کی دوسری سہ ماہی کے دوران موجودہ مارکیٹ کے حالات کو مد نظر رکھتے ہوئے کاسٹک اور دیگر کیمیکلز کی قیمتوں میں کچھ اضافہ کیا گیا۔ یارن کی بہتر قیمتوں کی وجہ سے کمپنی کے ٹیکسٹائل کے شعبے کا مجموعی مارجن زیر جائزہ مدت کے دوران پچھلے سال کے اسی عرصے کے مقابلے میں بہتر رہا۔


زیر جائزہ مدت کے دوران M/S JCR - VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے آپ کی درجہ بندی کا ازسرنو جائزہ لیا اور اپنی طویل مدتی درجہ بندی کو A+ (سنگل اے پلس) اور مختصر مدت کی درجہ بندی کو A-1 (اے ون) کے طور پر برقرار رکھا۔ تفویض کردہ درجہ بندی کو بھی "مستحکم" کے طور پر برقرار رکھا گیا تھا۔ یہ درجہ بندی درمیانی سے طویل مدتی بنیادوں پر مناسب تحفظ کے عوامل کے ساتھ اچھے کریڈٹ کوالٹی کو ظاہر کرتی ہے اور قلیل مدتی بنیادوں پر بروقت ادائیگیوں کے اعلیٰ یقین کے ساتھ بہترین لیکویڈیٹی عوامل کے ساتھ اچھے بنیادی تحفظ کے عوامل کو بھی ظاہر کرتی ہے۔

مستقبل پر نظر:

ہمارے موجودہ کونسلے سے چلنے والے بجلی گھر کی توسیع کا کام بھی جاری ہے۔ جس کے لیے ٹیکنالوجی سپلائرز اور انجینئرنگ کمپنی کے ساتھ ٹیکو کمرشل مذاکرات جاری ہیں۔ اس وقت بین الاقوامی مارکیٹ میں کوئلے، آرائل این جی اور پام آئل کی قیمتوں میں اضافہ، نیز اسٹیٹ بینک کے پالیسی ریٹ میں اضافہ کمپنی کے لیے اہم چیلنجز ہیں۔ تاہم، کمپنی ان چیلنجوں کے منفی اثرات کو کم کرنے کے لیے اولیو کیمیکل مارکیٹ میں بہترین انرجی کس اور مارکیٹ کی رسائی سمیت مناسب اقدامات کر رہی ہے۔

اعترافات:

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



محمد اہس

چیف ایگزیکٹو آفیسر

فیصل آباد 25 فروری 2022



حبیب احمد

ڈائریکٹر

INDEPENDENT AUDITOR'S REVIEW REPORT**To the Members of Sitara Chemical Industries Limited****Report on Review of Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Sitara Chemical Industries Limited** (the Company) as at December 31, 2021, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these Condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these Condensed interim financial statements based on our review.

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 statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the interim statement of profit or loss and other comprehensive income for the three-month period ended December 31, 2021 and related comparative information have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2021.

The engagement partner on the review resulting in this independent auditor's review report is Nadeem Yousuf Adil.


Chartered AccountantsLahore
Dated: February 25, 2022
UDIN: RR202110091AIDE06kVH

Shariah Review Report

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

16, February, 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

نحمده ونصلي على رسوله الكريم

Shariah Review Report

For the period ended 31st December 2021

We have reviewed the business activities of **Sitara Chemical Industries Limited** for the half year ended on 31st December, 2021 in accordance with the provisions of Shariah Governance Regulations, 2018; and in our opinion;

- the transactions and the procedures adopted have been in accordance with principles of Shariah;
- the affairs have been carried out in accordance with rules and principal of Shariah; and
- The income received during the period was treated in accordance with the requirements of Shariah Governance Regulations, 2018;

In the end; we pray to Allah Almighty to grant us success and help us at every step, keep us away from every hindrance and difficulty, and give financial success to Sitara Chemical Industries Limited.

And Allah Knows Best.

Mufti Muhammad Ibrahim Essa

For and on behalf of

Alhamd Shariah Advisory Services (Pvt.) Limited

Mufti Ubaid Ur Rahman Zubairi

For and on behalf of

Alhamd Shariah Advisory Services (Pvt.) Limited



+92 322 2671867 | www.alhamdshariahadvisory.com | info@alhamdshariahadvisory.com

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

		Un-audited December 31, 2021 (Rupees in thousand)	Audited June 30, 2021
ASSETS	Note		
NON - CURRENT ASSETS			
Property, plant and equipment	5	17,164,264	16,923,448
Intangible assets		8,844	9,007
Investment property	6	3,303,033	3,312,590
Long-term investments		25,039	25,039
Long-term loans and advances		1,030,278	1,038,354
Long-term deposits		124,376	124,366
		21,655,834	21,432,804
CURRENT ASSETS			
Stores, spare parts and loose tools		1,015,010	897,133
Stock-in-trade		3,633,530	2,745,163
Trade debts		1,482,142	1,362,775
Loans and advances		2,953,304	3,378,876
Trade deposits and short-term prepayments		30,883	7,762
Other receivables		10,771	12,635
Other financial assets	7	671,869	511,778
Cash and bank balances		295,606	191,103
		10,093,115	9,107,225
		31,748,949	30,540,029
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	8	214,294	214,294
Reserves		1,406,492	1,413,700
Un-appropriated profits		10,426,647	10,270,574
Surplus on revaluation of property, plant and equipment		3,865,999	3,983,297
		15,913,432	15,881,865
NON - CURRENT LIABILITIES			
Long-term financing	9	2,076,651	1,865,065
Long-term deposits		88,047	69,047
Deferred liabilities	10	2,536,809	2,563,865
		4,701,507	4,497,977
CURRENT LIABILITIES			
Trade and other payables		3,219,161	2,229,904
Profit / financial charges payable		192,362	161,118
Short term borrowings		6,769,750	6,748,994
Provision for taxation		116,331	278,150
Unclaimed dividend		26,231	23,500
Current portion of long term financing		810,175	718,521
		11,134,010	10,160,187
CONTINGENCIES AND COMMITMENTS	11		
		31,748,949	30,540,029

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

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

		Six months period ended		Three months period ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Note		(.....Rupees in thousand.....)			
Sales - net	12	9,385,083	6,994,831	5,528,863	3,682,287
Cost of sales	13	(8,176,464)	(5,313,545)	(4,795,636)	(2,774,108)
Gross profit		1,208,619	1,681,286	733,227	908,179
Distribution cost		(176,056)	(140,681)	(90,752)	(69,929)
Administrative expenses		(371,600)	(294,921)	(201,997)	(147,766)
Other expenses		(30,431)	(81,573)	(29,630)	(46,794)
Finance cost		(370,735)	(282,327)	(187,446)	(128,058)
		(948,822)	(799,502)	(509,825)	(392,547)
Other income		84,165	141,594	51,667	100,206
Profit before taxation		343,963	1,023,378	275,069	615,838
Provision for taxation	14	(90,894)	(266,637)	(56,026)	(148,220)
Profit after taxation		253,069	756,742	219,043	467,617
Earnings per share - basic and diluted - (Rupees)	15	11.81	35.31	10.22	21.82

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



Chief Financial Officer



Chief Executive Officer



Director

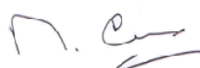
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Six months period ended		Three months period ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(.....Rupees in thousand.....)			
Profit after taxation	253,069	756,742	219,043	467,617
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
(Loss) / Gain on investments classified as Equity instruments as at FVTOCI	(8,480)	61,033	(6,390)	24,598
Related tax impact	1,272	(9,155)	959	(3,690)
Other comprehensive (loss) / income	(7,208)	51,878	(5,431)	20,908
Total comprehensive income for the period	245,861	808,620	213,612	488,525

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



Chief Financial Officer



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Share Capital	Reserves						Total Reserves	Total
		Capital				Revenue			
		Share Premium	Reserve on re-measurement of equity instruments as at FVTOCI - net of tax	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)									
Balance as at July 01, 2020 - Audited	214,294	97,490	40,075	(4,779)	4,237,712	1,225,000	8,882,763	14,478,261	14,692,555
Total comprehensive income									
Profit for the six months period ended December 31, 2020	-	-	-	-	-	-	756,742	756,742	756,742
Other comprehensive income	-	-	-	-	-	-	-	-	-
Transfer to un-appropriated profit on account of incremental depreciation - net of tax	-	-	-	-	-	-	756,742	756,742	756,742
	-	-	-	-	(132,209)	-	132,209	-	-
Distribution to owners									
Final dividend for the year ended June 30, 2019 @ Rs. 10 per share	-	-	-	-	-	-	(214,294)	(214,294)	(214,294)
Balance as at December 31, 2020 - Un-audited	214,294	97,490	40,075	(4,779)	4,105,503	1,225,000	9,557,420	15,020,709	15,235,003
Total comprehensive income									
Profit for the six months period ended June 30, 2021	-	-	-	-	-	-	590,948	590,948	590,948
Other comprehensive income	-	-	57,149	(1,235)	-	-	-	55,914	55,914
Transfer to un-appropriated profit on account of incremental depreciation	-	-	57,149	(1,235)	-	-	590,948	646,862	646,862
	-	-	-	-	(122,206)	-	122,206	-	-
Balance as at June 30, 2021 - Audited	214,294	97,490	97,224	(6,014)	3,983,297	1,225,000	10,270,574	15,667,571	15,881,865
Total comprehensive income									
Profit for the six months period ended December 31, 2021	-	-	-	-	-	-	253,069	253,069	253,069
Other comprehensive income	-	-	(7,208)	-	-	-	-	(7,208)	(7,208)
Transfer to un-appropriated profit on account of incremental depreciation - net of tax	-	-	(7,208)	-	-	-	253,069	245,861	245,861
	-	-	-	-	(117,298)	-	117,298	-	-
Distribution to owners									
Final dividend for the year ended June 30, 2021 @ Rs. 10 per share	-	-	-	-	-	-	(214,294)	(214,294)	(214,294)
Balance as at December 31, 2021 - Un-audited	214,294	97,490	90,016	(6,014)	3,865,998	1,225,000	10,426,647	15,699,138	15,913,432

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

Chief Financial Officer

Chief Executive Officer

Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

		Six months period ended	
		December 31, 2021	December 31, 2020
	Note	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flow before working capital changes	18	1,307,769	1,761,462
Changes in working capital:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(117,877)	(204,039)
Stock-in-trade		(888,367)	301,893
Trade debts		(118,363)	(81,023)
Loans and advances		(27,068)	(474,508)
Trade deposits and short-term prepayments		(23,121)	(15,560)
Other receivables		1,864	(515)
Increase / (decrease) in current liabilities			
Trade and other payables		973,382	689,312
Sales tax payable		268,674	(73,909)
		69,126	141,651
Cash generated from operations		1,376,895	1,903,112
Finance cost paid		(339,491)	(344,147)
Employee benefits paid		(4,716)	(6,173)
Taxes paid		(77,949)	(52,783)
		(422,156)	(403,103)
Net cash generated from operating activities		954,739	1,500,009
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(872,147)	(1,347,821)
Purchase of investment property		(4,146)	(10,626)
Purchase of intangible assets		(665)	-
Proceeds from disposal of property, plant and equipment		-	5,350
Proceeds from disposal of other financial assets		285,683	-
Purchase of other financial assets		(448,145)	(73,993)
Long term deposits paid		(10)	(767)
Long-term loans and advances received		49,510	5,959
Profit received		3,083	3,259
Dividend income received		5,168	6,012
Net cash used in investing activities		(981,669)	(1,412,627)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing obtained		642,583	870,275
Repayment of long-term financing		(339,343)	(345,684)
Short term financing - net		20,756	(372,344)
Long term deposits availed		19,000	4,000
Dividend paid		(211,563)	(212,324)
Net cash (used in) / generated from financing activities		131,433	(56,077)
Net increase in cash and cash equivalents		104,503	31,305
Cash and cash equivalents at beginning of the period		191,103	81,643
Cash and cash equivalents at end of the period		295,606	112,948

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


Chief Financial Officer


Chief Executive Officer


Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

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 six months period ended December 31, 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, 2021. Comparative statement of financial position is extracted from annual audited financial statement for the year ended June 30, 2021, 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 six months period ended December 31, 2021.

- 2.3** These condensed interim financial statements are un-audited. However, a limited scope review has been performed by statutory auditor of the Company in accordance with Section 237 of Companies Act, 2017 and they have issued their review report thereon.

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, 2021.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparation these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for year ended June 30, 2021.

	Note	Un-audited December 31, 2021 (Rupees in thousand)	Audited June 30, 2021
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1 & 5.2	16,506,661	16,859,588
Capital work-in-progress		657,603	63,860
		17,164,264	16,923,448
5.1 Operating assets			
Opening written down value		16,859,588	14,798,051
Additions during the period / year:			
Freehold land		8,956	70,061
Buildings on freehold land - Mill		8,895	421,723
Plant and machinery		-	-
Grid station and electric installations		198,488	2,476,064
Containers and cylinders		-	18,247
Containers and cylinders		112	36,964
Factory equipment		28,571	20,167
Electric equipment		(188)	236,740
Office equipment		2,901	14,614
Furniture and fittings		2,141	9,716
Vehicles		39,576	10,039
		289,452	3,314,335
Written down value of assets disposed off during the period / year		(2,010)	(156,501)
Depreciation charged during the period / year		(640,370)	(1,096,297)
		16,506,661	16,859,588

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

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. 3,866 million net of tax (June 30, 2021: 3,983 million) remains undepreciated as at December 31, 2021

Details of the Company's revalued assets and information about fair value hierarchy, as at December 31, 2021 are as follows:

	Un-audited December 31, 2021			Audited June 30, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Land - freehold	-	1,300,875	-	-	1,291,918	-
Buildings on freehold land	-	1,799,151	-	-	1,884,576	-
Plant and machinery	-	11,911,709	-	-	12,177,580	-
	-	15,011,735	-	-	15,354,074	-

		Un-audited December 31, 2021 (Rupees in thousand)	Audited June 30, 2021
6 INVESTMENT PROPERTY	Note		
Land	6.1	3,265,406	3,270,232
Buildings	6.2	37,627	42,358
		<u>3,303,033</u>	<u>3,312,590</u>
6.1 Land			
Balance at the beginning of the period / year		3,270,232	3,269,147
Addition during the period / year		4,147	1,085
Transfer to property, plant and equipment		(8,973)	-
Balance at end of the period / year		<u>3,265,406</u>	<u>3,270,232</u>
6.2 Buildings			
Cost:			
Balance at the beginning of the period / year		90,438	90,438
Addition during the period / year		-	-
Transfer to property, plant and equipment		(2,738)	-
Balance at the end of the year		<u>87,700</u>	<u>90,438</u>
Accumulated depreciation:			
At the beginning of the period / year		48,080	44,045
For the period / year		1,993	4,035
At the end of the period / year		<u>(50,073)</u>	<u>(48,080)</u>
Written down value at the end of the period / year		<u>37,627</u>	<u>42,358</u>
7 OTHER FINANCIAL ASSETS	Note		
Investments held at FVTOCI	7.1	256,115	266,874
Investments held at FVTPL	7.2	415,754	244,904
		<u>671,869</u>	<u>511,778</u>
7.1 Investment designated as fairvalue through other comprehensive income (FVTOCI)			
Fair value at July 01		266,874	189,582
Additions in investments during the period / year		6,329	89,208
		<u>273,203</u>	<u>278,790</u>
Disposal		(8,608)	(79,150)
		<u>264,595</u>	<u>199,640</u>
(Loss) / gain on investments during the period / year		<u>(8,480)</u>	<u>67,234</u>
		<u>256,115</u>	<u>266,874</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Un-audited December 31, 2021 (Rupees in thousand)	Audited June 30, 2021
7.2 Investment designated as fairvalue through profit and Loss (FVTPL)		
Fair value at July 01	244,903	6,987
Additions in investments during the period / year	441,816	1,199,372
Sale / disposal of investments during the period / year	(277,075)	(964,782)
	409,644	241,577
Gain / (loss) on investments during the period / year	6,110	3,326
	415,754	244,904

7.3 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 December 31, 2021			Audited June 30, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investments classified at FVTOCI	256,115	-	-	266,874	-	-
Investments classified at FVTPL	415,754	25,039	-	244,904	-	-

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.

8 SHARE CAPITAL

Un-audited December 31, 2021No of shares.....	Audited June 30 2021		Un-audited December 31, 2021 (Rupees in thousand)	Audited June 30, 2021
		Authorized		
		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
		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

8.1 Class "B" ordinary shares do not carry any voting rights.

8.2 No shares are held by any associated company or related party of the Company.

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

9 LONG-TERM FINANCING

Diminishing Musharka (from financial institutions - secured)

Opening balance	2,583,586	2,099,980
Obtained during the period / year	642,583	1,519,599
Re-paid during the period / year	(339,343)	(1,035,993)
	2,886,826	2,583,586
Less: Current portion	(810,175)	(718,521)
	2,076,651	1,865,065

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Un-audited December 31, 2021 (Rupees in thousand)	Audited June 30, 2021
10 DEFERRED LIABILITIES		
Deferred tax	2,460,674	2,488,047
Deferred grant	5,989	5,989
Gratuity payable	42,849	42,532
Provision for Gas Infrastructure Development Cess (GIDC) and GIDC liability	27,297	27,297
	2,536,809	2,563,865

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

Guarantees issued by banks on behalf of the Company	253,017	269,705
---	---------	---------

11.2 Commitments

Outstanding letters of credit for raw material and spare parts	1,327,968	601,017
--	-----------	---------

	Un-audited Six months period ended		Un-audited Three months period ended	
	December 31 2021	December 31 2020	December 31 2021	December 31 2020
	(.....Rupees in thousand.....)			
12 SALES - NET				
Local:				
Chemicals	9,149,808	6,777,762	5,561,872	3,566,555
Yarn	2,195,822	1,526,587	1,195,733	814,214
Fabric	58,351	79,497	35,260	48,097
Waste	18,181	11,095	10,952	6,387
	11,422,162	8,394,941	6,803,817	4,435,253
Export:				
Chemicals	78,565	60,368	26,081	16,688
Gross Sales	11,500,727	8,455,309	6,829,898	4,451,941
Less:				
Commission and discount	(277,990)	(247,108)	(152,636)	(131,175)
Sales Tax	(1,837,654)	(1,213,370)	(1,148,399)	(638,479)
	(2,115,644)	(1,460,478)	(1,301,035)	(769,654)
	9,385,083	6,994,831	5,528,863	3,682,287

13 COST OF SALES

Raw material consumed	2,768,750	1,605,987	1,879,886	857,295
Fuel and power	4,784,547	2,586,493	3,003,236	1,351,272
Salaries, wages and benefits	345,773	261,696	171,519	135,676
Factory overheads	973,834	856,900	487,713	421,906
	8,872,905	5,311,076	5,542,355	2,766,149
Work-in-process				
Opening stock	23,661	27,136	67,392	22,068
Closing stock	(66,660)	(22,111)	(66,660)	(22,111)
	(42,999)	5,025	732	(43)
Cost of goods manufactured	8,829,906	5,316,101	5,543,087	2,766,106
Finished goods				
Opening stock	1,422,735	1,016,084	1,158,144	1,026,641
Cost of testing of Soap Noodles Plant	(170,582)	-	-	-
Closing stock	(1,905,594)	(1,018,639)	(1,905,594)	(1,018,639)
	(653,441)	(2,555)	(747,450)	8,002
	8,176,464	5,313,545	4,795,636	2,774,108

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Un-audited Six months period ended		Un-audited Three months period ended	
	December 31 2021	December 31 2020	December 31 2021	December 31 2020
	(.....Rupees in thousand.....)			
14 PROVISION FOR TAXATION				
Current - for the period	116,331	283,939	116,986	160,853
Prior year	-	-	-	-
Deferred	(25,437)	(17,302)	(60,960)	(12,633)
	<u>90,894</u>	<u>266,637</u>	<u>56,026</u>	<u>148,220</u>
15 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit for the period	253,069	756,742	219,043	467,617
Weighted average number of ordinary shares outstanding during the period (No. of shares in thousand)	21,429	21,429	21,429	21,429
Earnings per share (Rupees)	<u>11.81</u>	<u>35.31</u>	<u>10.22</u>	<u>21.82</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 period are as follows:

		Un-audited Six months period ended	
Relationship with the Company	Nature of transactions	December 31 2021	December 31 2020
		(Rupees in thousand)	
Associated undertakings	Sales	170	55
	Organizational expenses paid	20	260
	Donation given	17,688	12,620
	Advances for supplies	-	8,124
Transaction with directors	Remuneration to Executives	75,791	69,425

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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

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		Total	Total
	Six months period ended		Six months period ended		Total	Total
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(----- Rupees in thousand -----)					
Revenue from external customers - net	7,455,471	5,619,637	1,929,612	1,375,194	9,385,083	6,994,831
Depreciation on property, plant and equipment	592,712	505,940	47,658	48,571	640,370	554,511
Segment profit / (loss)	(24,124)	1,171,573	398,518	74,111	374,394	1,245,684
	Un-audited December 31, 2021	Audited June 30 2021	Un-audited December 31 2021	Audited June 30 2021	Total Un-audited December 31 2021	Total Audited June 30 2021
	(----- Rupees in thousand -----)					
Capital expenditure	272,384	3,104,103	17,068	144,684	289,452	3,248,787
Segment assets	23,485,696	22,059,864	2,936,665	2,849,246	26,422,361	24,909,110
Segment liabilities	12,968,317	11,466,087	247,645	402,381	13,215,962	11,868,468

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

		Un-audited Six months period ended	
		December 31, 2021	December 31, 2020
		(Rupees in thousand)	
17.2	Reconciliations of reportable segments are as follows:		
	Revenue		
	Total revenue for reportable segments	9,385,083	6,994,831
	Profit for the period		
	Total profit for reportable segments	374,394	1,245,684
	Unallocated corporate income / (expenses)		
	Other income	-	141,594
	Other expenses	(30,431)	(81,573)
	Finance cost	-	(282,327)
	Profit before taxation	343,963	1,023,378
		Un-audited December 31, 2021	Audited June 30, 2021
		(Rupees in thousand)	
	Assets		
	Total assets for reportable segments	26,422,361	24,909,110
	Other unallocated corporate assets	5,326,588	5,630,919
	Company's assets	31,748,949	30,540,029
	Liabilities		
	Total liabilities for reportable segments	13,215,962	11,868,468
	Other unallocated corporate liabilities	2,619,555	2,789,696
	Company's liabilities	15,835,517	14,658,164

17.3 The Company has no reportable geographical segment.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Un-audited Six months period ended	
	December 31, 2021	December 31, 2020
	(Rupees in thousand)	
18 OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES		
Profit before taxation	343,963	1,023,378
Adjustments for:		
Depreciation on property, plant and equipment	640,370	554,511
Depreciation on investment property	1,993	2,091
Amortization on intangible assets	457	500
Gain on sale of investments measured at FV-PL	(6,110)	-
Finance cost	370,735	282,327
Loss on disposal of property, plant and equipment	2,010	8,082
Loss on disposal of intangible assets	371	-
Provision for employee benefits	5,033	5,033
Dividend income	(5,168)	(6,012)
Exchange gain	(1,004)	680
Unwinding of deferred receivable	(41,895)	(46,988)
Unwinding of GIDC payable	-	(60,150)
Write off - advances	100	1,268
Profit on bank deposits	(3,083)	(3,259)
	963,809	738,084
	1,307,769	1,761,462

19 DATE OF AUTHORIZATION FOR ISSUE

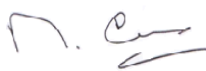
This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on February 25, 2022.

20 GENERAL

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



Chief Financial Officer



Chief Executive Officer



Director



Sitara Chemical Industries Limited

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