



**Sitara Chemical
Industries Limited**



3rd Quarter Report

31 March 2021

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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

Chief Financial Officer

Mr. Mazhar Ali Khan
Mr. Zakir Hussain (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. Asghar Ali (ACMA)

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, DHA, 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 third quarter ending on March 31, 2021.

Business Overview:

Alhamdulillah growth momentum of volumetric sales of caustic and allied chemicals and yarn continued during the third quarter of the ongoing financial year compared with corresponding period of the last year. During the nine months period under review, your Company has recorded a net sales of Rs. 10,960 million and gross profits of Rs. 2,500 million as compared with net sales of Rs. 9,491 million and gross profits of Rs. 1,803 million in the corresponding period of last year witnessing an increase of 15.5% in net sales and 38.7% in gross profit respectively. During the nine months' period of the current financial year, gross margins improved compared with gross margins of the last year's corresponding period. 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 and decrease of RLNG tariff when compared with applicable prices of last year's corresponding period. Gross margins of textile segment of the company also continued to improve during the third quarter as well due to better yarn prices, better capacity utilization, and timely purchase of local and imported cotton at good prices. Financial cost of the company has witnessed a significant decrease due to low borrowing rates prevalent during the period under review, compared with corresponding period of the last year.

Profit before tax stood at Rs. 1,481 million as compared with profit before tax of Rs. 435 million during the corresponding period of last year. Earning per share was recorded at Rs. 49.91 during the period under review as against Rs. 17.31 of the last year's corresponding period.

Future Outlook:

Alhamdulillah, erection and installation work of soap noodle plant has been completed and commissioning of the plant is in progress. Hopefully, commercial production will be started from next month, Insha'Allah.

Work on expansion project of coal fired power plant is in progress. As explained in last directors' report that contract with Design & Engineering company has been signed and regular meetings with them are taking place. Currently, techno-commercial negotiations with foreign vendors are underway. We are hopeful that LCs of major plant & machinery will be opened during the fourth quarter of the current financial year.

Currently, coal prices in international market are on higher side when compared with prices prevailing in last two quarters of the current financial year, the effect of which to some extent was mitigated by continued appreciation of Pak rupee against US dollar and better supply chain management. However, any probable increase in international coal prices, increase in RLNG tariff, or devaluation of Pak rupee against US\$, or increase in SBP policy rates, and risk of wide spread of third wave of COVID-19 resulting into total lock down of 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
April 28, 2021
Faisalabad.



Haseeb Ahmad
Director

ڈائریکٹرز 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 مارچ 2021 کو ختم ہونے والی تیسری سہ ماہی کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے پرمسرت ہیں۔

کاروباری جائزہ:

الحمد للہ، رواں مالی سال کی تیسری سہ ماہی کے دوران آپ کی کمپنی نے کاسٹک اور دوسرے متعلقہ کیمیکل اور دھماکے کی فروخت کے حجم میں گزشتہ سال کے مقابلے میں اضافہ جاری رہا۔ زیرِ نگرانی نو ماہ کے عرصے کے دوران آپ کی کمپنی نے 10,960 ملین روپے کی خالص فروخت کی ہے۔ اور مجموعی منافع 2,500 ملین روپے رہا۔ جبکہ پچھلے سال اسی عرصہ کے دوران خالص فروخت 9,491 ملین روپے اور مجموعی منافع 1,803 ملین روپے تھا، خالص فروخت میں 15.5 فیصد اور مجموعی منافع میں 38.7 فیصد اضافہ دیکھا گیا۔ رواں مالی سال کے نو ماہ کی مدت کے دوران مجموعی مارجن میں بھی گزشتہ سال کے اسی عرصہ کے مقابلے میں بہتری آئی ہے۔ مجموعی مارجن میں بہتری کی وجہ بنی قیمت میں فی پونٹ کے حساب سے کمی، بین الاقوامی مارکیٹ میں کونسل کی قیمتوں میں کمی اور RLNG کے ٹیرف میں کمی ہے جو کہ پچھلے سال کے اسی عرصہ کے مقابلے میں لاگو تھیں۔ رواں مالی سال کے نو ماہ کے دوران کاسٹک اور دوسرے متعلقہ کیمیکل، دھماکے اور فیکٹری کے حجم کی فروخت بھی گزشتہ سال کے اسی عرصے کے مقابلے میں بہتر رہی۔ کمپنی کے ٹیکسٹائل کے شعبے میں گنجائش کے بہتر استعمال کی وجہ سے مجموعی مارجن میں بہتری آئی ہے۔ زیرِ جائزہ مدت کے دوران گزشتہ سال کے اسی عرصے کے مقابلے میں کمپنی کی Financial Cost بینک سے قرضہ لینے کی شرح میں کمی کی وجہ سے بھی کم ہوئی ہے۔

ٹیکس سے قبل منافع 1,481 ملین روپے رہا جبکہ پچھلے سال اسی عرصہ کے دوران ٹیکس سے قبل منافع 435 ملین روپے تھا۔ فی حصہ آمدنی 49.91 روپے رہی جبکہ پچھلے سال اسی مدت کے دوران فی حصہ آمدنی 17.31 روپے تھی۔

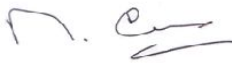
مستقبل پر نظر:

الحمد للہ، سوپ نوڈلز پلانٹ کی تعمیر اور تنصیب کا کام مکمل ہو چکا ہے اور سپردگی کا کام جاری ہے۔ امید ہے کہ تجارتی پیداوار اگلے مہینے سے شروع ہو جائے گی (انشاء اللہ)۔ کونسل سے چلنے والے بجلی گھر کی توسیع کا کام بھی جاری ہے۔ جیسا کہ گزشتہ ڈائریکٹرز رپورٹ میں بیان کیا گیا ہے کہ ڈیزائن اینڈ انجینئرنگ کمپنی کے ساتھ معاہدے پر دستخط ہو چکے ہیں اور ان کے ساتھ باقاعدگی کے ساتھ میٹنگز ہو رہی ہیں۔ فی الحال، غیر ملکی فروخت کنندگان کے ساتھ تکنیکی اور تجارتی بات چیت جاری ہے۔ ہم امید کرتے ہیں کہ رواں مالی سال کی چوتھی سہ ماہی کے دوران بڑے پلانٹ اور مشینری کی LCs کھل جائیں گی۔

اس وقت بین الاقوامی مارکیٹ میں کونسل کی قیمتیں بلندی کی طرف ہیں، جب ان کا موجودہ مالی سال کی گزشتہ دوسرے ماہیوں کے ساتھ موازنہ کیا جائے۔ جس کا اثر کسی حد تک امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں مسلسل بہتری اور بہتر سیلابی چین منیجمنٹ کی وجہ سے کم ہوا ہے۔ تاہم، کونسل کی بین الاقوامی قیمتوں میں کمزور اضافہ، RLNG کے نرخوں میں اضافے، یا امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی، یا اسٹیٹ بینک آف پاکستان کے منافع کی شرح میں اضافہ، اور COVID-19 کی تیسری لہر کے وسیع پھیلاؤ کا خدشہ جس کے نتیجے میں مکمل لاک ڈاؤن کیا جاسکتا ہے، یہ وہ چیلنجز ہیں جن کا کمپنی کو سامنا ہو سکتا ہے۔ تاہم، آپ کی کمپنی اس طرح کے چیلنجز 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 فخر کرتی ہے۔



محمد علی

چیف ایگزیکٹو آفیسر

فیصل آباد 28 اپریل 2021



حبیب احمد

ڈائریکٹر

SHARIAH REVIEW REPORT

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Apr 21, 2021

نحمده ونصلي على رسوله الكريم

Shariah Review Report

For the period ended 31st Mar 2021

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

- the transactions, the documentations 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 purified where necessary, and 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



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www.alhamdshariahadvisory.com |



info@alhamdshariahadvisory.com

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021**

		Un-audited March 31, 2021	Audited June 30, 2020
		(Rupees in thousand)	
ASSETS	Note		
NON - CURRENT ASSETS			
Property, plant and equipment	5	16,904,102	14,935,072
Intangible assets		9,257	10,008
Investment property	6	3,301,855	3,315,540
Long-term investments		25,039	25,039
Long-term loans and advances		1,175,033	1,106,764
Long-term deposits		124,257	123,489
		21,539,543	19,515,911
CURRENT ASSETS			
Stores, spare parts and loose tools		964,806	860,466
Stock-in-trade		1,870,392	2,326,955
Trade debts		1,551,482	1,201,406
Loans and advances		2,413,580	2,224,221
Trade deposits and short-term prepayments		19,477	7,656
Other receivables		17,959	15,875
Other financial assets	7	414,538	196,569
Cash and bank balances		91,101	81,643
		7,343,336	6,914,791
		28,882,879	26,430,702
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	8	214,294	214,294
Reserves		1,428,483	1,357,788
Un-appropriated profits		9,928,719	8,882,762
Surplus on revaluation of property, plant and equipment		4,046,900	4,237,712
		15,618,396	14,692,555
NON - CURRENT LIABILITIES			
Long-term financing	9	2,050,176	1,375,943
Long-term deposits		59,547	52,547
Deferred liabilities	10	2,946,817	2,417,878
		5,056,540	3,846,368
CURRENT LIABILITIES			
Trade and other payables		1,517,890	1,991,302
Profit / financial charges payable		130,777	171,286
Short term borrowings		5,764,700	4,983,544
Unclaimed dividend		23,579	21,609
Current portion of long term financing		770,996	724,037
		8,207,943	7,891,779
CONTINGENCIES AND COMMITMENTS	11	28,882,879	26,430,702

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



Chief Financial Officer



Chief Executive Officer



Director

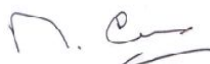
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

		Nine months period ended		Three months period ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Note		(.....Rupees in thousand.....)			
Sales - net	12	10,960,356	9,490,770	3,965,526	3,407,923
Cost of sales	13	(8,460,282)	(7,688,163)	(3,146,737)	(2,801,369)
Gross profit		2,500,074	1,802,607	818,789	606,554
Distribution cost		(216,773)	(256,368)	(76,092)	(81,275)
Administrative expenses		(448,638)	(470,152)	(153,717)	(149,654)
Other expenses		(116,653)	(23,604)	(35,080)	(10,847)
Finance cost		(423,822)	(763,517)	(141,495)	(262,837)
		(1,205,886)	(1,513,641)	(406,384)	(504,613)
Other income		186,447	146,468	44,853	54,418
Profit before taxation		1,480,635	435,434	457,258	156,359
Provision for taxation	14	(411,196)	(64,505)	(144,558)	(28,999)
Profit after taxation		1,069,439	370,929	312,700	127,360
Earnings per share - basic and diluted (Rupees)	15	49.91	17.31	14.59	5.94

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 NINE MONTHS PERIOD ENDED MARCH 31, 2021**

	Nine months period ended		Three months period ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(.....Rupees in thousand.....)			
Profit after taxation	1,069,439	370,929	312,700	127,360
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Surplus / (deficit) on investments classified as Equity instruments as at FVTOCI	65,863	(40,744)	13,985	(24,440)
Surplus on disposals of equity instruments as at FVTOCI	4,833	-	4,833	-
Other comprehensive income / (loss)	70,697	(40,744)	18,819	(24,440)
Total comprehensive income for the period	1,140,136	330,185	331,519	102,920

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



Chief Financial Officer



Chief Executive Officer



Director

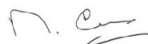
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021**

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
-	-	-	-	-	-	370,929	370,929	370,929
-	-	(40,744)	-	-	-	-	(40,744)	(40,744)
-	-	(40,744)	-	-	-	370,929	330,185	330,185
-	-	-	-	(198,311)	-	198,311	-	-
-	-	-	-	-	-	(214,293)	(214,293)	(214,293)
214,294	97,490	10,705	(4,615)	4,315,330	1,225,000	8,877,311	14,521,221	14,735,515
-	-	-	-	-	-	(72,166)	(72,166)	(72,166)
-	-	29,370	(164)	-	-	-	29,206	29,206
-	-	29,370	(164)	-	-	(72,166)	(42,960)	(42,960)
-	-	-	-	(77,618)	-	77,618	-	-
214,294	97,490	40,075	(4,779)	4,237,712	1,225,000	8,882,764	14,478,261	14,692,555
-	-	-	-	-	-	1,069,439	1,069,439	1,069,439
-	-	70,697	-	-	-	-	70,697	70,697
-	-	70,697	-	-	-	1,069,439	1,140,136	1,140,136
-	-	-	-	(190,811)	-	190,811	-	-
-	-	-	-	-	-	(214,294)	(214,294)	(214,294)
214,294	97,490	110,771	(4,779)	4,046,901	1,225,000	9,928,720	15,404,103	15,618,396

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



Chief Financial Officer



Chief Executive Officer



Director

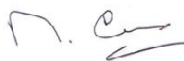
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021**

		Nine months period ended	
		March 31, 2021	March 31, 2020
	Note	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flow before working capital changes	18	2,601,718	1,975,693
Changes in working capital:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(104,340)	(31,523)
Stock-in-trade		456,563	(882,189)
Trade debts		(350,746)	(221,242)
Loans and advances		(519,354)	(155,330)
Trade deposits and short-term prepayments		(11,821)	(11,096)
Other receivables		(2,084)	(2,332)
Increase / (decrease) in current liabilities			
Trade and other payables		220,138	582,157
Sales tax payable		(127,238)	60,980
		(438,882)	(660,575)
Cash generated from operations		2,162,836	1,315,118
Finance cost paid		(464,332)	(723,649)
Employee benefits paid		(9,572)	(5,546)
Taxes paid		(63,620)	(146,633)
		(537,524)	(875,828)
Net cash generated from operating activities		1,625,313	439,290
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,808,486)	(567,841)
Proceeds from disposal of property, plant and equipment		19,199	109,331
Proceeds from diposal of other financial assets		-	91,723
Purchase of other financial assets		(144,185)	-
Purchase of investment property		-	(23,399)
Long term deposits paid		(767)	(11,680)
Long-term loans and advances received		8,164	10,895
Dividend income received		8,449	4,475
Profit received		4,748	6,023
Net cash used in investing activities		(2,912,877)	(380,474)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing obtained		1,405,626	-
Repayment of long-term financing		(684,434)	(557,983)
Short term financing - net		781,156	738,275
Long term deposits availed		7,000	13,650
Dividend paid		(212,324)	(212,447)
Net cash (used in) / generated from financing activities		1,297,024	(18,505)
Net increase in cash and cash equivalents		9,458	40,311
Cash and cash equivalents at beginning of the period		81,643	102,510
Cash and cash equivalents at end of the period		91,101	142,821

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 NINE MONTHS PERIOD ENDED MARCH 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 nine months period ended March 31, 2021 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 nine months period ended March 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, 2020.

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 preparing 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 the financial statements for the year ended June 30, 2020.

	Note	Un-audited March 31, 2021	Audited June 30, 2020
(Rupees in thousand)			
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	14,381,004	14,798,051
Capital work-in-progress		2,523,098	137,021
		<u>16,904,102</u>	<u>14,935,072</u>
5.1 Operating assets			
Opening written down value		14,798,051	15,429,126
Additions during the period / year:			
Freehold land		13,487	16,297
Buildings on freehold land - Mill		115,536	70,775
Plant and machinery		193,001	343,180
Grid station and electric installations		17,741	23,078
Containers and cylinders		35,844	-
Factory equipment		12,491	38,169
Electric equipment		24,676	47,212
Office equipment		9,426	3,316
Furniture and fittings		8,644	3,063
Vehicles		2,190	15,892
		<u>433,034</u>	<u>560,982</u>
Written down value of assets disposed off during the period / year		(13,900)	(19,680)
Depreciation charged during the period / year		<u>(836,182)</u>	<u>(1,172,377)</u>
		<u>14,381,004</u>	<u>14,798,051</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 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. 4,047 million net of tax (June 30, 2020: 4,237 million) remains undepreciated as at March 31, 2021.

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

	Un-audited March 31, 2021			Audited June 30, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Land - freehold	-	1,300,892	-	-	1,287,405	-
Buildings on freehold land	-	1,647,051	-	-	1,658,999	-
Plant and machinery	-	10,121,671	-	-	10,535,044	-
	-	13,069,614	-	-	13,481,448	-

		Un-audited March 31, 2021 (Rupees in thousand)	Audited June 30, 2020
6 INVESTMENT PROPERTY	Note		
Land	6.1	3,261,259	3,269,147
Buildings	6.2	40,597	46,393
		3,301,855	3,315,540

6.1 Land

Balance at the beginning of the period / year	3,269,147	3,246,712
Addition during the period / year	1,085	22,435
Transfer to property, plant and equipment	(8,973)	-
Balance at end of the period / year	3,261,259	3,269,147

6.2 Buildings

Cost:		
Balance at the beginning of the period / year	90,438	89,277
Addition during the period / year	-	1,161
Transfer to property, plant and equipment	(3,564)	-
Balance at the end of the year	86,874	90,438
Accumulated depreciation:		
At the beginning of the period / year	44,045	39,483
For the period / year	3,058	4,562
Accumulated depreciation on transferred asset	(826)	-
At the end of the period / year	(46,277)	(44,045)
Written down value at the end of the period / year	40,597	46,393

7 OTHER FINANCIAL ASSETS

Note

Investments held at FVTOCI	7.1	260,275	189,582
Investments held at FVTPL	7.2	154,264	6,987
		414,538	196,569

7.1 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	35,103	229
Sale / Disposals of Investments during the period / year	(35,108)	-
	189,577	200,956
Gain / (loss) on investments during the period / year	70,697	(11,374)
	260,275	189,582

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

	Un-audited March 31, 2021	Audited June 30, 2020
	(Rupees in thousand)	
7.2 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	508,395	424,857
Sale / disposal of investments during the period / year	(364,206)	(564,827)
	151,176	(4,522)
Gain / (loss) on investments during the period / year	3,088	11,509
	<u>154,264</u>	<u>6,987</u>

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 March 31, 2021			Audited June 30, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investments classified at FVTOCI	260,275	-	-	189,582	-	-
Investments classified at FVTPL	154,264	-	-	6,987	-	-

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 March 31, 2021	Audited June 30 2020		Un-audited March 31, 2021	Audited June 30, 2020
.....No of shares.....			(Rupees in thousand)	
		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
<u>21,429,407</u>	<u>21,429,407</u>		<u>214,294</u>	<u>214,294</u>

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	2,099,980	2,776,463
Obtained during the period / year	1,405,626	76,290
Re-paid during the period / year	(684,433)	(752,773)
	2,821,172	2,099,980
Less: Current portion	(770,996)	(724,037)
	<u>2,050,176</u>	<u>1,375,943</u>

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

		Un-audited March 31, 2021 (Rupees in thousand)	Audited June 30, 2020
10 DEFERRED LIABILITIES			
	Note		
Deferred tax		2,335,916	2,368,971
Deferred grant		10,154	10,154
Gratuity payable		36,731	38,753
Provision for Gas Infrastructure Development Cess (GIDC) and GIDC liability	10.1	564,017	-
		2,946,817	2,417,878

10.1 In January 2021, The Institute of Chartered Accountants of Pakistan (ICAP) has issued guidelines on accounting of GIDC as per latest judgment of the Supreme Court. As per the said guidelines, the liability for GIDC should be accounted in accordance with International Financial Reporting Standard 9 "Financial Instruments" ("IFRS 9").

Accordingly, the Company has de-recognised Rs. 392.65 million out of Rs. 873.44 million already recognised provision and recognised a liability for GIDC of Rs. 364.26 million. The liability for GIDC has been recognised at fair value in accordance with IFRS 9. The difference between the fair value of GIDC liability (i.e. present value of amount required to be paid to settle the GIDC liability; and transaction price of GIDC liability (i.e. undiscounted amount of GIDC liability) of Rs. 27.40 million has been recognised as a gain on discounting of GIDC liability in the statement of profit or loss and other comprehensive income. Further, Provision for GIDC is required to be remeasured at each reporting date using the latest best estimate, timing and latest discount rate. Accordingly, a gain on discounting of GIDC provision of Rs. 32.75 million is also recognised in the statement of profit or loss and other comprehensive income.

The unwinding of discount would be recognised as a finance cost in future.

		Un-audited March 31, 2021 (Rupees in thousand)	Audited June 30, 2020
11 CONTINGENCIES AND COMMITMENTS			
11.1 Contingencies			
Guarantees issued by banks on behalf of the Company		269,705	262,517
11.2 Commitments			
Outstanding letters of credit for raw material and spare parts		788,999	1,125,850

	Un-audited Nine months period ended		Un-audited Three months period ended	
	March 31 2021	March 31 2020	March 31 2021	March 31 2020
12 SALES - NET				
Local:				
Chemicals	10,439,383	9,719,878	3,661,622	3,396,251
Yarn	2,445,531	1,342,761	918,944	552,535
Fabric	267,257	228,344	187,760	154,352
Waste	27,252	16,255	16,157	4,594
	13,179,423	11,307,238	4,784,483	4,107,732
Export:				
Chemicals	62,948	174,427	2,581	16,040
Gross Sales	13,242,372	11,481,665	4,787,063	4,123,772
Less:				
Commission and discount	(382,142)	(358,261)	(135,034)	(122,655)
Sales Tax	(1,899,873)	(1,632,634)	(686,503)	(593,195)
	(2,282,015)	(1,990,895)	(821,537)	(715,850)
	10,960,356	9,490,770	3,965,526	3,407,923

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

	Un-audited Nine months period ended		Un-audited Three months period ended	
	March 31 2021	March 31 2020	March 31 2021	March 31 2020
	(.....Rupees in thousand.....)			
13 COST OF SALES				
Raw material consumed	2,451,442	2,310,414	845,456	841,489
Fuel and power	4,253,230	4,128,863	1,666,737	1,497,332
Salaries, wages and benefits	408,105	416,390	142,886	138,232
Factory overheads	1,276,452	1,302,855	423,075	440,872
	8,389,230	8,158,521	3,078,155	2,917,925
Work-in-process				
Opening stock	27,136	-	22,111	15,559
Closing stock	(25,160)	(19,052)	(25,160)	(19,052)
	1,976	(19,052)	(3,049)	(3,493)
Cost of goods manufactured	8,391,206	8,139,469	3,075,106	2,914,432
Finished goods				
Opening stock	1,016,084	904,916	1,018,639	1,243,160
Closing stock	(947,007)	(1,356,223)	(947,007)	(1,356,223)
	69,077	(451,307)	71,632	(113,063)
	8,460,282	7,688,163	3,146,737	2,801,369

14 PROVISION FOR TAXATION

Current - for the period	444,251	139,996	160,312	18,876
Prior year	-	-	-	-
Deferred	(33,056)	(75,491)	(15,754)	10,123
	411,196	64,505	144,558	28,999

15 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period	1,069,439	370,929	312,700	127,360
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)	49.91	17.31	14.59	5.94

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:

Relationship with the Company	Nature of transactions	Un-audited Nine months period ended	
		March 31 2021	March 31 2020
		(Rupees in thousand)	
Associated undertakings	Sales	113	1,543
	Organizational expenses paid	236	2,500
	Donation given	19,510	19,174
Transaction with directors	Advances for supplies	8,124	-
Key management personnel	Remuneration to Executives	103,692	95,481

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 NINE MONTHS PERIOD ENDED MARCH 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:

	Operating segments					
	Chemical Division		Textile Division		Total	Total
	Un-audited					
	Nine months period ended					
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(----- Rupees in thousand -----)					
Revenue from external customers - net	8,627,160	7,908,835	2,333,197	1,581,935	10,960,356	9,490,770
Depreciation on property, plant and equipment	763,556	809,321	72,626	61,720	836,182	871,041
Segment profit / (loss)	1,639,068	1,072,632	195,595	3,456	1,834,663	1,076,088
	Un-audited March 31, 2021	Audited June 30 2020	Un-audited March 31, 2021	Audited June 30 2020	Total Un-audited March 31, 2021	Total Audited June 30 2020
	(----- Rupees in thousand -----)					
Capital expenditure	360,046	356,942	72,989	204,041	433,035	560,983
Segment assets	17,150,359	15,040,780	2,671,774	3,167,197	19,822,134	18,207,977
Segment liabilities	2,187,319	1,219,725	70,307	298,291	2,257,626	1,518,016

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

		Un-audited	
		Nine months period ended	
		March 31,	March 31,
		2021	2020
		(Rupees in thousand)	
17.2	Reconciliations of reportable segments are as follows:		
	Revenue		
	Total revenue for reportable segments	10,960,356	9,490,770
	Profit for the period		
	Total profit for reportable segments	1,834,663	1,076,088
	Unallocated corporate income / (expenses)		
	Other income	186,447	146,468
	Other expenses	(116,653)	(23,604)
	Finance cost	(423,822)	(763,517)
	Profit before taxation	1,480,635	435,434
		Un-audited	Audited
		March 31,	June 30,
		2021	2020
		(Rupees in thousand)	
	Assets		
	Total assets for reportable segments	19,822,134	18,207,977
	Other unallocated corporate assets	9,060,746	8,222,725
	Company's assets	28,882,879	26,430,702
	Liabilities		
	Total liabilities for reportable segments	2,257,626	1,518,016
	Other unallocated corporate liabilities	11,006,857	10,220,131
	Company's liabilities	13,264,483	11,738,147

17.3 The Company has no reportable geographical segment.

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

	Un-audited	
	Nine months period ended	
	March 31, 2021	March 31, 2020
	(Rupees in thousand)	
18 OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES		
Profit before taxation	1,480,635	435,434
Adjustments for:		
Depreciation on property, plant and equipment	836,182	871,041
Depreciation on investment property	3,058	3,401
Amortization on intangible assets	751	834
Gain on sale of investments measured at FVTPL	(3,088)	(9,538)
Finance cost	423,822	763,517
Loss / (gain) on disposal of property, plant and equipment	(5,299)	(5,294)
Provision for employee benefits	7,550	7,280
Dividend income	(8,449)	(4,475)
Exchange gain	670	(1,767)
Unwinding of deferred receivable	(70,482)	(78,717)
Unwinding of GIDC payable	(60,150)	-
Write off - advances	1,268	-
Profit on bank deposits	(4,748)	(6,023)
	1,121,083	1,540,259
	2,601,718	1,975,693

19 DATE OF AUTHORIZATION FOR ISSUE

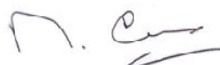
This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 28, 2021.

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

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