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## Company Information

### Board of Directors

Chairman  
Chief Executive Officer  
Directors

Mr. Muhammad Khalil  
Mr. Muhammad Adrees  
Mr. Haseeb Ahmed  
Mr. Waheed Akhter Sher  
Mr. Abdul Awal  
Mr. Muneeb ul Haq  
Mr. Ahmad Nawaz

### Company Secretary

Mr. Mazhar Ali Khan

### Chief Financial Officer

Mr. Anwar-ul-Haq (FCA)

### Audit Committee

Chairman  
Members

Mr. Abdul Awal  
Mr. Muhammad Khalil  
Mr. Muneeb ul Haq

### Human Resource & Remuneration Committee

Chairman  
Members

Mr. Muhammad Khalil  
Mr. Muhammad Adrees  
Mr. Abdul Awal

### Head of Internal Audit

Mr. Zakir Hussain (FCA)

### Auditors

Deloitte Yousuf Adil  
Chartered Accountants

### Legal Advisor

Mr. Sahibzada Muhammad Arif

### Bankers

Meezan Bank Limited  
Bank Alfalah Limited  
Habib Bank Limited  
Standard Chartered Bank (pakistan) Ltd  
Albaraka Bank (pakistan) Limited  
Faysal Bank Ltd  
National Bank Of Pakistan  
Mcb Bank Ltd  
Dubai Islamic Bank Pakistan Ltd  
Bank Islami Pakistan Ltd  
The Bank Of Punjab  
The Bank Of Khyber  
United Bank Limited  
Askari Bank Islamic Banking  
The Bank Of Punjab, taqwa Islamic Banking  
Hbl Islamic Banking  
United Bank Limited Ameen Islamic Banking

### 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 - Sheikhupura Road,  
Faisalabad.

## Director Review

In the name of Allah, the Most Beneficent, the Most Gracious, the Most Merciful.

On behalf of the Board of Directors of Sitara Chemical Industries Limited, I am pleased to present the un-audited condensed interim financial statements of the Company for the 1st quarter ended September 30, 2018.

### Financial Review:

During the quarter under review, your Company has recorded a net sales of Rs.2,790 million and gross profits of Rs 627 million as compared with net sales of Rs. 2,364 million and gross profits of Rs 499 million in the corresponding quarter of the last year witnessing a growth of 18% in net sales and 25.65% in gross profit. Gross margins during the current quarter remained better due to increase in caustic and yarn prices, and utilization of best energy mix in production. Profit before tax stood at Rs. 278 million as compared with Rs. 213 million during the corresponding quarter of last year. Earning per share was recorded at Rs. 9.47 during the year as against Rs. 15.82 during the corresponding quarter of last year. During the corresponding quarter of the last year, deferred tax assets were recognized on account of unused tax credits being available under section 65B of income Tax Ordinance 2001 on BMR/investment in plant & machinery.

Yarn's volumetric sales and average prices during the quarter remained better as compared with both volumetric sale and average yarn prices of the corresponding quarter of last year.

Rising international coal prices, increase in electricity and natural gas tariff, and increase in the cost of imported RLNG along with devaluation of pak rupee against US dollar are key challenges being faced by the company. On the other hand with the recent devaluation of Pak Rupees, we are working on capitalizing the export opportunities.

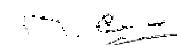
### Future Outlook:

As stated in our latest annual report, we are working on BMR of one of our old membrane cell with approximate cost of Rs 500 million. LC has already been established and the project is planned to be completed within the planned time lines i.e. 3rd quarter of the running financial year (INSHA'ALLAH).

Furthermore in textile division of the company, we have also undertaken some BMR / replacement of old machinery with latest Swiss machines at all back process at approximate cost of Rs. 350 million, which will improve the quality of yarn and bring efficiency in operations as well. This project is planned to be completed by the end of current financial year INSHA'ALLAH.

### Acknowledgments:

We take this opportunity to thank our valued business partners and stakeholders for their continued support, trust and assistance for the progress and prosperity of the Company. Company also appreciates its staff for their continuous dedication, commitment and support.



**Muhammad Adrees**  
Chief Executive Officer  
Faisalabad: October 25, 2018



**Haseeb Ahmed**  
Director

## ڈائریکٹر رپورٹ

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

ستارہ بیکنگز انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی طرف سے ہم 30 ستمبر 2018 کو ختم ہونے والی پہلی سہ ماہی کے غیر آڈٹ شدہ اکاؤنٹس پیش کرنے کے لیے خوش ہیں۔ کاروباری جائزہ:

زیر جائزہ سہ ماہی کے دوران آپ کی کمپنی نے 2,790 ملین روپے کی خالص فروخت کی ہے۔ اور مجموعی منافع 627 ملین روپے رہا۔ جبکہ پچھلے سال اسی سہ ماہی میں خالص فروخت 2,364 ملین روپے اور مجموعی منافع 499 ملین روپے تھا، خالص فروخت میں 18 فیصد اور مجموعی منافع میں 25.65 فیصد بہتری دیکھنے میں آئی۔ موجودہ سہ ماہی کے دوران مجموعی مارجن میں بہتری کی وجہ سے کاسٹ اور سٹاک اور سٹاک کی قیمتوں میں اضافہ اور پیداوار میں توانائی کا بہترین استعمال ہے۔ ٹیکس کے بعد منافع پچھلے سال کے اسی سہ ماہی میں 213 ملین روپے کے مقابلے میں 278 ملین روپے رہا جس سے فی حصص آمدنی 9.47 روپے رہی جبکہ پچھلے سال اسی مدت کے دوران فی حصص آمدنی 15.82 روپے تھی۔ پچھلے سال اسی سہ ماہی کے دوران انکم ٹیکس آرڈیننس 2001 کی شق 65B کے تحت پلانٹ اور مشینری کی ٹی ایم آر اور انویسٹمنٹ پر غیر استعمال شدہ ٹیکس کرڈٹ کے تحت معتدل ٹیکس اٹاٹوں کو تسلیم کیا گیا۔ پچھلے سال کے اسی سہ ماہی کے مقابلے میں اوسط دھماگہ کی قیمت اور دھماگہ کی مقدار کی فروخت بہتر رہی۔ بین الاقوامی کونسل کی بڑھتی ہوئی قیمتیں، بجلی اور قدرتی گیس کے ٹیرف میں اضافہ اور درآمد شدہ آرائل این جی کی قیمت میں اضافے کے ساتھ ساتھ امریکی ڈالر کے مقابلے میں پاکستانی روپیہ کی قدر میں کمی یہ وہ عوامل ہیں جن کا کمپنی کو سامنا ہے۔ دوسری طرف پاکستانی روپیہ کی موجودہ بے قدری کی وجہ سے ہم برآمدات کو بڑھانے پر کام کر رہے ہیں۔

مستقبل پر نظر:

جیسا کہ ہم نے اپنی تازہ ترین سالانہ رپورٹ میں بیان کیا ہے، ہم اپنے پرانے نمبرین سیل کی 500 ملین روپے کی لاگت سے BMR کر رہے ہیں۔ LC کا قیام پہلے سے ہی عمل میں لایا جا چکا ہے اور یہ منصوبہ اپنی مقررہ مدت یعنی کہ موجودہ سال کی تیسری سہ ماہی میں مکمل ہو جائے گا (انشاء اللہ)۔ اس کے علاوہ ہم اپنی ٹیکسٹائل ڈویژن میں تقریباً 350 ملین روپے کی لاگت سے کچھ BMR، پرانی مشینری کو جدید سٹیکس مشینری سے تبدیل کرنے کا منصوبہ رکھتے ہیں جس سے ہماری پلانٹ کی کوالٹی بہتر ہونے کے ساتھ کارکردگی میں بھی بہتری آئے گی۔ یہ منصوبہ موجودہ مالی سال 2018-19 کے اختتام پر مکمل ہو جائے گا (انشاء اللہ)۔

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 ادریس

چیف ایگزیکٹو آفیسر

فیصل آباد، 25 اکتوبر 2018


حسب احمد

ڈائریکٹر

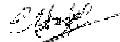
## Condensed Interim Balance Sheet (Un-Audited) As At September 30, 2018

		Un-audited September 30, 2018 (Rupees in thousand)	Audited June 30, 2018
	Note		
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	5	9,530,572	9,572,027
Intangible assets		11,389	11,780
Investment property	6	3,032,704	3,033,968
Long-term investments		25,039	25,039
Long-term loans and advances		1,341,916	1,349,111
Long-term deposits		111,318	111,209
		<u>14,052,938</u>	<u>14,103,134</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		791,014	744,642
Stock-in-trade		1,411,334	950,647
Trade debts		1,246,369	1,137,768
Loans and advances		1,918,355	2,414,018
Trade deposits and short-term prepayments		1,762	4,998
Other receivables		11,650	9,976
Other financial assets		327,731	352,254
Cash and bank balances		161,400	79,663
		<u>5,869,615</u>	<u>5,693,967</u>
		<u>19,922,552</u>	<u>19,797,101</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		214,294	214,294
Reserves		1,395,039	1,365,497
Un-appropriated profits		8,111,162	7,892,906
<b>SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT</b>			
		1,149,503	1,164,731
		<u>10,869,997</u>	<u>10,637,428</u>
<b>NON - CURRENT LIABILITIES</b>			
Long-term financing	7	1,035,809	1,174,947
Long-term deposits		34,043	30,443
Deferred liabilities		1,188,489	1,183,897
		<u>2,258,340</u>	<u>2,389,287</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,809,773	2,293,219
Sales tax payable		34,491	8,499
Profit / financial charges payable		105,102	76,973
Short term borrowings		3,978,274	3,525,027
Unclaimed dividend		21,681	21,775
Current portion of long term financing		844,894	844,894
		<u>6,794,214</u>	<u>6,770,386</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	<u>19,922,552</u>	<u>19,797,101</u>

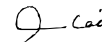
The annexed selected notes 1 to 16 form an integral part of this condensed interim financial information.



**Muhammad Adrees**  
Chief Executive Officer



**Haseeb Ahmed**  
Director



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

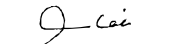
## Condensed Interim Profit and Loss Account (Un-Audited) For The Quarter Ended September 30, 2018

	Note	For The Quarter	
		September 30, 2018	September 30, 2017
		(Rupees in thousand)	
Sales - net	9	2,790,585	2,364,265
Cost of sales	10	2,163,533	1,864,900
Gross profit		627,052	499,366
Other income		13,561	14,342
		640,613	513,708
Distribution cost		71,846	43,106
Administrative expenses		154,006	131,040
Other operating expenses		23,052	15,776
Finance cost		113,360	111,026
		362,265	300,947
Profit before taxation		278,348	212,760
Provision for taxation	11	75,320	(126,337)
Profit after taxation		203,028	339,097
Earnings per share - basic and diluted (Rupees)	12	9.47	15.82

The annexed selected notes 1 to 16 form an integral part of this condensed interim financial information.

  
**Muhammad Adrees**  
Chief Executive Officer

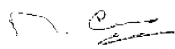
  
**Haseeb Ahmed**  
Director

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


**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE  
INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	For The Quarter	
	September 30, 2018	September 30, 2017
	(Rupees in thousand)	
Profit after taxation	203,028	339,097
Other comprehensive income for the period - net of tax		
Surplus/(deficit) on remeasurement of investment available for sale on fair value-net of tax	27,662	(20,524)
	27,662	(20,524)
Total comprehensive income for the period	230,690	318,573

The annexed selected notes 1 to 16 form an integral part of this condensed interim financial information.

  
**Muhammad Adrees**  
Chief Executive Officer

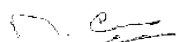
  
**Haseeb Ahmed**  
Director

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

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Note	For The Quarter	
		September 30, 2018	September 30, 2017
		(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating cash flow before working capital changes	14	617,719	542,883
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(46,371)	(107,679)
Stock-in-trade		(460,687)	(41,665)
Trade debts		(108,602)	60,348
Advance Sales Tax		-	(34,277)
Loans and advances		482,539	(261,870)
Trade deposits and short-term prepayments		3,236	(4,616)
Other receivables		(1,675)	(3,084)
(Decrease)/increase in current liabilities			
Trade and other payables		(493,616)	74,649
Sales tax payable		25,992	(40,126)
		(599,180)	(358,320)
Cash generated from operations		18,539	184,563
Finance cost paid		(85,232)	(111,251)
Employee benefits paid		(1,872)	(1,494)
Taxes paid		(58,089)	(112,535)
Profit received on bank deposits		2,321	879
		(142,873)	(224,401)
<b>Net cash from operating activities</b>		<b>(124,334)</b>	<b>(39,838)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		200	47
Proceeds from disposal of available for sale investments		64,497	43,381
Purchase of property, plant and equipment		(181,803)	(325,060)
Purchase of available for sale investment		(1,584)	(2,030)
Addition to intangible assets		-	(6,154)
Long-term loans and advances		7,195	(430)
Long-term deposit		(109)	
Dividend income received		60	1,078
<b>Net cash used in investing activities</b>		<b>(111,544)</b>	<b>(289,168)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of long-term financing		(139,138)	(188,043)
Short term financing - net		453,247	623,248
Long term deposits		3,600	(6,200)
Dividend paid		(94)	-
<b>Net cash used in financing activities</b>		<b>317,614</b>	<b>429,005</b>
<b>Net increase in cash and cash equivalents</b>		<b>81,737</b>	<b>99,999</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>79,663</b>	<b>131,002</b>
<b>Cash and cash equivalents at end of the period</b>		<b>161,400</b>	<b>231,001</b>

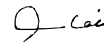
The annexed selected notes 1 to 16 form an integral part of this condensed interim financial information.



**Muhammad Adrees**  
Chief Executive Officer



**Haseeb Ahmed**  
Director



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



Condensed Interim Statement Of Changes In  
Equity (un-audited)  
For The Quarter Ended September 30, 2018

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The annexed selected notes 1 to 16 form an integral part of this condensed interim financial information.

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**Muhammad Adrees**  
Chief Executive Officer

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**Haseeb Ahmed**  
Director

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

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Quarter Ended September 30, 2018

### 1 LEGAL STATUS AND OPERATIONS

- 1.1 Sitara Chemical Industries Limited ("the Company") was incorporated in Pakistan on September 08, 1981 as a public limited company under Companies Act, 1913 (now Companies Act, 2017). The company is listed on Pakistan Stock Exchange Limited. The principal activities of the Company are operation of Chlor Alkali plant and yarn spinning unit. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hasan Road, Karachi, in the province of Sindh and the manufacturing facilities are located at 28/32 K.M., Faisalabad - Sheikhpura Road, Faisalabad, in the province of Punjab.

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

Principal business activities are as follows:

Chemical Division	Manufacturing of caustic soda and allied products
Textile Division	Manufacturing of yarn and trading of fabric

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 These condensed interim financial statements comprise of the condensed interim statement of financial position of the Company, as at 30 September 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof.

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Quarter Ended September 30, 2018

- 2.3 These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 2018.
- 2.4 Comparative numbers in statement of financial position are extracted from the annual audited financial statements of the Company for the year ended 30 June 2018, whereas comparatives of condensed interim profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial statements of the Company for the quarter ended 30 September 2017.
- 2.5 These condensed interim financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

### 3 JUDGEMENTS AND ESTIMATES

The preparation of the condensed interim financial statements requires management to make judgments, 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.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited financial statements for the year ended 30 June 2018.

### 4 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2018.

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Quarter Ended September 30, 2018

			Un-audited September 30, 2018 (Rupees in thousand)	Audited June 30, 2018
	Note			
<b>5</b>		<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	5.1	Operating assets	9,440,265	9,492,027
		Capital work-in-progress	90,307	80,000
			<u>9,530,572</u>	<u>9,572,027</u>
<b>5.1</b>		<b>Operating assets</b>		
		Opening written down value	9,492,027	9,227,921
		Additions during the period / year:		
		Building on freehold land - Mills	24,995	187,946
		Plant and machinery	87,206	834,878
		Grid station & electric installation	360	854
		Factory equipment	31,928	44,899
		Electric equipment	16,536	70,664
		Office equipment	1,811	5,866
		Furniture and fittings	861	5,545
		Vehicles	7,799	38,313
			171,496	1,188,965
		Written down value of operating assets disposed off during the period / year	(144)	(2,609)
		Depreciation charged during the period / year	(223,114)	(922,250)
			<u>9,440,265</u>	<u>9,492,027</u>
<b>6</b>		<b>INVESTMENT PROPERTY</b>		
	6.1	Land	2,979,388	2,979,388
	6.2	Building	53,316	54,580
			<u>3,032,704</u>	<u>3,033,968</u>
<b>6.1</b>		<b>Land - at cost</b>		
		Balance at beginning of the period / year	2,979,388	2,854,288
		Add: Acquisitions during the year	-	1,813,048
		Less: Disposal during the year	-	(1,687,948)
		Balance at end of the period / year	<u>2,979,388</u>	<u>2,979,388</u>
<b>6.2</b>		<b>Building - at cost</b>		
		Cost	89,277	101,865
		Add: Transfer from capital work in progress	-	5,426
		Less: Disposal during the year	-	(18,015)
		Balance at the end of period/year	89,277	89,277
		Accumulated Depreciation:		
		At the beginning of the period / year	34,697	29,583
		For the period / year	1,264	6,803
		Less: Accumulated depreciation on disposed asset	-	(1,689)
		At the end of the period / year	35,961	34,697
		Written down value at the end of the period / year	<u>53,316</u>	<u>54,580</u>

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Quarter Ended September 30, 2018

	Un-audited September 30, 2018	Audited June 30, 2018
	(Rupees in thousand)	
<b>7 LONG-TERM FINANCING</b>		
Diminishing Musharka (from financial institutions - secured)	1,035,809	1,174,947
	<u>1,035,809</u>	<u>1,174,947</u>
<b>8 CONTINGENCIES AND COMMITMENTS</b>		
<b>8.1 Contingencies</b>		
Guarantees issued by banks on behalf of the company	310,704	310,704
<b>8.2 Commitments</b>		
Outstanding letters of credit	133,171	516,466
	Un-audited September 30, 2018	Un-Audited September 30 2017
	(Rupees in thousand)	
<b>9 SALES - NET</b>		
Local	3,281,878	2,760,462
Export	39,528	81,313
	<u>3,321,407</u>	<u>2,841,775</u>
Less: Commission and discount	112,763	132,900
Sales tax	418,058	344,610
	<u>530,822</u>	<u>477,510</u>
	<u>2,790,585</u>	<u>2,364,265</u>

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Quarter Ended September 30, 2018

	Un-audited September 30, 2018	Un-Audited September 30, 2017
	(Rupees in thousand)	
<b>10 COST OF SALES</b>		
Raw material consumed	1,266,442	503,991
Fuel and power	827,557	1,009,672
Salaries, wages and benefits	139,216	118,366
Stores and spares	109,739	98,241
Repair and maintenance	14,815	17,576
Vehicle running and maintenance	889	793
Traveling and conveyance	9,100	4,786
Insurance	7,417	7,466
Depreciation	213,701	208,302
Amortization	436	379
Others	1,565	1,237
	2,590,877	1,970,808
Work-in-process		
Opening stock	14,928	11,630
Closing stock	(17,096)	(10,596)
	(2,168)	1,033
Cost of goods manufactured	2,588,709	1,971,841
Finished goods		
Opening stock	634,800	554,263
Closing stock	(1,059,976)	(661,204)
	(425,176)	(106,942)
	2,163,533	1,864,900

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Quarter Ended September 30, 2018

	Un-audited September 30, 2018	Un-Audited September 30, 2017
	(Rupees in thousand)	
<b>11 PROVISION FOR TAXATION</b>		
Current - for the period	71,073	4,861
Deferred	4,247	(131,198)
	75,320	(126,337)
<b>12 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Profit for the period	203,028	339,097
Weighted average number of ordinary shares outstanding during the period	21,429	21,429
Earnings per share (Rupees)	9.47	15.82

### 13 TRANSACTIONS WITH RELATED PARTIES - UN-AUDITED

The related parties comprise of associated undertakings, staff retirement benefit plans, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Nature and description of significant related party transactions along with monetary values are as follows:

		Un-audited September 30, 2018	Un-Audited September 30, 2017
		(Rupees in thousand)	
Relationship with the Company	Nature of transactions		
Associated Undertakings	Sales	19	37
	Organizational expenses recovered	7,491	-
	Organizational expenses paid	10,461	-
	Donation	4,925	5,801

## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Quarter Ended September 30, 2018

### 14 SEGMENT REPORTING

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

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

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

	Operating segments					
	Chemical Division			Textile Division		
	Un-audited September 30, 2018	Un-audited September 30, 2017	Un-audited September 30, 2018	Un-audited September 30, 2017	Un-audited September 30, 2018	Un-audited September 30, 2017
	Rupees in thousand					
Revenue from external customers - net	2,400,472	1,986,919	390,113	377,347	2,790,585	2,364,265
Depreciation on property, plant and equipment	212,435	206,294	10,679	10,649	223,114	216,943
Segment profit	397,187	322,553	4,012	2,666	401,200	325,219
	Operating segments					
	Chemical Division			Textile Division		
	For the quarter ended			For the quarter ended		
	Un-audited September 30, 2018	Audited June 30, 2018	Un-audited September 30, 2018	Audited June 30, 2018	Un-audited September 30, 2018	Audited June 30, 2018
	Rupees in thousand					
Capital expenditure	170,122	1,149,547	1,374	39,419	171,496	1,188,966
Segment assets	13,526,620	13,574,258	2,012,625	1,417,914	15,539,245	14,992,172
Segment liabilities	2,085,922	1,233,492	131,688	1,170	2,217,610	1,234,662





## Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Quarter Ended September 30, 2018

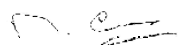
		For the quarter ended	
		Un-audited September 30, 2018	Un-Audited September 30, 2017
		(Rupees in thousand)	
14	OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES		
	Profit before taxation	278,348	212,760
	Adjustments for:		
	Depreciation on property, plant and equipment	223,114	216,943
	Depreciation on investment property	1,263	1,745
	Amortization on intangible assets	391	378
	Finance cost	113,360	111,026
	(Gain) /Loss on disposal of property, plant and equipment	(56)	7
	(Gain) on sale of available for sale investments	1,659	(491)
	Exchange gain	(196)	-
	Provision for employee benefits	2,217	2,472
	Dividend income	(60)	(1,078)
	Profit on bank deposits	(2,321)	(879)
		339,370	330,123
		<u>617,719</u>	<u>542,883</u>

### 15 DATE OF AUTHORIZATION FOR ISSUE

This interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 25, 2018.

### 16 GENERAL

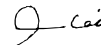
Figures have been rounded to the nearest thousand of "Pak" Rupees, unless otherwise stated.



**Muhammad Adrees**  
Chief Executive Officer



**Haseeb Ahmed**  
Director



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

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Sitara Chemical Industries Limited | 19

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