

# First Quarter Report September 30, 2022



**EXCELLENCE.  
QUALITY. TRUST.**



**Sitara Chemical  
Industries Limited**

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## COMPANY INFORMATION

### Board of Directors

Chairman  
Chief Executive Officer  
Directors

Mr. Ahmad Hassan  
Mr. Muhammad Adrees  
Mr. Haseeb Ahmad  
Mr. Haroon Ahmad Zuberi  
Mr. Ahmad Nawaz  
Mr. Najmul Hoda Khan  
Mrs. Shala Waheed Sher

### Company Secretary

Mr. Mazhar Ali Khan

### Chief Financial Officer

Mr. Zakir Hussain (FCA)

### Audit Committee

Chairman  
Members

Mr. Haroon Ahmad Zuberi  
Mr. Najmul Hoda Khan  
Mr. Ahmad Nawaz

### Human Resource & Remuneration Committee

Chairman  
Members

Mr. Ahmad Hassan  
Mr. Muhammad Adrees  
Mrs. Shala Waheed Sher

### Head of Internal Audit

Mr. Ghulam Abbas (ACA)

### External Auditors

M/s. Yousuf Adil  
Chartered Accountants

### Legal Advisor

Mr. Sahibzada Muhammad Arif

### Shariah Advisor

M/s. Alhamd Shariah Advisory Services (Pvt) Limited

### Bankers

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

### Website of the Company

[www.sitara.com.pk](http://www.sitara.com.pk)

### Registered Office

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

### Share Registrar Address

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

### Factories

28 / 32 KM - Faisalabad - Sheikhpura Road, Faisalabad, 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 1st quarter ended on September 30, 2022.

### Business Overview:

During the 1st quarter of financial year 2022-23 under review, Company has recorded a net sales of Rs. 5,199 million and gross profits of Rs. 477 million as compared with net sales of Rs. 3,856 million and gross profits of Rs. 475 million in the corresponding period of last year witnessing a growth of 34.8% in net sales. Growth in net sale figure is attributable to increased sale prices of Caustic and other allied chemicals during the quarter under review as compared with sale prices prevalent in last year's corresponding period. Gross margins of chemical segment contracted during the period due to prices. Textile segment of the company faced some unprecedented challenges during the quarter i.e. non-availability of gas supply at the start of this quarter followed by Eid holiday and thereafter low availability of gas supply for captive power plants by SNGPL for the remainder period of the quarter leading to low quantitative production of yarn; heavy flood hitting the country damaging the cotton crop of the country resulting into substantial increase in local and imported cotton price; decline in finished yarn price in local market due to low sale demand from textile exporters. All these factors have resulted into decline in production and quantitative sale of yarn, and decline in gross margins.

Increase in sales and distribution cost is mainly attributable to higher POL prices during quarter as compared with the POL prices prevalent during the corresponding quarter of the last year. Financial cost also increased significantly during the period under review due to consistent increase in policy rate by SBP during the FY 2022. In view of the said economic and operational scenario, company happened to post a loss after tax of Rs. 171 million translating into loss per share of Rs. 7.98/- as against profit after tax of Rs. 35 million during the corresponding quarter of last year with earnings per share of Rs. 1.62/-.

### Future Outlook:

Civil work on expansion of coal fired power plant (CFPP) has started. Major LCs of BTG Equipment (Boiler, Turbine and Generator) have already been established with banks, while LCs / local procurement of remainder equipment is under design vetting phase.

Low sale demand of chemicals and textile products after contraction of global and domestic economic outlook, low / non-availability of RLNG supply during upcoming winter season, probable increase in electricity tariff etc. shall remain the key challenges for the company in the remainder period of the ongoing financial year.

### Acknowledgments:

We would like to extend our appreciations to our valued business partners and stakeholders for their continued support, cooperation and trust 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  
Date: October 21, 2022  
Faisalabad.



**Ahmad Hassan**  
Director

## ڈائریکٹر رپورٹ

اللہ تعالیٰ کے بابرکت نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔ ستارہ کیمیکلز انڈسٹریز لمیٹیڈ کے بورڈ آف ڈائریکٹرز کی طرف سے ہم 30 ستمبر 2022 کو ختم ہونے والی پہلی سہ ماہی کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے پُر مسرت ہیں۔

### کاروباری جائزہ:

زیر جائزہ مالی سال 2022-23 کی پہلی سہ ماہی کے دوران آپ کی کمپنی نے 5,199 ملین روپے کی خالص فروخت کی ہے۔ اور مجموعی منافع 477 ملین روپے رہا۔ جبکہ پچھلے سال اسی سہ ماہی میں خالص فروخت 3,856 ملین روپے اور مجموعی منافع 475 ملین روپے تھا، خالص فروخت میں 34.8 فیصد اضافہ دیکھا گیا۔ زیر جائزہ سہ ماہی کے دوران فروخت کے اعداد میں اضافہ کا سبب اور دیگر متعلقہ کیمیکلز کی فروخت کی قیمت میں اضافے سے منسوب ہے، جو کہ گزشتہ سال کے مقابلے میں اسی عرصہ کے دوران مروجہ تھیں۔ اسی مدت کے دوران توانائی اور خام مال کی قیمت میں اضافے کی وجہ سے کیمیکل کے شعبے کا مجموعی مارجن دباؤ کا شکار رہا۔ کمپنی کے ٹیکسٹائل ڈویژن کو زیر جائزہ سہ ماہی کے دوران کچھ چیلنجز کا سامنا کرنا پڑا۔ یعنی اسی سہ ماہی کے آغاز میں گیس کی عدم دستیابی، عید کی تعطیلات اور سہ ماہی کی بقیہ مدت کے لیے SNGPL کی جانب سے کپٹو پاور پلانٹس کے لیے گیس کی عدم دستیابی سوت کی کم پیداوار، ملک میں آنے والے شدید سیلاب نے ملک کی کپاس کی فصل کو نقصان پہنچایا۔ جس کے نتیجے میں مقامی اور درآمدی کپاس کی قیمت میں خاطر خواہ اضافہ ہوا۔ ٹیکسٹائل برآمد کنندگان کی جانب سے فروخت کی طلب میں کمی کی وجہ سے مقامی مارکیٹ میں تیار سوت کی قیمت میں کمی ہوئی، ان تمام عوامل کے نتیجے میں یارن کی پیداوار اور مقداری فروخت اور مجموعی مارجن میں کمی واقع ہوئی ہے۔

سیلز اور ڈسٹری بیوٹن کی لاگت میں اضافہ بنیادی طور پر سہ ماہی کے دوران POL کی زیادہ قیمتوں سے منسوب ہے جو کہ گزشتہ سال کی اسی سہ ماہی کے دوران POL کی مروجہ قیمتیں تھیں۔ مالی سال 2022 کے دوران اسٹیٹ بینک کی جانب سے پالیسی ریٹ میں مسلسل اضافے کی وجہ سے زیر جائزہ مدت کے دوران مالیاتی لاگت میں بھی نمایاں اضافہ ہوا۔ مذکورہ اقتصادی اور آپریشنل منظر نامے کے پیش نظر کمپنی کو ٹیکس کے بعد 171 ملین روپے کا نقصان ہوا، جس کی وجہ سے فی حصص نقصان 7.98 روپے اٹھانا پڑا، جبکہ پچھلے سال اسی مدت کے دوران ٹیکس کے بعد منافع 35 ملین روپے رہا اور فی حصص آمدنی 1.62 روپے تھی۔

### مستقبل پر نظر:

کوئٹے سے چلنے والے پاور پلانٹ (CFPP) کی توسیع پر سول ورک شروع ہو گیا ہے۔ BTG آلات (بوائلر، ٹربائن اور جنریٹر) کے بڑے ایل سیز پہلے ہی بینکوں کے ساتھ قائم کیے جا چکے ہیں۔ جبکہ باقی آلات کے ایل سیز، مقامی خریداری ڈیزائن کی جانچ کے مرحلے میں ہے۔

عالمی اور ملکی اقتصادی نقطہ نظر کے سبب کے بعد کیمیکلز اور ٹیکسٹائل مصنوعات کی فروخت کی طلب میں کمی، آئندہ موسم سرما کے دوران آریل این جی کی عدم دستیابی، بجلی کے نرخ میں ممکنہ اضافہ وغیرہ، کمپنی کے لیے جاری مالی سال کی بقیہ مدت میں اہم چیلنجز رہیں گے۔

### اعترافات:

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



محمد ادریس

چیف ایگزیکٹو آفیسر

فیصل آباد : 21 اکتوبر 2022



احمد حسن

ڈائریکٹر

# Shariah Compliance Review Report

For the period ended September 30, 2022





**ALHAMD SHARIAH ADVISORY SERVICES**

**(PVT) LIMITED**

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Oct 13, 2022

نحمده و نصلى على رسوله الكريم

## **Shariah Review Report**

*For the period ended 30<sup>th</sup> Sep 2022*

We have reviewed the business activities of **Sitara Chemical Industries Limited** for the quarter ended 30<sup>th</sup> September, 2022 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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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2022**

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2022

		Un-audited September 30, 2022	Audited June 30, 2022
		(Rupees in thousand)	
<b>ASSETS</b>	<b>Note</b>		
<b>Non-current assets</b>			
Property, plant and equipment	5	17,344,206	17,344,777
Intangible assets		8,170	8,379
Investment property	6	3,258,394	3,259,192
Long term investments		25,039	25,039
Long term loans and advances		696,978	677,477
Long term deposits		124,664	124,376
		21,457,451	21,439,240
<b>Current assets</b>			
Stores, spare parts and loose tools		1,198,383	1,128,055
Stock in trade		4,126,486	4,324,516
Trade debts	7	1,614,065	1,387,419
Loans and advances		2,550,231	1,836,642
Trade deposits, prepayments and other receivables		37,524	28,623
Advance income tax		1,329,285	1,479,354
Other financial assets	8	751,155	607,881
Cash and bank balances		179,540	322,690
		11,786,669	11,115,180
<b>Total assets</b>		<b>33,244,120</b>	<b>32,554,420</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	9	214,294	214,294
Reserves		1,376,972	1,372,391
Unappropriated profits		10,804,439	10,925,711
Surplus on revaluation of property, plant and equipment		3,476,148	3,525,985
<b>Total equity</b>		<b>15,871,853</b>	<b>16,038,381</b>
<b>Non-current liabilities</b>			
Long term financing	10	1,883,924	1,825,505
Long term deposits		120,163	116,163
Deferred liabilities		2,796,523	2,857,892
		4,800,610	4,799,560
<b>Current liabilities</b>			
Trade and other payables		3,305,975	3,582,352
Profit / financial charges payable		301,336	240,566
Short term borrowings		8,136,106	6,839,823
Provision for taxation		63,535	199,042
Unclaimed dividend		25,137	25,144
Current portion of long term financing		739,568	829,552
		12,571,657	11,716,479
<b>Total equity and liabilities</b>		<b>33,244,120</b>	<b>32,554,420</b>
<b>Contingencies and commitments</b>	11		

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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

		<b>Three months period ended</b>	
		<b>September 30,</b>	<b>September 30,</b>
		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>(Rupees in thousand)</b>	
Revenue from contracts with customers - net	<b>12</b>	5,198,846	3,856,220
Cost of sales	<b>13</b>	(4,721,598)	(3,380,828)
<b>Gross profit</b>		477,248	475,392
Distribution cost		(132,991)	(85,305)
Administrative expenses		(214,018)	(169,603)
Other expenses		-	(801)
Finance cost		(360,981)	(183,289)
		(707,990)	(438,998)
Other income		58,786	33,290
<b>(Loss) / profit before taxation</b>		(171,956)	69,684
Provision for taxation	<b>14</b>	847	(34,868)
<b>(Loss) / profit for the period</b>		(171,109)	34,816
<b>(Loss) / earnings per share - basic and diluted (Rupees)</b>	<b>15</b>	(7.98)	1.62

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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

	<b>Three months period ended</b>	
	<b>September 30, 2022</b>	<b>September 30, 2021</b>
	<b>(Rupees in thousand)</b>	
(Loss) / profit for the period	(171,109)	34,816
<b>Items that may be reclassified subsequently to profit or loss</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Gain / (loss) on re-measurement of equity instruments as at FVTOCI	5,390	(1,776)
Related tax impact	(809)	-
Total items that will not be reclassified to profit or loss	4,581	(1,776)
Total comprehensive (loss) / income for the period	(166,528)	33,040

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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

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 - net of tax	General Reserve	Unappropriated profit		
(..... Rupees in thousand .....)								
214,294	97,490	97,224	(6,014)	3,983,297	1,225,000	10,270,574	15,667,571	15,881,865
-	-	-	-	-	-	34,816	34,816	34,816
-	-	(1,776)	-	-	-	-	(1,776)	(1,776)
-	-	(1,776)	-	-	-	34,816	33,040	33,040
-	-	-	-	(58,649)	-	58,649	-	-
214,294	97,490	95,448	(6,014)	3,924,648	1,225,000	10,364,039	15,700,611	15,914,905
-	-	-	-	-	-	620,823	620,823	620,823
-	-	(41,142)	1,609	(243,520)	-	-	(283,053)	(283,053)
-	-	(41,142)	1,609	(243,520)	-	620,823	337,770	337,770
-	-	-	-	(155,143)	-	155,143	-	-
-	-	-	-	-	-	(214,294)	(214,294)	(214,294)
214,294	97,490	54,306	(4,405)	3,525,985	1,225,000	10,925,711	15,824,087	16,038,381
-	-	-	-	-	-	(171,109)	(171,109)	(171,109)
-	-	4,581	-	-	-	-	4,581	4,581
-	-	4,581	-	-	-	(171,109)	(166,528)	(166,528)
-	-	-	-	(49,837)	-	49,837	-	-
214,294	97,490	58,887	(4,405)	3,476,148	1,225,000	10,804,439	15,657,559	15,871,853

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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

		Three months period ended	
		September 30, 2022	September 30, 2021
		(Rupees in thousand)	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>		
Operating cash flows before changes in working capital	<b>18</b>	476,728	554,446
<b>WORKING CAPITAL CHANGES:</b>			
<b>(Increase) / decrease in current assets</b>			
Stores, spare parts and loose tools		(70,328)	(92,455)
Stock-in-trade		198,030	246,426
Trade debts		(221,601)	(78,590)
Advance Sales Tax		(111,294)	171,525
Loans and advances		(602,920)	(674,032)
Trade deposits and short-term prepayments		(8,901)	(4,550)
<b>(decrease) / increase in current liabilities</b>			
Trade and other payables		(286,470)	(38,020)
		(1,103,484)	(469,696)
Cash (used in) / generated from operations		(626,756)	84,750
Finance cost paid		(300,210)	(164,972)
Employee benefits paid		(312)	(957)
Taxes paid		(38,072)	(60,180)
		(338,594)	(226,109)
<b>Net cash used in operating activities</b>		<b>(965,350)</b>	<b>(141,359)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment including capital work in progress		(327,178)	(480,249)
Proceeds from disposal of property, plant and equipment		740	-
Proceeds from other financial assets		90,049	236,760
Purchase of investment property		-	(4,147)
Purchase of other financial assets		(213,875)	(167,496)
Long term deposits paid		(288)	(11)
Long term loans and advances paid		(665)	(2,167)
Dividend received		292	1,099
Profit received on bank deposits		4,414	1,006
<b>Net cash used in investing activities</b>		<b>(446,511)</b>	<b>(415,205)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		201,640	42,583
Repayment of long term financing		(233,204)	(169,671)
Short term borrowings - net		1,296,282	662,087
Long term deposits		4,000	5,000
Dividend paid		(7)	-
<b>Net cash generated from financing activities</b>		<b>1,268,711</b>	<b>539,999</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>		<b>(143,150)</b>	<b>(16,565)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>322,690</b>	<b>191,102</b>
<b>Cash and cash equivalents at end of the period</b>		<b>179,540</b>	<b>174,537</b>

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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

**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, Oleo chemical 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, soap noodles and allied products
Textile Division	Manufacturing of yarn and fabric

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

**2 BASIS OF PREPARATION**

- 2.1** These condensed interim financial statements of the Company for the three months period ended September 30, 2022 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, 2022. Comparative statement of financial position is extracted from annual audited financial statement for the year ended June 30, 2022, whereas comparative statement of profit or loss, comparative statement of comprehensive income, comparative statement of changes in equity and comparative of statement of cash flows are stated from un-audited condensed interim financial statements for the three months period ended September 30, 2021.

**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, 2022.

**4 ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on past experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2022.

**5 PROPERTY, PLANT AND EQUIPMENT**

Operating assets  
Capital work-in-progress

Note	Un-audited September 30, 2022 (Rupees in thousand)	Audited June 30, 2022
5.1	17,048,034	17,257,906
	296,172	86,871
	<u>17,344,206</u>	<u>17,344,777</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

	Note	Un-audited September 30, 2022 (Rupees in thousand)	Audited June 30, 2022
<b>5.1 Operating assets</b>			
Opening written down value		17,257,906	16,859,588
Additions during the period / year:			
Freehold land		-	8,956
Buildings on freehold land - Mill		18	201,840
Plant and machinery		96,369	1,219,705
Grid station and electric installations		6,096	4,370
Containers and cylinders		-	-
Containers and cylinders		-	112
Factory equipment		166	35,262
Electric equipment		3,474	151,547
Office equipment		1,010	7,873
Furniture and fittings		57	6,303
Vehicles		10,686	77,495
		117,876	1,713,463
Written down value of assets disposed off during the period / year		(384)	(4,245)
Depreciation charged during the period / year		(327,364)	(1,310,900)
		17,048,034	17,257,906

- 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. 3,476 million net of tax (June 30, 2022: 3,526 million) remains undepreciated as at September 30, 2022.

Details of the Company's revalued assets and information about fair value hierarchy, as at September 30, 2022 are as follows:

	Un-audited September 30, 2022			Audited June 30, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(.....Rupees in thousand.....)					
Land - freehold	-	1,300,875	-	-	1,300,875	-
Buildings on freehold land	-	1,846,031	-	-	1,893,285	-
Plant and machinery	-	12,312,967	-	-	12,451,482	-
	-	15,459,873	-	-	15,645,642	-

	Note	Un-audited September 30, 2022 (Rupees in thousand)	Audited June 30, 2022
<b>6 INVESTMENT PROPERTY</b>			
Land	6.1	3,223,315	3,223,315
Buildings	6.2	35,079	35,877
		3,258,394	3,259,192
<b>6.1 Land</b>			
Balance at the beginning of the period / year		3,223,315	3,270,232
Addition during the period / year		-	39,136
Disposal during the period / year		-	(77,079)
Transfer to property, plant and equipment		-	(8,974)
Balance at end of the period / year		3,223,315	3,223,315

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

	Note	Un-audited September 30, 2022 (Rupees in thousand)	Audited June 30, 2022
<b>6.2 Buildings</b>			
<b>Cost:</b>			
Balance at the beginning of the period / year		87,700	90,438
Addition during the period / year		-	-
Disposal during the period / year		-	-
Transfer to property, plant and equipment		-	(2,738)
Balance at the end of the period / year		87,700	87,700
<b>Accumulated depreciation:</b>			
At the beginning of the period / year		51,823	48,080
For the period / year		798	3,743
Accumulated depreciation on disposed asset		-	-
At the end of the period / year		(52,621)	(51,823)
Written down value at the end of the period / year		35,079	35,877

**7 TRADE DEBTS**

These include receivable from related parties amounting to Rs. 201 thousand (June 30, 2022: Rs. 55 thousand).

**8 OTHER FINANCIAL ASSETS**

Equity investments held at FVTOCI	8.1	221,140	215,750
Mutual funds held at FVTPL	8.2	530,015	392,131
		751,155	607,881

**8.1 Investments designated as at fair value through other comprehensive income (FVTOCI)**

Fair value at July 01	215,750	266,874
Acquired during the period / year	-	30,355
	215,750	297,229
Disposed off during the period / year	-	(29,746)
	215,750	267,483
Gain / (loss) on fair value and disposal of investments during the period / year	5,390	(51,733)
	221,140	215,750

**8.2 Investments measured at fair value through profit and Loss (FVTPL)**

Fair value at July 01	392,131	244,904
Acquired during the period / year	227,587	1,767,675
	619,718	2,012,579
Disposed off during the period / year	(90,049)	(1,621,960)
	529,669	390,619
Gain / (loss) on disposal of investments during the period / year	346	1,512
	530,015	392,131

**8.3 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

	Un-audited September 30, 2022			Audited June 30, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(.....Rupees in thousand.....)					
Investments classified as						
- available for sale	751,155	-	-	607,881	-	-

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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

**9 SHARE CAPITAL**

Un-audited September 30, 2022 .....No of shares.....	Audited June 30, 2022		Un-audited September 30, 2022 (Rupees in thousand)	Audited June 30, 2022
		<b>Authorized</b>		
		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
		<b>Issued, subscribed and paid up</b>		
		Class "A" ordinary shares of Rs. 10/- each		
8,640,000	8,640,000	- fully paid in cash	86,400	86,400
10,804,398	10,804,398	- issued as fully paid bonus shares	108,044	108,044
1,985,009	1,985,009	- issued as fully paid under scheme of arrangement for amalgamation	19,850	19,850
21,429,407	21,429,407		214,294	214,294

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

**9.2** Number of shares held by associated companies or related parties are 492,736 (June 30, 2022: 492,736).

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

**10 LONG TERM FINANCING**

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

Balance at the beginning of the period / year	2,655,057	2,583,586
Obtained during the period / year	201,640	789,184
Re-paid during the period / year	(233,205)	(717,713)
	2,623,492	2,655,057
Less: Current portion	(739,568)	(829,552)
Balance at the end of the period / year	1,883,924	1,825,505

**11 CONTINGENCIES AND COMMITMENTS**

**11.1 Contingencies**

Contingencies

**11.1.1**

**11.1.1** There were no contingencies as at period end.

**11.2 Commitments**

Guarantees issued by banks on behalf of the Company

Outstanding letters of credit for plant & machinery, raw material and stores spare parts

-	-
246,500	262,047
1,700,777	1,565,472

**12 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET**

**Local:**

Chemicals

Yarn

Fabric

Waste

**Export:**

Chemicals

**Less:**

Commission and discount

Sales tax

Un-audited Three months period ended	
September 30, 2022	September 30, 2021
(Rupees in thousand)	
5,752,098	3,587,936
322,715	1,000,089
45,816	23,091
639	7,229
6,121,268	4,618,345
116,039	52,484
6,237,307	4,670,829
(138,238)	(125,354)
(900,223)	(689,255)
(1,038,461)	(814,609)
5,198,846	3,856,220

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

		<b>Un-audited Three months period ended</b>	
		<b>September 30, 2022</b>	<b>September 30, 2021</b>
		<b>(Rupees in thousand)</b>	
<b>13</b>	<b>COST OF SALES</b>		
	Raw material consumed	840,871	888,864
	Fuel and power	3,463,617	1,781,311
	Salaries, wages and benefits	177,359	174,254
	Factory overheads	471,068	486,121
		4,952,915	3,330,550
	Work-in-process		
	Opening stock	40,929	23,661
	Closing stock	(32,200)	(67,392)
		8,729	(43,731)
	Cost of goods manufactured	4,961,644	3,286,819
	Finished goods		
	Opening stock	1,990,509	1,422,735
	Cost of testing of Soap Noodles Plant	-	(170,582)
	Closing stock	(2,230,555)	(1,158,144)
		(240,046)	94,009
		4,721,598	3,380,828
<b>14</b>	<b>PROVISION FOR TAXATION</b>		
	Current - for the period	63,535	(654)
	Deferred	(64,382)	35,522
		(847)	34,868
<b>15</b>	<b>(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED</b>		
	(Loss) / profit for the period	(171,109)	34,816
	Weighted average number of ordinary shares outstanding during the period <b>(No. of shares in thousand)</b>	21,429	21,429
	(Loss) / earnings per share <b>(Rupees)</b>	(7.98)	1.62
<b>16</b>	<b>TRANSACTIONS WITH RELATED PARTIES</b>		

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

		<b>Un-audited Three months period ended</b>	
		<b>September 30, 2022</b>	<b>September 30, 2021</b>
		<b>(Rupees in thousand)</b>	
<b>Relationship with the Company</b>	<b>Nature of transactions</b>		
Associated undertakings	Sale of goods	435	37
	Purchases	-	-
	Donation	10,402	8,012
Key management personnel	Remuneration to Executives	49,870	37,746

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

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

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

**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, soap noodles 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 .....					
	..... Three months period ended .....					
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(----- Rupees in thousand -----)					
Revenue from contracts with customers - net	4,895,671	2,981,640	303,175	874,580	5,198,846	3,856,220
Depreciation on property, plant and equipment	304,405	299,536	22,959	23,754	327,364	323,290
Segment (loss) / profit	(214,401)	(82,641)	42,445	153,126	(171,956)	70,485
	Un-audited September 30, 2022	Audited June 30, 2022	Un-audited September 30, 2022	Audited June 30, 2022	Total Un-audited September 30, 2022	Total Audited June 30, 2022
	(----- Rupees in thousand -----)					
Capital expenditure	109,173	1,676,510	8,703	36,953	117,876	1,713,463
Segment assets	24,752,290	24,081,397	2,973,911	3,059,201	27,726,201	27,140,598
Segment liabilities	14,369,703	13,372,778	209,108	150,718	14,578,811	13,523,496

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

	Un-audited Three months period ended	
	September 30, 2022	September 30, 2021
	(Rupees in thousand)	
<b>17.2 Reconciliations of reportable segments are as follows:</b>		
<b>Revenue</b>		
Total revenue for reportable segments	5,198,846	3,856,220
<b>(Loss) / profit for the period</b>		
Total (loss) / profit for reportable segments	(171,956)	70,485
Unallocated corporate income / (expenses)		
Other expenses	-	(801)
<b>(Loss) / profit before taxation</b>	(171,956)	69,684
	<b>Un-audited September 30, 2022</b>	<b>Audited June 30, 2022</b>
	(Rupees in thousand)	
<b>Assets</b>		
Total assets for reportable segments	27,726,201	27,140,598
Other unallocated corporate assets	5,517,919	5,413,822
Company's assets	33,244,120	32,554,420
<b>Liabilities</b>		
Total liabilities for reportable segments	14,578,811	13,523,496
Other unallocated corporate liabilities	2,793,456	2,992,543
Company's liabilities	17,372,267	16,516,039

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

	Un-audited Three months period ended	
	September 30, 2022	September 30, 2021
	(Rupees in thousand)	
<b>18 OPERATING CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL</b>		
(Loss) / profit before taxation	(171,956)	69,684
Adjustments for:		
Depreciation on property, plant and equipment	327,364	323,290
Depreciation on investment property	798	887
Amortization on intangible assets	209	225
Finance cost	360,981	183,290
Exchange loss / (gain)	(5,045)	(378)
(Gain) / loss on disposal of property, plant and equipment	(355)	2,010
Provision for employee benefits	2,517	2,517
(Gain) / Loss on disposal of other financial assets	(346)	(480)
Dividend income	(14,814)	(4,645)
Unwinding of discount on deferred consideration	(18,211)	(20,948)
Markup on bank deposits	(4,414)	(1,006)
	648,684	484,762
	476,728	554,446

**19 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 21, 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

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