

Corporate Briefing Session

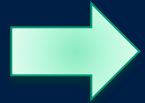
Financial year 2021- 2022

Date: November 18, 2022

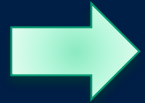


Sitara Chemical
Industries Limited

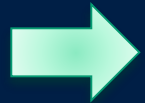
OUTLINES



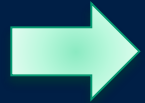
Company's Brief



Financial Highlights



Operational Highlights



Future Outlook



Question/Answer Session

COMPANY'S BRIEF



- ▶ Sitara Chemical Industries Limited (SCIL) incorporated in **September 08, 1981** as public limited company under Companies Act 1913.
- ▶ Company got listing in Karachi Stock Exchange in **June 10, 1987** and has corporate symbol “SITC”
- ▶ Company is a Shariah Compliant Company certified by SECP since **March 14, 2019** under Shariah Governance Regulations 2018.
- ▶ Company is the largest Chlor-Alkali based chemical complex in Pakistan having Caustic soda manufacturing capacity of **630 MT** per day.
- ▶ Chemical division has also number of specialty chemical plants like Calcium Chloride, Ferric Chloride, Magnesium Chloride, Magnesium Sulphate and Liquid CO₂ etc.
- ▶ Chemical division has also recently added a European Technology based Soap Noodles manufacturing plant having production capacity of **35,000 M. Ton** per year.
- ▶ Textile segment of the company has installed capacity of **28,512** number of spindles for producing quality yarn. Company has also marketed its own suiting brand “Rajah’s”
- ▶ Company also has two independent power plants to meet its energy requirements:
 - (1) Gas Fired Power Plant having rated capacity of **29.5 MW**.
 - (2) Coal Fired Power Plant having rated capacity of **38.5 MW**.

OUR PRODUCTS



Basic Chemicals

- Caustic Soda Liquid (32% - 50 %)
- Caustic Soda Flakes
- Sodium Hypochlorite
- Hydrochloric Acid
- Liquid Chlorine
- Bleaching Powder

Gases

- Carbon Dioxide

Oleo Chemicals

- Soap Noodles (80:20 & 90:10)
- Glycerin
- Stearic Acid

Major Specialty Chemicals

- Calcium Chloride (77% & 94%)
- Magnesium Sulphate
- Magnesium Chloride
- Ferric Chloride
- Fly-Ash Bricks and Tuff Tiles

Textile Division

- Yarn
- Fabric (Rajah)

ECONOMIC OVERVIEW DURING THE YEAR 2021-22









- During the year 2022, economy of Pakistan after recovering from the pandemic maintained a V-shaped recovery by posting a real GDP growth of 5.97% as compared with 5.74% last year.
- Contribution of Industrial sector in real GDP growth remained at 7.2% as compared with 7.8% last year, while growth in textile sector was witnessed at 3.2% as against 5.9% last year.
- This high growth on the other hand has resulted in financial and macroeconomic imbalances in the country i.e. mounting current account deficit and fiscal deficit, higher imports and pressure on exchange rate etc.
- International commodity prices also responded abruptly to the economic rebound. In the February 2022, Russian-Ukraine conflict also elevated global commodity prices and fueled inflation in the economy.
- To counter inflationary pressure, SBP moved to contractionary monetary policy and Policy Rate was increased by cumulative 675 bps between September-June FY2022.

FINANCIAL HIGHLIGHTS

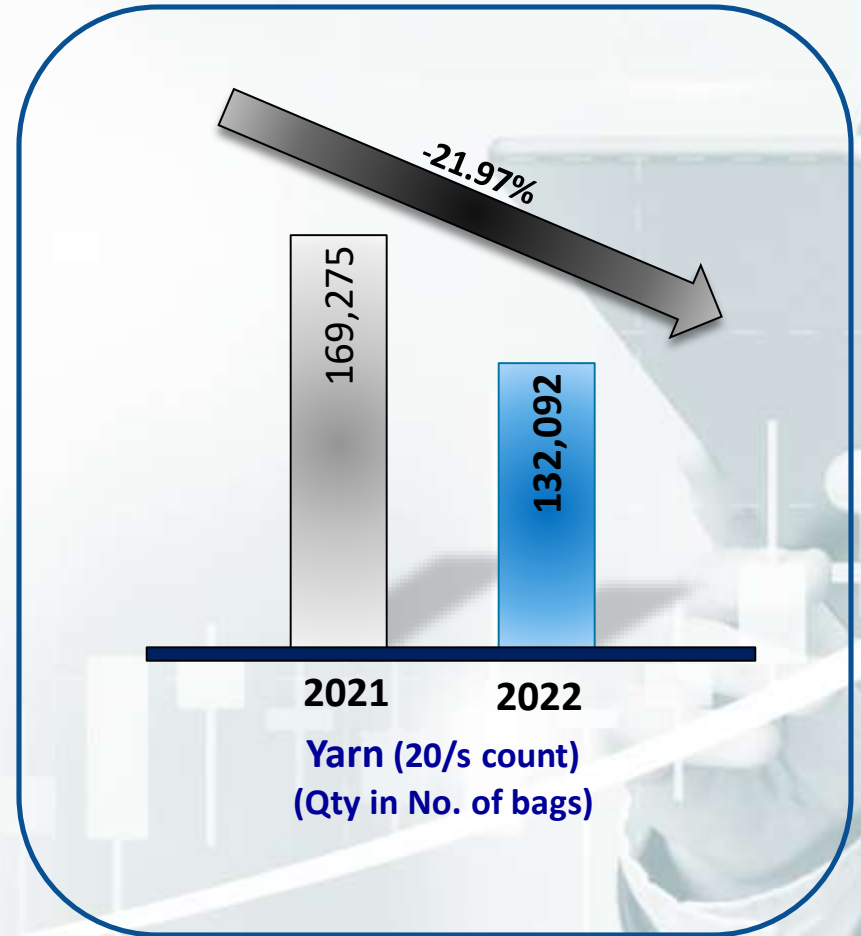
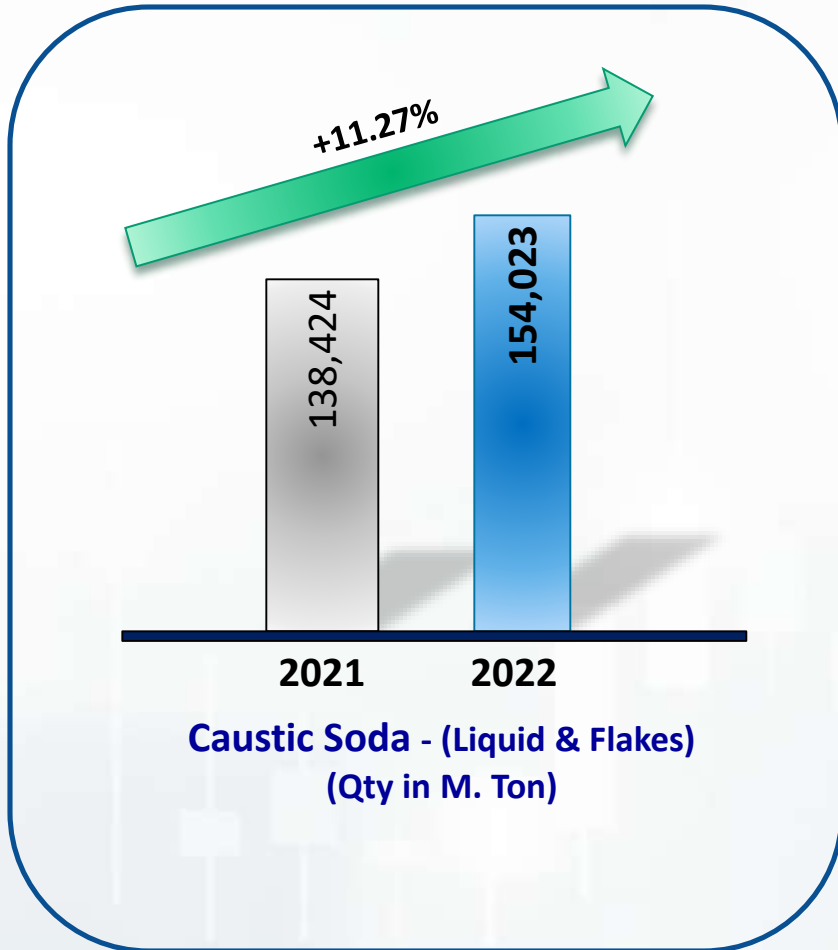


Financial Performance

Comparison with last financial year

	2022 (%)	2022 (Rs. in million)	2021 (%)	2021 (Rs. in million)
Revenue from contracts with customers – net	+ 46.3% 	21,626		14,785
Gross profit	13.3% 	2,873	19.8%	2,933
Operating profit (EBIT)	8.3% 	1,796	15.4%	2,274
Profit before taxation	4.1% 	898	11.3%	1,670
Net profit after tax	3.0% 	656	9.1%	1,348
Earnings per share (Rupees)		30.60		62.89
Cash dividend per share (Rupees)		8.00		10.00
Dividend payout ratio (%)	+ 64.4% 	26.14%	- 77.8%	15.90%

Quantitative sales analysis



Financial Position

Comparison with last financial year



	2022 (% age)	2022 (Rs. in million)	2021 (Rs. in million)
Property, plant and equipment	+ 2%	17,345	16,923
Other non-current assets	- 9%	4,094	4,510
Current assets	+ 22%	11,115	9,107
Total Assets	+ 7%	32,554	30,540
Shareholders' equity	+ 1%	16,038	15,882
Non-current liabilities	+ 7%	4,799	4,498
Current liabilities	+ 15%	11,717	10,160
Total Equity & Liabilities	+ 7%	32,554	30,540



Comments on Financial Results:

- Besides increase in sales revenue, decrease in gross margins and PAT is witnessed due to increase in overall energy cost, increase in other raw material prices, and increase in POL prices. The increased cost of production could not be fully passed on to customers due to domestic market conditions.
- Increase of financial cost due to higher bank borrowing rates prevailed during the FY 2022.
- Levy of additional super tax @ 10% for tax year 2022 which increased the tax provision for the year and impacted bottom line results.

OPERATIONAL HIGHLIGHTS



PLANT CAPACITY AND PRODUCTION

Products	Designed capacity	Actual production	Capacity utilization	Designed capacity	Actual production	Capacity utilization
	2022			2021		
	(-----Tons -----)		%	(-----Tons -----)		%
Caustic Soda	207,900	150,038	72%	207,900	139,287	67%
Sodium Hypochlorite	66,000	51,618	78%	66,000	44,475	67%
Liquid Chlorine	11,550	9,634	83%	11,550	8,183	71%
Bleaching Powder	7,920	5,582	70%	7,920	3,857	49%
Hydrochloric Acid	363,000	191,851	53%	363,000	106,814	29%
Calcium Chloride prill	13,200	2,222	17%	13,200	2,712	21%
Oleo Chemicals	34,000	8,192	24%	-	-	-
Yarn (20/s count) – KGs	11,063,814	10,424,887	94.23%	11,063,814	11,029,453	99.69%



key Business challenges:

Following are the key challenges being faced by the company currently.

- Low sale demand of chemicals and textile products after contraction of global and domestic economic outlook.
- Damage to cotton crop of the country after heavy flood resulting into massive increase in local and imported cotton price.
- Decline in finished yarn prices in local market due to low sale demand from textile exporters.
- Low / non-availability of RLNG supply during upcoming winter season.
- Availability of local lignite coal at competitive rates.
- PKR depreciation against US\$.
- Prolonged restriction by SBP on opening letter of credits of goods falling under PCT heads 84 and 85 resulting into delays in ongoing projects.



Expansion of Coal Fired Power Plant (CFPP):

- Alhamdulillah with the changing economic scenario and increase in imported coal prices, your company has redesigned the plant on use of lignite coal (both local / imported) as feed stock. The new CFPP plant will have the flexibility of using both local lignite coal or imported bituminous coal or at any mix of these coals keeping in view the economy of the operations.
- Work on expansion of existing coal fired power plant of the company is in progress.
- Techno-Commercial negotiations with technology suppliers and Engineering design company have been completed for major BTG Equipment (Boiler, Turbine and Generator) and their LCs have also been established with banks.
- LCs for remaining Balance of Plant (BoP) Equipment is in progress.
- Civil work of the project is also in progress.
- Project is expected to be completed by June 2024.

*Thank
you*



Sitara Chemical Industries Limited



**QUESTION
&
ANSWER
SESSION**

