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# **Company Information**

**Board of Directors** Chairman Chief Executive Officer Directors

Company Secretary

**Chief Financial Officer** 

Audit Committee Chairman Members

Human Resource & Remuneration Committee Chairman Members

Head of Internal Audit

**External Auditors** 

Legal Advisor

Shariah Advisor

Bankers

Website of the Company Registered Office Share Registrar Address

Factories

Mr. Ahmad Hassan Mr. Muhammad Adrees Mr. Haseeb Ahmad Mr. Haroon Ahmad Zuberi Mr. Ahmad Nawaz Mr. Najmul Hoda Khan Mrs. Shala Waheed Sher Mr. Mazhar Ali Khan Mr. Zakir Hussain (FCA) Mr. Haroon Ahmad Zuberi

Mr. Najmul Hoda Khan Mr. Ahmad Nawaz

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

Mr. Asghar Ali (ACMA)

M/s. Yousuf Adil Chartered Accountants

Mr. Sahibzada Muhammad Arif

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

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 www.sitara.com.pk

601-602 Business Centre, Mumtaz Hassan Road, Karachi.-74000 THK Associates (Private) Limited Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500 28 / 32 KM, Faisalabad - Sheikhupura Road, Faisalabad, Pakistan

# **Directors' Report**

In the name of Allah, the Most Beneficent, the Most Gracious, and the Most Merciful. On behalf of the Board of Directors of Sitara Chemical Industries Limited, we are pleased to present the un-audited condensed interim financial statements of the Company for the half year ended on December 31, 2023 along with Auditors' review report thereon.

## FINANCIAL PERFORMANCE:

During the first half of the financial year 2024, company recorded net sales of Rs. 14,944 million as compared with net sales of Rs. 11,968 million made during the last year's corresponding period, depicting an overall increase of 24.9%. Gross profit of Rs. 2,391 million was earned during the period under review as compared with Rs. 1,579 million earned during the last year's corresponding period. Gross profit margins in percentage term depicted improvement during the period. Growth in net sale figure is attributable to higher selling prices of Caustic and other allied chemicals as compared with selling prices prevalent in previous year's corresponding period. Electricity cost during the period under review witnessed increase after increase in electricity tariff made by NEPRA and withdrawal of Industrial Support Package during the 2nd quarter of the ongoing financial year (Support Package for Additional Consumption and Abolishment of Time of Use Tariff Scheme for Industrial Consumers of XWDISCOs). Though RLNG prices in USD/mmbtu showed modest decrease during the period under review as compared with prices prevalent in previous year's corresponding period. To compensate against the increased cost of production, selling prices of caustic and other allied chemicals were also increased which ultimately helped improving the gross margins in percentage terms.

Similarly, textile segment of your company has also witnessed an increase in net sales revenues during the period under review. Increase in net sales revenues of textile division are attributable to increased volumetric sales of yarn. Increased volumetric sales is attributable to better production of yarn / capacity utilization because of non-curtailment of gas during the period under review whereas for the corresponding half-year of previous year, gas supply was restricted only to 28% of the overall sanctioned capacity, and therefore mill's operations were kept restricted to 28%. Cost of sales of yarn manufacturing also witnessed an increase during the period under review due to change in gas tariff policy by Govt. of Pakistan i.e. gas effective rate of USD 09 per mmbtu applicable for export oriented captive power plants was withdrawn during the 2nd quarter of the ongoing financial year instead 50:50 blend based tariff of system gas and RLNG was introduced together with increase in system gas price, which increased average gas tariff for the textile division and it resultantly increased electricity generation cost per unit. Also increase in minimum wage by GoP increased salaries & wages cost of textile division. PKR devaluation against USD during the period under review as compared with same period last year also impacted the cost of imported cotton and raw materials. The period under review and corresponding period last year also fueled up the cost of basic raw materials including Imported Cotton and Polyester. Despite of all these challenges, the textile segment was able to generate a healthy bottom line as compared to same period last year because of timely and smart buying of the imported and local raw material, which has also given it an edge over its competitors. Also, the textile segment was able to install a solar system of 660 kilowatts through its own source which has enabled it to be ESG compliant and appeals to the international brands due to inclusion of 20% clean and green renewable energy in our energy mix. Average selling price of finished fabric was also witnessed better during the period under review as compared with the similar period of last year.

Increase in financial cost during the period under review as compared with financial cost during the corresponding period of last year is attributable to higher SBP Policy rates witnessed as compared with same period last year.

In view of the above foregoing discussions, your company has posted a cumulative profit after tax of PKR 372 million translating into earning per share (EPS) of Rs. 17.35 as compared with cumulative profit after tax of PKR 88 million with EPS of Rs. 4.10 recorded during the corresponding period of last financial year.

# **FUTURE OUTLOOK:**

As stated in our last Directors' report that project of expansion of coal fired power plant (CFPP) is in progress i.e. civil work is in progress and partial shipments of major BTG Equipment (Boiler, Turbine and Generator) have also arrived at site. LCs of Balance of Plant Equipment are in progress.

Unstable imported / local coal prices, any reversal of recent appreciation in Pak rupees against US dollar (I.e. PKR devaluation), further increase in electricity tariff / RLNG tariff etc. are currently being anticipated as major key challenges for the company during the current financial year.

## **ACKNOWLEDGMENTS:**

We take this opportunity to thank our valued business partners, stakeholders, and dedicated employees of the company for their trust, assistance and continued support for the progress and prosperity of the Company.

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**Muhammad Adrees** Chief Executive Officer February 22, 2024 Faisalabad.

almodlanan.

Ahmad Hassan Director

# د ار يكمرزر بورك

اللدتعالى كے بابركت نام سے جو بڑامہر بان اور نہايت رحم كرنے والا ہے۔ستارہ كيميكلزا ندسٹريز ليميد لاك بور ڈآف ڈائر كيٹرز كی طرف سے ہم 31 دمبر 2023 كوفتم ہونے والى ششابى كے كمپنى كے غير آڈٹ شدہ عبورى مالياتى گوشواروں كے ساتھ آڈيٹرز كی جائزہ رپورٹ پیش كرتے ہوئے پُر مسرت ميں۔

# كاروبارى جائزه:

مال سال کی پہلی ششاہ کے دوران ، آپ کی کمپنی نے 14,944 ملین روپے کی خالص فروخت کی ہے۔ اور جموع منافع 2,391 ملین روپے رہا۔ جبکہ پچھلے سال ای سہ ماہی میں خالص فروخت 11,968 ملین روپ اور مجموعی منافع 1,579 ملین روپ تھا، خالص فروخت میں 24.9 فیصد اضافہ دیکھا گیا۔ زیر جائزہ ششاہ می کے دوران خالص فروخت کے اعداد وشار میں اضافہ کا اور دیگر متعلقہ کیمیکڑ کی فروخت کی قیمتوں میں اضافے سے منسوب ہے، جو کہ گذشتہ سال کے مقابلے میں ای عرصہ کے دوران مرقب کے دوران خالص فروخت کے اعداد وشار میں اضافہ کا سک اور دیگر اور جاری مالی سال کی دوران میں اضافے سے منسوب ہے، جو کہ گذشتہ سال کے مقابلے میں ای عرصہ کے دوران مرقبہ تھیں ان بر جائزہ ششاہ می کے دوران نہیں اکل جانب ہے بلی کے زخوں میں اضافہ اور جاری مالی سال کی دوران خیلی سے منسوب ہے، جو کہ گذشتہ سال کے مقابلے میں ای عرصہ کے دوران مرقبہ تھیں ۔ زیر جائزہ مدت کے دوران نہیں اکی جانب ہے بلی کے زخوں میں اضاف اور جاری مالی سال کی دوران میں اضافے سے منسوب ہے، جو کہ گذشتہ سال کے مقابلے میں ای عرصہ کے دوران مرقبہ تھیں ۔ زیر جائزہ مدت کے دوران نہیں اکی جانب ہے بلی کی زخوں میں اضاف اور جاری مالی سال کی دوران میں اضافے سے منسوب ہے، جو کہ گذشتہ سال کے مقابلے میں ای عرصہ کے استعال کے دوت کی لیرف اسلیم کا استعال اور خاتمہ )۔ اگر چذر پر جائزہ مدت نے دوران RLNG کی قیمتوں میں امر کی ڈالر، mmbtu کے لیے سپورٹ پڑی کی محکول کی دیکھی گئی ہوں کہ معارف کی دیکھی گئی۔ اسلیم کا استعال اور خاتمہ )۔ اگر چذر پر جائزہ مدت نے دوران کی قدیم میں امر کی ڈالر، mbtu کے کہ ملی کہ محل کی مقابلے میں معلی کی محکول کی دیکھی گئی۔ اسلیم کا استعال اور خاتمہ )۔ اگر چذر پر جائزہ مدت کے دوران کی تعلیم میں اس کی ڈالر، سیال کی اس مدت میں مروجہ توں کی مقابلے میں معلی کی دور کی کی معالی کی محکول کی دیکھی محکول کی دور کی دور کی کی محکول کی دور کی کے معرف کی کے بعد اور دیکھی ہوئی لاگ کی حال کی کی محکول کی دیکسی اسلیم کر دور کی گئی کی دور کی کی دور ان کی دور کی کی دور کی کی کر محکول کی دور کی کی دور کی کی دور خال کی دور کی کی دور کی دور کی دور کی کی دور کی دور کی دور کی دور کی گئی کی دور کی کی دور کی کی دور خال کی دور کی دور کی کی کی دور کی کی دور کی دور کی کی دور کی دور کی دور کی کی دور کی

ای طرح زیر جائزہ مدت کے دوران ، آپ کی کپنی کی نیکسائل ڈویژن کی خالص فردخت کی آمدنی میں بھی اضافہ دیکھا گیا۔ نیکسائل ڈویژن کے خالص کیلز ریونیو میں اضافہ یارن کی فردخت سے تجم میں اضاف فے سنوب ہے۔ تجم کے کاظ نے فردخت میں اضافہ یارن کی بہتر پیداوار، صلاحیت کے استعال کی وجہ ہے ۔ کیونکہ زیرجائزہ مدت کے دوران گیس میں کی ندگی تکی بکد گذشتہ سال کی ای ششماہی بحرے زیرجائزہ مدت کے دوران یارن میوفت میں اضافہ یارن کی بہتر پیداوار، صلاحیت کے استعال کی وجہ ہے ۔ کیونکہ زیرجائزہ مدت کے دوران گیس میں کی ندگی تکی بلنی جبکہ گذشتہ سال کی ای ششماہی وجہ زیرجائزہ مدت کے دوران یارن میوفت میں اضافہ یارن کی بہتر پیدا ضافہ دیکھا گیا۔ ایکسپورٹ اور پیڈئر 28 فیصر تک محد دورکھا گیا۔ حکومت کی جانب سے گیس ٹیرف کی پائی ک وجہ زیرجائزہ مدت کے دوران یارن میوفت میں گی کی فروخت کی لاگت میں بھی اضافہ دیکھا گیا۔ ایکسپورٹ اور پیڈئر 28 فیصر تک محد دورک کی جائے ہے کہ میں کی ندگی تکی بلنی کی پی میں تر پلی ک جرب زیرجائزہ مدت کے دوران یارن میوفت میں کی لی گی تھا اس کی بجائے سٹم گیس کے 5000 مرکب پڑی پیدون اور پائٹس سے لیک کی قدی میں اخبر ای کی ٹی می دور کر آپ کی تک میں کی ندی گئی پڑی کی کے میں موثر شرح ک جرب نے نیکسائل ڈویژن نے لیے گیس کے اور طریز خال سے ای کی تھا اس کی بجائے سٹم گیس کے 5000 مرکب پڑی میں اور کی تو اور کام کی گئی ہو کی تیں موثر شرح ک جرب نے نیکسائل ڈویژن نے لیے گیس کے اور طریز خال میں اضافہ کیا ، جسٹم کی کی کی پر اور کی لاگ میں اصافی کی اور کی تو میں کی تو میں کی اور کی ایک کر ہو کی تک میں اور کر کو ذورین گن تخوا ہوں اور اجرب کی اضافہ دور زیرجائزہ مدت کے دوران ، گذشتہ سال کی ای مدت کہ مقالہ ہوا۔ گور میں کی در آ مدش کی کی در آ مدند کی کی کی اور کی مقالہ ہوں اور کی مقال کی تو ہوں کی تو بلی کی کی تو در کی ڈویش کی اور کی خال کی در آ مدند کی میں میں میں اور کی خال کی میں میں می کی در آ مدند کی کی کی دور کی میں اور کی در تک در تک دور کی ہی کی اور شری کی تو اور کی تی تر کیا۔ زیر جائزہ مدن کی اور کی میں کی اور پلی تر مدی میں اور کی میں اور کی دور کی میں اور کی میں اور کی کی میں کی میں میں میں کی دور ہو ہوں پر سی در تر می کی کی دور کی ہو ہے ہیں میں میں کی کی دور ہی ہو ہے جو در تک می می 20 د می در تک می تو میں تکی رہ ہی دو می کی کی ہو دو ڈوی ٹی کی می دو

زیر جائزہ مدت کے دوران تیار شدہ کپڑ بے کی مقداری فروخت کے قیم اوراد سط فروخت کی قیمت میں بھی گذشتہ سال کی اس مدت کے مقابلے میں اضافید یکھا گیا۔زیر جائزہ مدت کے دوران مالی لاگت میں اضافہ گذشتہ سال کی اس مدت کے مقابلے میں SBP پالیسی ریٹ کی شرحوں میں اضافے سے منسوب ہے۔

اوپر بیان کردہ منظرنا سے کے پیش نظرآ پ کی کمپنی نے نیکس کے بعد 372 ملین روپہ کا منافع کمایا، جس کی وجہ سے فی حصص آمدنی 17.35 روپے رہی، جبکہ پچھلے سال اس مدت کے دوران نیکس کے بعد منافع 88 ملین روپے رہااور فی حصص آمدنی 4.10 روپے تھی۔

مستقبل يرتظر:

جیسا کہ ہماری آخری ڈائر یکٹرر پورٹ میں بیان کیا گیا ہے کہ ہمارے کو تلے سے چلنے والے پاور پلانٹ (CFPP) کی توسیع پسول ورک جاری ہے۔ بڑے BTG آلات (بوائر ، ٹربائن اور جزیٹر) سائٹ پریٹینج چکے ہیں۔ پلانٹ کے بقیدآلات کے ایل سیز جاری ہے۔

درآمدی، مقامی کو کلے کی غیر متوقع قیستیں، امریکی ڈالرے مقابلے پاکستانی روپے کی قدر میں مزید کھی، بجلی اور RLNG کے ٹیرف میں مزید اضافہ وغیرہ، یہ دہ عوال ہیں، جو کمپنی کے لیے جاری مالی سال سے دوران اہم چیلنجز رہیں گے۔

**اعتر افات:** ہم اس موقع پراپنے محتر م کاروباری شراکت داروں کی مستقل حوصلہ افزائی ، مدداوراعتا د کاشکر بیاداکرتے ہیں۔ کمپنی اپنے ملاز مین کی مستقل مزاجی ہونے لگن اور صلاحیتوں کی معتر ف اور اس پرفخر کرتی ہے۔

Or

محمداور لیس چیف ایگزیٹوآفیسر 22 فروری2024 فیصل آباد

almadlaran.

احرحسن ڈائر یکٹر

# SHARIAH COMPLIANCE REVIEW REPORT

For the six months period ended **December 31, 2023** 



Sitara Chemical Industries Limited

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Auditor's Review Report & Condensed Interim Financial Statements

For the six months period ended **December 31, 2023** 



# Yousuf Adil Chartered Accountants

134-A, Abu Bakar Block New Garden Town Lahore Pakistan Tel: +92 (0) 42 3591 3595-7 Fax: +92 (0) 42 3544 0521 www.yousufadil.com

### INDEPENDENT AUDITOR'S REVIEW REPORT

# TO THE MEMBERS OF SITARA CHEMICAL INDUSTRIES LIMITED

### REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Sitara Chemical Industries Limited (the Company) as at December 31, 2023, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cashflows, condensed interim statement of changes in equity and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three-month period ended December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2023.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Sufyan.

Jours **Chartered Accountants** 

Lahore Date: February 26, 2024 UDIN: RR202310180wDNA2ZdIE

> An Independent Correspondent Firm to Deloitte Touche Tohmatsu Limited

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

# AS AT DECEMBER 31, 2023

December 31, 2023June 30, 2023ASSETSNote(Rupees in thousand)NON - CURRENT ASSETS20,571,42918,458,822Property, plant and equipment520,571,42918,458,822Intangible assets7,1647,541Investment property63,468,3183,320,667Long-term investments25,03925,039Long-term loans and advances26,82401,304,370Long-term deposits24,825,32323,241,973CURRENT ASSETSStores, spare parts and loose tools1,741,1521,669,634
ASSETSNote(Rupees in thousand)NON - CURRENT ASSETS20,571,42918,458,822Property, plant and equipment520,571,42918,458,822Intangible assets7,1647,541Investment property63,468,3183,320,667Long-term investments25,03925,039Long-term loans and advances2628,2401,304,370Long-term deposits24,825,32323,241,973CURRENT ASSETS
NON - CURRENT ASSETS         Property, plant and equipment       5       20,571,429       18,458,822         Intangible assets       7,164       7,541         Investment property       6       3,468,318       3,320,667         Long-term investments       25,039       25,039         Long-term loans and advances       628,240       1,304,370         Long-term deposits       24,825,323       23,241,973
Property, plant and equipment       5       20,571,429       18,458,822         Intangible assets       7,164       7,541         Investment property       6       3,468,318       3,320,667         Long-term investments       25,039       25,039         Long-term loans and advances       628,240       1,304,370         Long-term deposits       125,133       125,534         CURRENT ASSETS
Intangible assets       7,164       7,541         Investment property       6       3,468,318       3,320,667         Long-term investments       25,039       25,039         Long-term loans and advances       628,240       1,304,370         Long-term deposits       125,133       125,534         CURRENT ASSETS
Investment property       6       3,468,318       3,320,667         Long-term investments       25,039       25,039         Long-term loans and advances       628,240       1,304,370         Long-term deposits       125,133       125,534         CURRENT ASSETS
Long-term investments         25,039         25,039           Long-term loans and advances         628,240         1,304,370           Long-term deposits         125,133         125,534           CURRENT ASSETS         24,825,323         23,241,973
Long-term loans and advances         628,240         1,304,370           Long-term deposits         125,133         125,534           24,825,323         23,241,973           CURRENT ASSETS
Long-term deposits         125,133         125,534           24,825,323         23,241,973           CURRENT ASSETS
24,825,323 23,241,973
CURRENT ASSETS
Stores spare parts and loose tools
Stock-in-trade 4,517,157 3,581,645
Trade debts 2,468,159 2,233,137
Loans and advances 1,854,292 1,473,915
Trade deposits, prepayments and other receivables 64,522 31,561
Advance income tax 1,907,484 1,651,622
Other financial assets 7 527,012 721,966
Cash and bank balances 493,147 334,319
13,572,925 11,697,799
38,398,248 34,939,772
EQUITY AND LIABILITIES
SHARE CAPITAL AND RESERVES
Share capital 214,294 214,294
Reserves 1,427,789 1,347,569
Unappropriated profit 12,167,812 11,927,300
Surplus on revaluation of property, plant and equipment 3,032,142 3,115,075
16,842,037 16,604,238
NON - CURRENT LIABILITIES
Long-term financing 8 2,724,021 2,348,978
Long-term deposits 135,963 128,463
Deferred taxation 2,958,602 3,087,152
Deferred liabilities 9 256,446 262,221
6,075,032 5,826,814
CURRENT LIABILITIES
Trade and other payables 4,482,061 3,792,608
Profit / financial charges payable 760,127 464,660
Short term borrowings 8,978,660 7,035,129
Provision for taxation 262,873 390,591
Unclaimed dividend 28,159 26,391
Current portion of long-term financing 969,299 799,341
15,481,179 12,508,720
CONTINGENCIES AND COMMITMENTS 10
<u>38,398,248</u> <u>34,939,772</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

(d)

almadlacan. Director

**Chief Financial Officer** 

**Chief Executive Officer** 

11

Sitara Chemical Industries Limited

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

		Six months period ended		Three months	s period ended	
		December 31,	December 31,	December 31,	December 31,	
		2023	2022	2023	2022	
	Note	(	Rupees in t	thousand	)	
				[]	<b></b> ]	
Revenue from contract with						
customers - net	11	14,944,167	11,968,345	7,330,946	6,769,499	
Cost of sales	12	(12,553,147)	(10,389,651)	(6,124,675)	(5,668,053)	
Gross profit		2,391,020	1,578,694	1,206,271	1,101,446	
Distribution cost		(271,624)	(299,821)	(136,112)	(166,830)	
Administrative expenses		(533,970)	(453,004)	(271,373)	(238,986)	
Other expenses		(137,536)	(24,837)	(115,034)	(24,837)	
Finance cost		(1,135,026)	(770,507)	(616,946)	(409,526)	
		(2,078,156)	(1,548,169)	(1,139,465)	(840,179)	
Other income		179,340	148,322	122,478	89,536	
		,	·	,		
Profit before taxation		492,204	178,847	189,284	350,803	
Provision for taxation	13	(120,331)	(90,944)	(19,133)	(91,791)	
Profit after taxation		371,873	87,903	170,151	259,012	
Earnings per share - basic and						
diluted - (Rupees)		17.35	4.10	7.94	12.09	

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

**Chief Financial Officer** 

(d)

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**Chief Executive Officer** 

Director

12 Sitara Chemical Industries Limited

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Six months p	period ended	Three months	period ended
	December 31, 2023 (	December 31, 2022 Rupees in	2023	December 31, 2022 )
Profit after taxation	371,873	87,903	170,151	259,012
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Gain on sale of investments measured at FVTOCI	934	-	-	-
Gain/ (loss) on re-measurement of investments measured at FVTOCI	93,278	(3,936)	87,888	(9,326)
Related tax impact	(13,992)	590	(13,183)	1,399
Other comprehensive income	80,220	(3,346)	74,705	(7,927)
Total comprehensive income for the period	452,093	84,557	244,856	251,085

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

**Chief Financial Officer** 

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**Chief Executive Officer** 

almadlaroan.

Director

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

					Reserves			r	
			Ca	pital	Reserves		Revenue		
	Share Capital	Share Premium	Reserve on re- measurement of equity instruments as at FVTOCI - net of tax	Reserve on re- measurement of post retirement benefits obligation- net of tax	Surplus on revaluation of property, plant and equipment	General Reserve	Unappropriated profit	Total Reserves	Total
		(		Ru	pees in thousa	nd			)
Balance as at July 01, 2022 - Audited	214,294	97,490	54,306	(4,405)	3,525,985	1,225,000	10,925,711	15,824,087	16,038,381
Total comprehensive income									
Profit for the period	-	-	-	-	-	-	87,903	87,903	87,903
Other comprehensive income	-	-	(3,346)	-	-	-	-	(3,346)	(3,346)
	-	-	(3,346)	-	-	-	87,903	84,557	84,557
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	-	-	-	(99,674)	-	99,674	-	-
Transactions with owners									
Final dividend for the year ended June 30, 2022 @ Rs. 8 per share	-	-	-	-	-	-	(171,435)	(171,435)	(171,435)
Balance as at December 31, 2022 - Un-audited	214,294	97,490	50,960	(4,405)	3,426,311	1,225,000	10,941,853	15,737,209	15,951,503
Balance as at July 01, 2023 - Audited	214,294	97,490	30,092	(5,013)	3,115,074	1,225,000	11,927,301	16,389,944	16,604,238
Total comprehensive income									
Profit for the period	-	-	-	-	-	-	371,873	371,873	371,873
Other comprehensive income	-	-	80,220	-	_	-	-	80,220	80,220
	-	-	80,220	-	-	-	371,873	452,093	452,093
Transfer to unappropriated profit on account of incremental									
depreciation - net of tax	-	-	-	-	(82,932)	-	82,932	-	-
Transactions with owners									
Final dividend for the year ended June 30, 2023 @ Rs. 10 per share	-	-	-	-	-	-	(214,294)	(214,294)	(214,294)
Balance as at December 31, 2023 - Un-audited	214,294	97,490	110,312	(5,013)	3,032,142	1,225,000	12,167,812	16,627,743	16,842,037

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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**Chief Executive Officer** 

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Director

**Chief Financial Officer** 

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

		Six months period ended		
		December 31,	December 31,	
	Note	2023 (Rupees in 1	2022	
CASH FLOWS FROM OPERATING ACTIVITIES	Note	(Rupees in	tilousanu)	
Operating cash flow before working capital changes	16	2,247,447	1,515,380	
Effect on cash flow due to working capital changes: (Increase) / decrease in current assets				
Stores, spare parts and loose tools		(71,518)	(327,165)	
Stock-in-trade		(935,512)	626,334	
Trade debts		(332,583)	(119,199)	
Loans and advances		(476,245)	(348,898)	
Trade deposits, prepayments and other receivables		(32,961)	(27,684)	
Increase / (decrease) in current liabilities				
Trade and other payables		689,453	(489,314)	
		(1,159,366)	(685,926)	
Cash generated from operations		1,088,081	829,454	
Finance cost paid		(802,527)	(656,539)	
Employee benefits paid		(5,521)	(4,683)	
Taxes paid		(646,452)	(96,650)	
		(1,454,500)	(757,872)	
Net cash (used in) / generated from operating activities		(366,419)	71,582	
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(2,785,661)	(1,138,491)	
including capital work in progress				
Proceeds from disposal of property, plant and equipment		30,529	19,649	
Purchase of investment property		(152,448)	(201)	
Purchase of other financial assets		(548,453)	(492,730)	
Proceeds from disposal of other financial assets		877,267	477,384	
Long-term deposits paid Long-term loans and advances given		401 798,512	(288) (764)	
Profit received on bank deposits		26,926	11,934	
Dividend income received		9,268	8,152	
Net cash used in investing activities		(1,743,659)	(1,115,355)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Long-term financing obtained		864,005	641,261	
Repayment of long-term financing		(333,604)	(411,270)	
Short term borrowing - net		1,943,531	924,421	
Long-term deposits received		7,500	10,700	
Dividend paid		(212,526)	(169,852)	
Net cash generated from financing activities		2,268,906	995,260	
Net increase / (decrease) in cash and cash equivalents		158,828	(48,513)	
Cash and cash equivalents at the beginning of the period		334,319	322,690	
Cash and cash equivalents at the end of the period		493,147	274,177	

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

**Chief Financial Officer** 

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Chief Executive Officer

Director

15 Sitara Chemical Industries Limited

#### 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 Companies Act, 2017). The Company is listed on Pakistan Stock Exchange Limited. 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 operation of Chlor alkali plant, Oleo chemical plant and yarn spinning unit. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hassan Road, Karachi, in the province of Sindh and the manufacturing facilities are located at 28/32 K.M., Faisalabad - Sheikhupura 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 trading of fabric

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

#### 2 BASIS OF PREPARATION

2.1 These condensed interim financial statements of the Company for the six months period ended December 31, 2023 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;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 (the Act) differ with the requirements of IAS 34 and IFAS, the provisions of and directives issued under the Act 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, 2023. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2023, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements for the six months period ended December 31, 2022.
- 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 MATERIAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT

The material 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, 2023.

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the company's annual accounting periods beginning on or after July 1, 2023. However, these will not have any significant effects on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparation of these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for the year ended June 30, 2023.

		Note	Un-audited December 31, 2023	Audited June 30, 2023
5	PROPERTY, PLANT AND EQUIPMENT		(Rupees in t	thousand)
	Operating assets	5.1	16,868,874	16,998,641
	Capital work-in-progress	5.2	3,508,616	1,315,328
	Capital stores		193,939	144,853
			20.571.429	18.458.822

5.1 (	Operating assets	Un-audited December 31, 2023 (Rupees in	Audited June 30, 2023 thousand)
	Opening written down value	16,998,641	17,257,906
	Additions during the period / year:		
	Buildings on freehold land - Mill	27,825	90,106
	Plant and machinery	386,959	727,221
	Grid station and electric installations	76,624	345
	Containers and cylinders	-	1,477
	Factory equipment	7,054	25,386
	Electric equipment	10,484	103,502
	Office equipment	2,631	7,302
	Furniture and fittings	603	23,194
	Vehicles	31,107	106,770
		543,287	1,085,303
١	Nritten down value of assets disposed off during the period / year	(20,860)	(6,967)
I	Depreciation charged during the period / year	(652,194)	(1,337,601)
١	Nritten down value at the end of the period / year	16,868,874	16,998,641

#### 5.2 Capital work-in-progress

Description	At July 01, 2023	Additions	Transfers	At December 31, 2023
		(Rupees in	thousand)	
Civil works	338,750	215,225	(96,564)	457,411
Mechanical works	976,578	2,153,763	(79,136)	3,051,205
	1,315,328	2,368,988	(175,700)	3,508,616
Description	At July 01, 2022	Additions	Transfers	At June 30, 2023
		(Runees in	thousand)	
		(	thousanay	
Civil works	34,189	396,480	(91,919)	338,750
Civil works Mechanical works	34,189 52,682	• •	•	

5.3 The Company had revalued its freehold land, building and plant and machinery at June 30, 2019. The revaluation had been carried out by Hamid Mukhatar & Company (Private) Limited, an independent valuer not connected to the Company and is on the panel of Pakistan Banks Association. It was 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.

Out of the total revaluation surplus of Rs. 4,514 million, Rs. 3,032 million net of tax (June 30, 2023: 3,115 million) remains undepreciated as at December 31, 2023.

Details of the Company's revalued assets and information about fair value hierarchy, as at December 31, 2023 are as follows:

	C	Un-audited December 31, 2023	3		Audited June 30, 2023	
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
			(Rupee	s in thousand)		
Land - freehold	-	1,300,628	-	-	1,300,875	-
Buildings on freehold land	-	1,729,440	-	-	1,789,965	-
Plant and machinery	-	12,132,263	-	-	12,218,350	-
	-	15,162,331	-	-	15,309,190	-
					Un-audited December 31, 2023	Audited June 30, 2023
INVESTMENT PROPERTY				Note	(Rupees in t	housand)
Land				6.1	3,339,768	3,188,600
Buildings				6.2	91,136	95,933
Advance against purchase of in	nvestment prope	erty			37,414	36,134
					3,468,318	3,320,667

6

		Note	Un-audited December 31, 2023 (Rupees in t	Audited June 30, 2023 housand)
6.1	Land		(	
	Balance at the beginning of the period / year Additions during the period / year Disposals during the period / year		3,188,600 152,768 (1,600)	3,188,600 - -
	Balance at the end of the period / year		3,339,768	3,188,600
6.2	Buildings			
	Opening written down value Additions during the period / year Depreciation charged during the period / year		95,933 - (4,797)	35,877 64,179 (4,123)
	Written down value at the end of the period / year		91,136	95,933
7	OTHER FINANCIAL ASSETS Investments classified as fair value through other comprehensive income (FVTOCI)			
	Equity investments Investments classified as fair value through profit and loss (FVTPL)	7.1	270,030	186,672
	Mutual Funds		256,982	535,294
7.1	Reconciliation between fair value and cost of investments classified at FVTOCI		527,012	721,966
	Fair value of investments - in listed equity securities		270,030	186,672
	Gain on remeasurement of investments		129,779	35,402
	Cost of investment		140,251	151,270

#### 7.2 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 (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

	De	Un-audited cember 31, 2023	3		Audited June 30, 2023	
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
			(Rupee	es in thousand)		
Equity instruments at fair valu	e:					
Investments - FVTOCI	270,030	-	-	186,672	-	-
Investments - FVTPL	256,982	25,039	-	535,294	25,039	-
Total assets at fair value	527,012	25,039	-	721,966	25,039	-

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 approximates to their fair values.

	ONG-TERM FINANCING Note	Un-audited December 31, 2023 (Rupees in	Audited June 30, 2023 thousand)
D	iminishing Musharka (from financial institutions - secured)		
0	pening balance	3,346,367	2,655,056
0	btained during the period / year 8.1	864,005	1,486,138
Re	e-paid during the period / year	(333,604)	(794,827)
		3,876,768	3,346,367
D	eferred grant recognized on subsidized rate loan	(183,448)	(198,048)
		3,693,320	3,148,319
Le	ess: Current portion of long term loans	(969,299)	(799,341)
		2,724,021	2,348,978

8.1 Subject to the terms and conditions disclosed in note 21 of the audited financial statements for the year ended June 30, 2023, the entity has availed additional financing from Dubai Islamic Bank Limited, Meezan Bank Limited, The Bank of Punjab and Askari Bank Limited amounting to Rs. 41.18 million, Rs. 79.51 million, Rs. 493.31 million and Rs. 250 million respectively.

		Un-audited December 31, 2023	Audited June 30, 2023
9	DEFERRED LIABILITIES	(Rupees in t	thousand)
	Gratuity payable	72,998	64,173
	Deferred grant	183,448	262.221
10	CONTINGENCIES AND COMMITMENTS	200,110	202)221

### 10.1 Contingencies

There are no significant change in status of contingencies as disclosed in the annual audited financials statements for the year ended June 30, 2023.

1,885,068

232,041

230,986

#### 10.2 Commitments

 Outstanding letters of credit for raw material, spare parts, plant and machinery
 2,941,159

Guarantees issued by banks on behalf of the Company

		Un-a	Un-audited		Un-audited	
			Six months period ended		Three months period ended	
		December 31	December 31	December 31	December 31	
		2023	2022	2023	2022	
11	REVENUE FROM CONTRACTS WITH CUSTOMERS - NET	(	Rupees in	n thousand		
	Local:	(			,	
	Chemicals	15,003,366	12,852,013	7,351,688	7,099,915	
	Yarn	2,407,159	975,510	1,158,342	652,795	
	Fabric	65,184	104,538	50,348	58,722	
	Waste	25,118	3,951	15,957	3,312	
	Others - trading	113,362	-	62,227	-	
	-	17,614,189	13,936,012	8,638,562	7,814,744	
	Export:					
	Chemicals	196,837	353,079	49,994	237,040	
	Gross Sales	17,811,026	14,289,091	8,688,556	8,051,784	
	Less:		, ,			
	Commission and discount	(396,765)	(293,586)	(199,572)	(155,348)	
	Sales tax	(2,470,094)	(2,027,160)	(1,158,038)	(1,126,937)	
		(2,866,859)	(2,320,746)	(1,357,610)	(1,282,285)	
		14,944,167	11,968,345	7,330,946	6,769,499	
12	COST OF SALES					
	Raw material consumed	4,337,087	2,298,183	1,571,523	1,457,312	
	Fuel and power	7,195,278	6,221,612	3,871,276	2,757,995	
	Salaries, wages and benefits	529,659	372,632	283,806	195,273	
	Factory overheads	1,097,525	990,724	540,975	519,656	
		13,159,549	9,883,151	6,267,580	4,930,236	
	Work-in-process		·			
	Opening stock	45,650	40,929	52,718	32,200	
	Closing stock	(29,682)	(41,716)	(29,682)	(41,716)	
		15,968	(787)	23,036	(9,516)	
	Cost of goods manufactured	13,175,517	9,882,364	6,290,616	4,920,720	
	Finished goods					
	Opening stock	1,700,648	1,990,509	2,194,911	2,230,555	
	Closing stock	(2,412,910)	(1,483,222)	(2,412,910)	(1,483,222)	
		(712,262)	507,287	(217,999)	747,333	
	Cost of trading items	89,892	-	52,058	-	
		12,553,147	10,389,651	6,124,675	5,668,053	
13	PROVISION FOR TAXATION					
	Current - for the period	262,873	158,007	116,790	94,472	
	Deferred	(142.542)	(67.063)	(97.657)	(2,681)	
		120,331	90,944	19,133	91,791	
		120,001	50,544	10,100	51,751	

#### 14 TRANSACTIONS WITH RELATED PARTIES

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

		Un-au	Un-audited	
		Six months p	Six months period ended	
		December 31	December 31	
		2023	2022	
Relationship with the Company	Nature of transactions	(Rupees in	thousand)	
Associated undertaking	Sale of goods	87	498	
	Organizational expenses paid	-	52	
	Donation	29,957	23,726	
Key management personnel	Remuneration to Executives	107,986	90,775	
		Un-audited December 31, 2023 (Rupees in	Audited June 30, 2023 thousand)	
Associated company	Long term receivable	702,225	702,225	

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

Company name Sitara Developers (Private) Limited Aziz Fatima Trust Hospital

20 Sitara Chemical Industries Limited

Basis of association Common directorship Common directorship Relationship with the Company Associated company Associated undertaking

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

## 15 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 trading of fabric

# **15.1** Information about operating segments is as follows:

	Operating segments					
	Chemical	Chemical Division Textile Division		Total	Total	
	Un-audited					
		Six months period ended				
	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,
	2023	2022	2023	2022	2023	2022
	(		Rupees in	thousand		)
Revenue from external customers - net	12,602,731	11,049,124	2,341,436	919,221	14,944,167	11,968,345
Depreciation on property, plant and equipment	602,942	614,128	49,253	47,394	652,195	661,522
Segment profit	523,715	190,443	106,025	13,241	629,740	203,684
5 I	· · ·	·	<u> </u>	·	<u>,</u>	·
					Total	Total
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	December 31,	June 30	December 31	June 30	December 31	June 30
	2023	2023	2023	2023	2023	2023
	, v					1
Capital expenditure	449,460	996,735	93,827	88,568	543,287	1,085,303
Segment assets	32,786,677	26,135,813	3,510,915	3,037,249	36,297,592	29,173,062
Segment assets	32,780,077	20,133,813	5,510,915	5,037,249	30,237,332	23,173,002
Sogment liabilities	17 977 600	11 622 904	120 000	107 506	19 206 F70	14 921 400
Segment liabilities	17,877,699	14,633,804	428,880	197,596	18,306,579	14,831,400

		Un-audited Six months period ended		
		December 31, December 31		
		2023	2022	
15.2	Reconciliations of reportable segments are as follows:	(Rupees in	thousand)	
	Revenue			
	Total revenue for reportable segments	14,944,167	11,968,345	
	Profit for the period			
	Total profit for reportable segments	629,740	203,684	
	Unallocated other expenses	(137,536)	(24,837)	
	Profit before taxation	492,204	178,847	
		Un-audited	Audited	
		December 31,	June 30,	
		2023	2023	
		(Rupees in thousand)		
	Assets			
	Total assets for reportable segments	36,297,592	29,173,062	
	Other unallocated corporate assets	2,100,656	5,766,710	
	Company's assets	38,398,248	34,939,772	
	Liabilities			
	Total liabilities for reportable segments	18,306,579	14,831,400	
	Other unallocated corporate liabilities	3,249,632	3,504,134	
	Company's liabilities	21,556,211	18,335,534	

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

		Un-audited Six months period ended		
		December 31, 2023	December 31, 2022	
16	OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES	(Rupees in thousand)		
	Profit before taxation Adjustments for:	492,204	178,847	
	Depreciation on property, plant and equipment	652,194	659,925	
	Depreciation on investment property	4,797	1,597	
	Amortization on intangible assets	377	419	
	Gain on sale of investments measured at FVTPL	(1,308)	(356)	
	Finance cost	1,135,026	770,507	
	Gain on disposal of property, plant and equipment	(9,669)	(16,435)	
	Provision for employee benefits	14,346	8,547	
	Dividend income	(47,609)	(42,811)	
	Exchange gain	(183)	(5,755)	
	Unwinding of deferred receivable	(26,514)	(36,422)	
	Amortization of deferred grant	(37,032)	(868)	
	Impairment loss on financial assets	97,744	10,119	
	Profit on bank deposits	(26,926)	(11,934)	
		1,755,243	1,336,533	
		2,247,447	1,515,380	

# 17 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 22, 2024.

## 18 GENERAL

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

**Chief Financial Officer** 

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almadlaroan.

Director

**Chief Executive Officer** 

