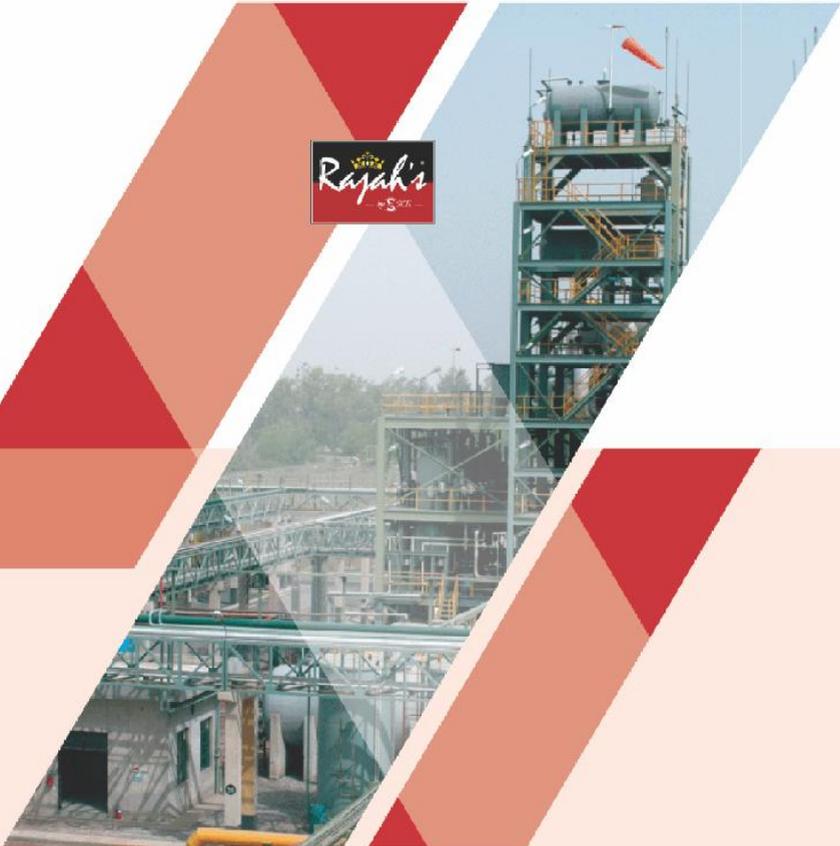




Sitara Chemical Industries Limited
3rd Quarter Report
March 31, 2019



Contents

02	Company Information	
03	Directors' Review	
05	Condensed Interim Statement of Financial Position (Un-Audited)	
06	Condensed Interim Statement of Profit or Loss (Un-Audited)	
07	Condensed Interim Statement of Comprehensive Income (Un-Audited)	
08	Condensed Interim Statement of Changes in Equity (Un-Audited)	
09	Condensed Interim Statement of Cash Flows (Un-Audited)	
10	Notes to the Condensed Interim Financial Statements (Un-Audited)	

Company Information

Board of Directors

Chairman
Chief Executive Officer
Directors

Mr. Muhammad Khalil
Mr. Muhammad Adrees
Mr. Haseeb Ahmad
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

Shariah Advisor

Al Hamd Shariah Advisory Services (Pvt.) Limited

Bankers

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

Website of the Company

www.sitara.com.pk

Registered Office

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

Share Registrar Address

THK Associates (Private) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S.,
Karachi.

Factories

28/32 KM, Faisalabad - Sheikhupura Road,
Faisalabad.

Directors' Review

In the name of Allah, the Most Beneficent, the Most Gracious, the Most Merciful. The Directors of Sitara Chemical Industries Limited are pleased to present the un-audited condensed interim financial statements of the Company for the 3rd quarter ended March 31, 2019.

Overview:

During the period year under review, your Company has recorded net sales of Rs. 9,597/- million and gross profits of Rs. 2,071/- million as compared with net sales of Rs. 8,986/- million and gross profits of Rs. 1,921/- million in the corresponding period of last year. Profit after tax amounted to Rs. 807/- million as compared with Rs. 891/- million of same period of last year. Your company witnessed an improvement of 6.79% in net sales revenue and 7.85% in gross profits during the period under review.

During the period under review, energy cost of the company increased as compared with the same period of last year due to factors like non-availability of system gas during the month of March 2019 when the same had resumed during the same month of last year, rising cost of RLNG, PKR depreciation, increase in coal rates in international market etc. However, we managed to mitigate the adverse effects of rising cost through cost reduction and by increasing the prices of products.

Net sales of textile segment of your company also remained better; however, gross margins remained little depressed due to depressed market conditions compared with same period of last year.

Financial cost during the period under review also increased due to increase in KIBOR rates compared with corresponding period of last year. Earnings per share remained at Rs. 37.66/- as compared with Rs. 41.58/- same period of last year.

Registration as Shariah Compliant Company

We are pleased to inform our valued shareholders and other stakeholders that your company has been granted with the certificate of a Shariah Compliant Company by Securities & Exchange Commission of Pakistan (SECP) under Shariah Governance Regulations, 2018 (Alhamdulillah). The said certificate is valid for three years which is renewable afterwards.

Corporate Social Responsibility

Your Company continued its corporate social responsibility program of donating towards charitable hospital, arrangement of free medical camps, and installation/running of clean water treatment plants at the surrounding areas of Faisalabad.

Future Outlook:

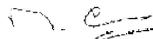
As reported in our last quarterly report, work on BMR of one of our electrolyser has been completed and it has started its trial production.

Similarly, in textile division work on BMR / replacement of old machinery with latest Swiss machines at all back process is in progress; LCs are opened and some shipments have arrived while remaining shipments are expected to arrive by the end of May 2019. Project is planned to be completed during the 4th quarter of the current financial year (INSHA' ALLAH).

After significant PKR devaluation in relation to USD along with substantial increase in discount rate by the incumbent Govt. since the start of the current fiscal year, we have witnessed an overall economic slowdown in the country in general and slow down in industrial sector including textile sector in particular. These factors have caused uncertainties in the prevailing business environment. Furthermore, the non-availability of system gas as of now and any probable increase in the cost of natural gas, RLNG prices, WAPDA tariff etc. or any further PKR depreciation against US dollar are the key challenges faced by the Company.

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: April 23, 2019



Haseeb Ahmad

Director

ڈائریکٹرز رپورٹ

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

ستارہ کیمیکلز انڈسٹریز لمیٹڈ کے ڈائریکٹرز 31 مارچ 2019 کو ختم ہونے والی تیسری سہ ماہی کے غیر آڈٹ شدہ اکاؤنٹس پیش کرنے کے لیے خوش ہیں۔

جائزہ:

زیر جائزہ مدت کے دوران آپ کی کمپنی نے 9,597 ملین روپے کی خالص فروخت کی ہے۔ اور مجموعی منافع 2,071 ملین روپے رہا۔ جو کہ پچھلے سال اسی مدت میں خالص فروخت 8,986 ملین روپے اور مجموعی منافع 1,921 ملین روپے تھا۔ گیس کے بعد منافع 807 ملین روپے رہا جبکہ پچھلے سال اسی عرصہ کے دوران 891 ملین روپے رہا۔ زیر جائزہ مدت کے دوران آپ کی کمپنی نے خالص فروخت کی مدت میں 6.79% اور مجموعی منافع میں 7.85% بہتری دیکھنے میں آئی۔

زیر جائزہ مدت کے دوران کمپنی کی توانائی کی لاگت میں پچھلے سال اسی عرصہ کے مقابلے میں اضافہ ہوا ہے جس کی وجہ سسٹم گیس کی مارچ 2019 کے دوران عدم دستیابی ہے جو پچھلے سال اسی مہینے کے دوران دوبارہ شروع ہو گئی تھی، RLNG کی بڑھتی ہوئی قیمتیں، پاکستانی روپے کے بے قدری، بین الاقوامی مارکیٹ میں کولے کی قیمتوں میں اضافہ جیسے عوامل ہیں۔ تاہم، ہم قیمت میں کمی کے ذریعے اور مصنوعات کی قیمتوں میں اضافہ کی وجہ سے بڑھتی ہوئی قیمتوں کے منفی اثرات کو کم کرنے میں کامیاب رہے۔

آپ کی کمپنی کے ٹیکسٹائل سیکشن کی خالص فروخت میں بہتری رہی۔ تاہم، مجموعی منافع پچھلے سال اسی عرصہ کے مقابلے میں مارکیٹ کے ناموافق حالات کی وجہ سے تھوڑا سا کم رہا۔

زیر جائزہ مدت کے دوران KIBOR Rates میں اضافے کی وجہ سے پچھلے سال اسی عرصہ کے مقابلے میں مالیاتی اخراجات میں بھی اضافہ ہوا۔ فی حصص آمدنی 37.66 روپے رہی جو کہ پچھلے سال اسی عرصہ میں 41.58 روپے تھی۔

شرعی مطابقت پذیر کمپنی کے طور پر رجسٹریشن:

ہم اپنے معزز ذمہ داروں اور شرکاء داروں کو یہ بتانے کے لیے خوش ہیں کہ آپ کی کمپنی کو شریعی گورننس ریگولیشن 2018 کے تحت سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان نے ایک شرعی مطابقت پذیر کمپنی کے سرٹیفکیٹ سے نوازا ہے (الحمد للہ)۔ یہ سرٹیفکیٹ تین سال کے لیے لاگو ہے۔ جو اس کے بعد بھی قابل تجدید ہے۔

کارپوریٹ سماجی ذمہ داری:

آپ کی کمپنی باقاعدگی سے فیصل آباد کے گرد و نواح میں خیراتی ہسپتال، بری میڈیکل کیمپ اور صاف پانی کے پلانٹ کی تنصیب/ چلانے کی طرف متوجہ رہتی ہے۔

مستقبل پر نظر:

جیسا کہ ہم نے اپنی آخری سہ ماہی رپورٹ میں ذکر کیا تھا کہ ہمارے ایک الیکٹرو لائزر کی BMR کا کام جاری ہے، جو کہ اب مکمل ہو چکا ہے۔ اور اس نے اپنی آزمائشی پیداوار بھی شروع کر دی ہے۔

اسی طرح ٹیکسٹائل ڈویژن میں BMR پر کام / پرانی مشینری کو جدید ٹیکنالوجی سے تبدیل کرنے کا کام جاری ہے۔ جن کی LCs کھولی جا چکی ہیں اور کچھ ترسیلات آچکی ہیں جبکہ باقی ترسیلات مئی 2019 کے اختتام پر متوقع ہیں۔ یہ منصوبہ موجودہ مالی سال کی چوتھی سہ ماہی کے دوران مکمل ہو جائے گا (اللہ کے ارادے سے)۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی مسلسل بے قدری کے ساتھ ساتھ حکومت کی طرف سے ڈسکاؤنٹ کی شرح میں کافی اضافہ کیا گیا ہے۔ موجودہ مالی سال کے آغاز سے ہی ملک کی مجموعی اقتصادی صورتحال سست روی کا شکار رہی جس نے صنعت کے شعبے خاص طور پر ٹیکسٹائل سیکٹر کو شدید متاثر کیا ہے۔

ان عوامل سے موجودہ کاروباری ماحول میں غیر یقینی صورتحال پیدا ہوئی۔ اس کے علاوہ ابھی تک سسٹم گیس کی عدم دستیابی، اور قدرتی گیس کی لاگت میں مکننا اضافہ، RLNG کی قیمتیں، بجلی کی قیمت میں اضافہ وغیرہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدرتی مسلسل کمی، یہ وہ عوامل ہیں جن کا کمپنی کو سامنا ہے۔

اعترافات:

ہم اس موقع پر اپنے محترم کاروباری شرکاء اور ان 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

محمد ادریس

چیف ایگزیکٹو آفیسر

فیصل آباد 23 اپریل 2019

حسب احمد

حسب احمد

ڈائریکٹر

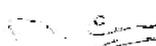
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT MARCH 31, 2019

		Un-audited March 31, 2019 (Rupees in thousand)	Audited June 30, 2018
ASSETS	Note		
NON - CURRENT ASSETS			
Property, plant and equipment	5	9,926,145	9,572,027
Intangible assets		11,421	11,780
Investment property	6	3,114,108	3,033,968
Long-term investments		25,039	25,039
Long-term loans and advances		1,411,185	1,349,111
Long-term deposits		111,473	111,209
		14,599,371	14,103,134
CURRENT ASSETS			
Stores, spare parts and loose tools		986,883	744,643
Stock-in-trade		1,850,256	950,647
Trade debts	7	1,386,457	1,137,768
Loans and advances		2,789,764	2,414,018
Trade deposits and short-term prepayments		11,651	4,998
Other receivables		9,024	9,976
Other financial assets	8	219,695	352,254
Advance sales tax		3,098	-
Cash and bank balances		166,651	79,663
		7,423,479	5,693,967
		22,022,850	19,797,101
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	9	214,294	214,294
Reserves		1,381,063	1,365,497
Un-appropriated profits		8,466,971	7,892,906
Surplus on revaluation of property, plant and equipment		1,123,444	1,164,731
		11,185,772	10,637,428
NON - CURRENT LIABILITIES			
Long-term financing	10	1,716,368	1,174,947
Long-term deposits		44,987	30,443
Deferred liabilities		1,210,813	1,183,897
		2,972,168	2,389,287
CURRENT LIABILITIES			
Trade and other payables		2,595,380	2,293,218
Sales tax payable		-	8,499
Profit / financial charges payable		223,397	76,973
Short term borrowings		4,375,612	3,525,027
Unclaimed dividend		19,860	21,775
Current portion of long term financing		650,661	844,894
		7,864,910	6,770,386
CONTINGENCIES AND COMMITMENTS			
	11	22,022,850	19,797,101

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



Anwar-ul-Haq
Chief Financial Officer



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmad
Director

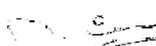
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Note	Un-audited		Un-audited	
		Nine months period ended		Three months period ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		(..... Rupees in thousand.....)			
Sales - net	12	9,596,928	8,986,582	3,434,526	3,603,178
Cost of sales	13	(7,525,634)	(7,066,001)	(2,743,354)	(2,830,582)
Gross profit		2,071,294	1,920,581	691,172	772,596
Distribution cost		(254,504)	(180,518)	(92,055)	(75,629)
Administrative expenses		(459,278)	(432,189)	(147,857)	(157,890)
Other expenses		(69,339)	(69,748)	(21,018)	(31,711)
Finance cost		(430,260)	(339,975)	(171,356)	(114,502)
		(1,213,381)	(1,022,430)	(432,286)	(379,732)
Other income		127,287	81,731	35,419	53,754
		985,200	979,882	294,305	446,618
Share of loss of associate - net of tax		-	(423)	-	(17)
Profit before taxation		985,200	979,459	294,305	446,601
Provision for taxation	14	(178,237)	(88,472)	(30,567)	(77,739)
Profit after taxation		806,963	890,987	263,738	368,862
Earnings per share - basic and diluted (Rupees)	15	37.66	41.58	12.31	17.21

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



Anwar-ul-Haq
Chief Financial Officer



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmad
Director

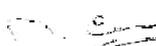
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

	Un-audited Nine months period ended		Un-audited Three months period ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(..... Rupees in thousand.....)			
Profit after taxation	806,963	890,987	263,738	368,862
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Surplus / (deficit) on investments classified as available for sale - net of tax	14,325	(35,280)	(16,676)	33,116
Reclassification adjustment relating to disposal of investments classified as available for sale during the period	-	(397)	-	-
Total items that may be reclassified subsequently to profit or loss	14,325	(35,677)	(16,676)	33,116
Items that will not be reclassified subsequently to profit or loss				
Revaluation surplus on property plant and equipment - adjustment due to change in tax rate	4,396	-	-	-
Remeasurement of post retirement benefits obligation	1,701	-	1,701	-
Impact of deferred tax	(459)	-	(459)	-
Total items that will not be reclassified subsequently to profit or loss	5,638	-	1,242	-
Total comprehensive income for the period	<u>826,926</u>	<u>855,310</u>	<u>248,304</u>	<u>401,978</u>

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



Anwar-ul-Haq
Chief Financial Officer



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmad
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Reserves						Total Reserves
	Capital			Revenue			
	Share Premium	Reserve on re-measurement of available investments - net of tax	Remeasurement of post retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment	General Reserve	Un-appropriated Profit	

(..... Rupees in thousand))

Balance as at July 01, 2017 - Audited	214,294	97,490	86,641	(6,314)	1,226,134	1,225,000	7,007,851	9,636,802	9,851,096
Total comprehensive income	-	-	-	-	-	-	890,987	890,987	890,987
Profit for the nine months period ended March 31, 2018	-	-	(35,677)	-	-	-	-	(35,677)	(35,677)
Other comprehensive income	-	-	(35,677)	-	-	-	-	890,987	855,310
Transfer to un-appropriated profit on account of incremental depreciation - net of tax	-	-	-	-	(49,349)	-	-	49,349	-
Distribution to owners	-	-	-	-	-	-	(267,868)	(267,868)	(267,868)
Final dividend for the year ended June 30, 2017 @ Rs. 12.5 per share	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2018 - Un-audited	214,294	97,490	50,964	(6,314)	1,176,785	1,225,000	7,680,319	10,224,244	10,438,538

Total comprehensive income	-	-	(619)	(1,025)	-	-	195,198	195,198	195,198
Profit for the three months period ended June 30, 2018	-	-	(619)	(1,025)	-	-	-	(1,644)	(1,644)
Other comprehensive income	-	-	(619)	(1,025)	-	-	-	195,198	193,554
Transfer to un-appropriated profit on account of incremental depreciation	-	-	-	-	(17,390)	-	-	17,390	-
Revaluation surplus on property, plant and equipment - adjustment due to change in tax	-	-	-	-	5,336	-	-	-	5,336
Balance as at June 30, 2018 - Audited	214,294	97,490	50,345	(7,339)	1,164,731	1,225,000	7,892,907	10,423,134	10,637,428

Total comprehensive income	-	-	-	-	-	-	806,963	806,963	806,963
Profit for the nine months period ended March 31, 2019	-	-	14,325	1,242	4,396	-	-	19,963	19,963
Other comprehensive income	-	-	14,325	1,242	4,396	-	-	806,963	826,926
Transfer to un-appropriated profit on account of incremental depreciation - net of tax	-	-	-	-	(45,683)	-	-	45,683	-
Distribution to owners	-	-	-	-	-	-	(278,582)	(278,582)	(278,582)
Final dividend for the year ended June 30, 2018 @ Rs. 13 per share	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2019 - Un-audited	214,294	97,490	64,670	(6,097)	1,123,444	1,225,000	8,466,971	10,971,478	11,185,772

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



Anwar-ul-Haq
Chief Financial Officer



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmad
Director

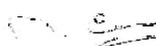
CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Note	Un-audited	
		Nine months period ended	
		March 31, 2019 (Rupees in thousand)	March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flow before working capital changes	18	2,033,584	1,967,241
Changes in working capital:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(242,241)	114,810
Stock-in-trade		(899,607)	31,072
Trade debts		(248,689)	(143,127)
Loans and advances		(235,566)	210,633
Trade deposits and short-term prepayments		(6,653)	(2,342)
Other receivables		952	(1,095)
Increase / (decrease) in current liabilities			
Trade and other payables		302,283	328,146
Sales tax payable		(11,597)	46,310
		(1,341,118)	584,407
Cash generated from operations		692,466	2,551,648
Finance cost paid		(283,837)	(340,508)
Employee benefits paid		(4,598)	(5,211)
Taxes paid		(295,233)	(360,886)
Profit received		6,066	7,617
		(577,602)	(698,988)
Net cash generated from operating activities		114,864	1,852,660
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,051,807)	(994,168)
Proceeds from disposal of property, plant and equipment		12,377	5,975
Proceeds from available for sale investments - net		146,885	43,381
Proceeds from disposal of investment property		2,056	71,578
Purchase of investment property		(85,964)	(155,250)
Purchase of available for sale investment		-	(103,859)
Purchase of intangible assets		(544)	-
Long term deposits paid		(264)	-
Long-term loans and advances received / (paid)		14,006	(159,653)
Dividend income received		3,559	4,040
Net cash used in investing activities		(959,696)	(1,287,956)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt / (Repayment) of long-term financing		347,188	(779,508)
Short term financing - net		850,585	501,627
Long term deposits availed / (repaid)		14,544	(3,000)
Dividend paid		(280,497)	(262,040)
Net cash generated from / (used in) financing activities		931,820	(542,921)
Net increase in cash and cash equivalents		86,988	21,783
Cash and cash equivalents at beginning of the period		79,663	131,002
Cash and cash equivalents at end of the period		166,651	152,785

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



Anwar-ul-Haq
Chief Financial Officer



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmad
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

1 LEGAL STATUS AND OPERATIONS

- 1.1 Sitara Chemical Industries Limited ("the Company") was incorporated in Pakistan on September 08, 1981 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017). The Company is currently listed on the Pakistan Stock Exchange. The company is a Shariah Compliant Company certified by Securities & Exchange Commission of Pakistan (SECP) under Shariah Governance Regulation 2018. The principal activities of the Company are operating Chlor Alkali plant and yarn spinning unit. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hasan Road, Karachi, in the province of Sindh and the manufacturing facilities are located at 28/32 K.M., Faisalabad - Sheikhpura Road, Faisalabad, in the province of Punjab.

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

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

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

2 BASIS OF PREPARATION

- 2.1 These condensed interim financial statements of the Company for the nine months period ended March 31, 2019 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, 2018. Comparative statement of financial position is extracted from annual audited financial statement for the year ended June 30, 2018, whereas comparative statement of profit or loss, comparative statement of comprehensive income, comparative statement of changes in equity and comparative of statement of cash flows are stated from un-audited condensed interim financial statements for the nine months period ended March 31, 2018.

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, 2018.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

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, 2018.

	Note	Un-audited March 31, 2019 (Rupees in thousand)	Audited June 30, 2018
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	9,865,985	9,492,027
Capital work-in-progress		60,160	80,000
		<u>9,926,145</u>	<u>9,572,027</u>
5.1 Operating assets			
Opening written down value		9,492,027	9,227,922
Additions during the period / year:			
Freehold land		5,451	-
Buildings on freehold land - Mill		91,949	187,946
Plant and machinery		733,372	834,878
Grid station and electric installations		360	854
Factory equipment		51,655	44,899
Electric equipment		124,112	70,664
Office equipment		13,783	5,866
Furniture and fittings		4,169	5,546
Vehicles		51,192	38,313
		<u>1,076,043</u>	<u>1,188,966</u>
Written down value of assets disposed off during the period / year		(4,714)	(2,610)
Depreciation charged during the period / year		(697,371)	(922,251)
		<u>9,865,985</u>	<u>9,492,027</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

5.2 The Company had revalued its freehold land, building and plant & machinery at June 30, 2016. 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, 2016. Out of the total revaluation surplus of Rs. 1,299 million, Rs. 1,123 million net of tax (June 30, 2018: 1,165 million) remains undepreciated as at March 31, 2019.

Details of the Company's revalued assets and information about fair value hierarchy, as at March 31, 2019 are as follows:

	Un-audited March 31, 2019			Audited June 30, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Land - freehold	-	773,470	-	-	768,019	-
Buildings on freehold land	-	1,385,217	-	-	1,400,714	-
Plant and machinery	-	6,500,666	-	-	6,261,008	-
	-	8,659,353	-	-	8,429,741	-

		Un-audited March 31, 2019	Audited June 30, 2018
	Note	(Rupees in thousand)	
6 INVESTMENT PROPERTY			
Land	6.1	3,063,296	2,979,388
Building	6.2	50,812	54,580
		<u>3,114,108</u>	<u>3,033,968</u>
6.1 Land			
Balance at the beginning of the period / year		2,979,388	2,854,288
Addition during the period / year		85,964	1,813,048
Disposal during the period / year		(2,056)	(1,687,948)
Balance at end of the period / year		<u>3,063,296</u>	<u>2,979,388</u>
6.2 Buildings			
Balance at the beginning of the period / year		89,277	101,865
Addition during the period / year		-	5,427
Disposal during the period / year		-	(18,015)
Balance at the end of the year		<u>89,277</u>	<u>89,277</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Note	Un-audited March 31, 2019 (Rupees in thousand)	Audited June 30, 2018
Accumulated depreciation:			
At the beginning of the period / year		34,697	29,583
For the period / year		3,768	6,803
Accumulated depreciation on disposed asset		-	(1,689)
At the end of the period / year		(38,465)	(34,697)
Written down value at the end of the period / year		50,812	54,580

7 TRADE DEBTS

These include receivable from related parties amounting to Rs. 415 thousand (June 30, 2018: Nil).

8 OTHER FINANCIAL ASSETS

Investments classified as available for sale	8.1	219,695	352,254
8.1 Listed equity securities			
Fair value at July 01		352,254	274,883
Additions in investments during the period / year		242,226	460,747
		594,480	735,630
Sale / disposal of investments during the period / year		(391,638)	(347,572)
		202,842	388,058
Gain / (loss) on investments during the period / year		16,853	(35,804)
		219,695	352,254

8.2 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 (that is, as prices) or indirectly (that is, derived from prices).

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

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

	Un-audited March 31, 2019			Audited June 30, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investments classified as - available for sale	219,695	-	-	352,254	-	-

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 NINE MONTHS PERIOD ENDED MARCH 31, 2019

9 SHARE CAPITAL

Un-audited March 31, 2019No. of Shares.....	Audited June 30, 2018		Un-audited March 31, 2019 (Rupees in thousand)	Audited June 30, 2018
		Authorized		
40,000,000	40,000,000	Ordinary shares of Rs. 10 each	400,000	400,000
20,000,000	20,000,000	Class "A"	200,000	200,000
		Class "B"		
		Issued, subscribed and paid up		
		Class "A" ordinary shares of Rs. 10/- each		
8,640,000	8,640,000	- fully paid in cash	86,400	86,400
10,804,398	10,804,398	- issued as fully paid bonus shares	108,044	108,044
1,985,009	1,985,009	- issued as fully paid under scheme of arrangement for amalgamation	19,850	19,850
<u>21,429,407</u>	<u>21,429,407</u>		<u>214,294</u>	<u>214,294</u>

- 9.1 Class "B" ordinary shares do not carry any voting rights.
 9.2 No shares are held by any associated company or related party of the Company.
 9.3 The Company has no reserved shares under options or sales contracts.

10 LONG-TERM FINANCING

Diminishing Musharka (from financial institutions - secured)

Opening balance	2,019,841	3,015,037
Obtained during the period / year	980,858	-
Re-paid during the period / year	(633,670)	(995,196)
	<u>2,367,029</u>	<u>2,019,841</u>
Less: Current portion	(650,661)	(844,894)
	<u>1,716,368</u>	<u>1,174,947</u>

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

Guarantees issued by banks on behalf of the Company	264,355	310,704
--	---------	---------

11.2 Commitments

Outstanding letters of credit for Coal Power Project raw material and spares	276,788	516,466
---	---------	---------

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Un-audited Nine months period ended		Un-audited Three months period ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018

(..... Rupees in thousand.....)

12 SALES - NET

Local:

Chemicals	9,239,678	8,512,611	3,142,874	3,287,783
Yarn	1,487,359	1,360,308	534,532	461,478
Fabric	344,018	289,257	246,787	228,789
Waste	11,559	10,229	3,170	4,600
	11,082,614	10,172,405	3,927,363	3,982,650

Export:

Chemicals	243,982	442,347	102,362	229,501
	11,326,596	10,614,752	4,029,725	4,212,151

Gross Sales

Less:

Commission and discount	(398,617)	(403,951)	(144,770)	(139,614)
Sales tax	(1,331,051)	(1,224,219)	(450,429)	(469,359)
	(1,729,668)	(1,628,170)	(595,199)	(608,973)
	9,596,928	8,986,582	3,434,526	3,603,178

13 COST OF SALES

Raw material consumed	2,437,664	1,996,381	859,023	901,218
Fuel and power	4,107,795	3,611,314	1,338,034	1,497,190
Salaries, wages and benefits	395,330	367,094	124,888	120,382
Factory overheads	1,132,734	1,078,013	407,305	365,545
	8,073,523	7,052,802	2,729,250	2,884,335
Work-in-process				
Opening stock	14,928	11,630	14,920	10,632
Closing stock	(14,749)	(12,768)	(14,749)	(12,768)
	179	(1,138)	171	(2,136)
Cost of goods manufactured	8,073,702	7,051,664	2,729,421	2,882,199
Finished goods				
Opening stock	634,800	554,064	1,196,801	488,110
Closing stock	(1,182,868)	(539,727)	(1,182,868)	(539,727)
	(548,068)	14,337	13,933	(51,617)
	7,525,634	7,066,001	2,743,354	2,830,582

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Un-audited Nine months period ended		Un-audited Three months period ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(..... Rupees in thousand.....)			
14 PROVISION FOR TAXATION				
Current - for the period	150,265	4,080	4,211	1,810
Prior year	-	547	-	-
Deferred	27,972	83,845	26,356	75,929
	178,237	88,472	30,567	77,739

15 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period	806,963	890,987	263,738	368,862
Weighted average number of ordinary shares outstanding during the period (No. of shares in thousand)	21,429	21,429	21,429	21,429
Earnings per share (Rupees)	37.66	41.58	12.31	17.21

16 TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the Company	Nature of transactions	Un-audited Nine months period ended	
		March 31, 2019	March 31, 2018
		(Rupees in thousand)	
Associated Undertakings	Sales	442	73
	Organizational expenses recovered	25	-
	Organizational expenses paid	2,284	1,618
	Donation given	17,687	16,864
	Key Management Personnel	Remuneration to Executives	83,741

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Un-audited Nine months period ended	
	March 31, 2019 (Rupees in thousand)	March 31, 2018
17.2 Reconciliations of reportable segments are as follows:		
Revenue		
Total revenue for reportable segments	9,596,928	8,986,582
Profit for the period		
Total profit for reportable segments	1,357,511	1,307,874
Unallocated corporate income / (expenses):		
Other income	127,287	81,731
Other expenses	(69,339)	(69,748)
Finance cost	(430,260)	(339,975)
Share of profit of associates - net of tax	-	(423)
Profit before taxation	985,199	979,459
	Un-audited March 31, 2019	Audited June 30, 2018
	(Rupees in thousand)	
Assets		
Total assets for reportable segments	16,993,512	14,992,172
Other unallocated corporate assets	5,029,338	4,804,929
Company's assets	22,022,850	19,797,101
Liabilities		
Total liabilities for reportable segments	1,761,354	1,234,662
Other unallocated corporate liabilities	9,075,724	7,925,011
Company's liabilities	10,837,078	9,159,673
17.3 The Company has no reportable geographical segment.		

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

Note	Un-audited	
	Nine months period ended	
	March 31, 2019 (Rupees in thousand)	March 31, 2018
18 OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES		
Profit before taxation	985,200	979,459
Adjustments for:		
Depreciation on property, plant and equipment	697,371	679,875
Depreciation on investment property	3,768	5,413
Gain on sale of available for sale investments	-	(491)
Amortization on intangible assets	903	1,341
Finance cost	430,260	339,975
Share of loss from investment in associate - net of tax	-	423
(Gain) / loss on disposal of property, plant and equipment	(7,663)	(4,239)
(Gain)/ Loss on disposal of investment property	-	(30,529)
Provision for employee benefits	6,650	7,671
Dividend income	(3,559)	(4,040)
Unwinding of deferred receivable	(73,280)	-
Profit on bank deposits	(6,066)	(7,617)
	<u>1,048,384</u>	<u>987,782</u>
	<u>2,033,584</u>	<u>1,967,241</u>

19 DATE OF AUTHORIZATION FOR ISSUE

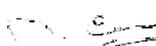
This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 23, 2019.

20 GENERAL

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



Anwar-ul-Haq
Chief Financial Officer



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmad
Director



Sitara Chemical Industries Limited

📍 601-602 Business Centre, Mumtaz Hassan Road,
Off. I.I Chundrigar Road, Karachi-74000

☎ Tel: 021-32420620, 32413944