

HALF YEARLY REPORT DECEMBER



2021



Sitara Peroxide
Limited

Company Information



Board of Directors	Mrs. Sharmeen Imran Mr. Imran Ghafoor Mr. Haroon Ahmed Zuberi Mr. Ejaz Hussain Mr. Yasir Ahmed Awan Mr. Zahid Aslam Mr. Mahmood Ahmad	Chairperson Chief Executive Officer Executive Director Non-Executive Director Non-Executive Director Independent Director Independent Director
Chief Financial Officer	Mr. Waqar Hafeez (FCA)	
Company Secretary	Mr. Mazhar Ali Khan	
Head of Internal Audit	Mr. Zia-ul-Mustafa	
Audit Committee	Mr. Zahid Aslam Mr. Mahmood Ahmad Mrs. Sharmeen Imran Mr. Zia-ul-Mustafa	Chairman Member Member Secretary
Human Resource and Remuneration Committee	Mr. Mahmood Ahmad Mr. Imran Ghafoor Mr. Ejaz Hussain	Chairman Member Member
External Auditors	M/s Deloitte Yousuf Adil Chartered Accountants	
Legal Advisor	Sahibzada Waqar Arif	
Registered Office	601-602 Business Centre, Mumtaz Hassan Road, Off. I.I. Chundrigar Road, Karachi-74000. Ph: (92 21) 32401373, 32413944	
Company Website	www.sitaraperoxide.com	
Bankers	Al Baraka Bank (Pakistan) Limited Askari Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited MCB Bank Limited Meezan Bank Limited National Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited United Bank Limited JS Bank Limited First Women Bank Limited Bank Al Habib Limited	
Share Registrar	THK Associates (Private) Limited Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi - 75500, Pakistan. UAN: (92 21) 111-000-322 Ph: (92 21) 35310183-84 Fax: (92 21) 35310191	
Head Office & Project Location	26 - KM Sheikhpura Road, Faisalabad. Ph : (92 41) 2400900-2, 2400904-5	



DIRECTORS REVIEW

I, on the behalf of Board of Directors of your Company, have pleasure in presenting you the un-audited condensed interim financial information for the half year ended December 31, 2021.

The quarter under review has been very testing period for your Company. From July 2021, the Company is facing challenge of unprecedented rise in tariff of RLNG. The Company uses RLNG as feedstock in manufacturing of Hydrogen Peroxide and its captive power house is also run on RLNG. Unlike exporters, fertilizer manufacturers etc which receive natural gas at subsidized rate, local Hydrogen Peroxide manufacturing industry is exposed to fluctuations in tariff of RLNG in international market. Global demand of RLNG has been on higher side due to resumption of economic activities after Covid-19 lockdowns, winter season and global supply bottlenecks.

Net sales during the six months period under review remained Rs. 1,044 million against net sales of Rs. 1,067 million during the corresponding period of financial last year. Drop in turnover during the period is due to decrease in sales volume. Cost of sales rose to Rs. 986 million as compared to 784 million. High cost of RLNG and power is major reason of the above increase. Due to comparatively lower prices of our product and rising cost of production, gross profits of your Company decreased. The capacity utilization in current period remained 78% of the installed capacity while the capacity utilization in previous half year period remained 80%. During first six months, Company incurred net loss after tax of Rs. 92 million and loss per share of Rs. 1.67 as against net profit after tax of Rs. 96 million and earnings per share of Rs. 1.75 in corresponding period of last financial year.

During quarter ended December 31, 2019, net sales remained Rs. 594 million against net sales of Rs. 497 million during the corresponding period of financial last year. Cost of sales rose to Rs. 511 million as compared to 348 million. High cost of RLNG and higher power cost are major reason of the above increase. The Company earned net profit after tax of Rs. 7 million and earning per share of Rs. 0.13 against profit after tax of Rs. 46 million and earnings per share of Rs. 0.83.

Despite all challenges, management of the Company is confident of maintaining its market share. We are positive about future business outlook. Demand of hydrogen peroxide is expected to remain strong in future due to expected rise in exports of textile sector. We are confident of much improved financial performance in second half of ongoing financial year.

The Board takes this opportunity to thank all stakeholders for their continued support. We also appreciate and acknowledge the continued commitment and hard work of our employees.

Allah may give us the courage to face the challenges ahead. Aameen

On behalf of Board of Directors

IMRAN GHAFUOR
Chief Executive Officer

Faisalabad
February 24, 2022



مجھے، آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے، آپ کو 31 دسمبر 2021 کو ختم ہونے والے ششماہی کے لیے غیر آڈٹ شدہ کنڈینڈ عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی ہو رہی ہے۔ زیر نظر سہ ماہی آپ کی کمپنی کے لیے بہت آزمائشی دور رہا ہے۔ جولائی 2021 سے، کمپنی کو RLNG کے ٹریف میں غیر معمولی اضافے کے چیلنج کا سامنا ہے۔ کمپنی RLNG کو ہائیڈروجن پیروآکسائیڈ کی تیاری میں فیڈ اسٹاک کے طور پر استعمال کرتی ہے اور اس کے کپٹو پاور ہاؤس بھی RLNG پر چلتی ہے۔ ایکسپوزرز، فرٹیلائزرز، مینوفیکچررز وغیرہ کے برعکس جو قدرتی گیس سبسڈی والے نرغہ پر حاصل کرتے ہیں، مقامی ہائیڈروجن پیروآکسائیڈ منوفیکچرنگ انڈسٹری بین الاقوامی مارکیٹ میں RLNG کے ٹریف میں اتار چڑھاؤ کا شکار ہے۔ CoVID-19 لاک ڈاؤن، سردیوں کے موسم اور عالمی سطح پر سیلابی میں رکاوٹوں کے بعد معاشی سرگرمیاں دوبارہ شروع ہونے کی وجہ سے RLNG کی عالمی مانگ زیادہ ہے۔

زیر جائزہ چھ ماہ کی مدت کے دوران خالص فروخت روپے رہی۔ 1,044 ملین روپے کی خالص فروخت کے خلاف گزشتہ سال کی اسی مدت کے دوران 1,067 ملین روپے۔ اس مدت کے دوران کاروبار میں کمی فروخت کے حجم میں کمی کی وجہ سے ہے۔ فروخت کے لاگت روپے تک بڑھ گئی۔ 784 ملین کے مقابلے میں 986 ملین۔ آرائل این جی اور بجلی کی زیادہ قیمت مندرجہ بالا اضافے کی بڑی وجہ ہے۔ ہماری مصنوعات کے نسبتاً کم قیمتوں اور پیداواری لاگت میں اضافے کے وجہ سے آپ کی کمپنی کے مجموعی منافع میں کمی واقع ہوئی۔ موجودہ مدت میں صلاحیت کا استعمال نصب شدہ صلاحیت کا 78 فیصد رہا جبکہ گزشتہ ششماہی کی مدت میں صلاحیت کا استعمال 80 فیصد رہا، پہلے چھ ماہ کے دوران، کمپنی نے Rs. کے بعد خالص نقصان اٹھایا۔ 92 ملین روپے اور فی نقصان 1.67 روپے کے ٹیکس کے بعد خالص منافع کے مقابلے میں 96 ملین اور فی شیئر آمدنی روپے۔ گزشتہ مالی سال کی اسی مدت میں -1.75

31 دسمبر 2019 کو ختم ہونے والی سہ ماہی کے دوران، خالص فروخت روپے رہی۔ 594 ملین روپے کی خالص فروخت کے خلاف گزشتہ سال کی اسی مدت کے دوران 497 ملین روپے۔ فروخت کی لاگت روپے تک بڑھ گئی۔ 348 ملین کے مقابلے میں 511 ملین۔ آرائل این جی کی زیادہ قیمت اور بجلی کی زیادہ قیمت مذکورہ بالا اضافے کی بڑی وجہ ہیں۔ کمپنی نے Rs. کے ٹیکس کے بعد خالص منافع کما یا۔ 7 ملین اور فی حصص کی آمدنی روپے 0.13 روپے کے ٹیکس کے بعد منافع کے خلاف 46 ملین اور فی شیئر آمدنی روپے 0.83۔

تمام چیلنجوں کے باوجود کمپنی کی انتظامیہ اپنے مارکیٹ شیئر کو برقرار رکھنے کے لیے پراعتماد ہے۔ ہم مستقبل کے کاروباری نقطہ نظر کے بارے میں مثبت ہیں۔ ٹیکس کی سیکٹر کی برآمدات میں متوقع اضافے کی وجہ سے مستقبل میں ہائیڈروجن پیروآکسائیڈ کی مانگ مضبوط رہنے کی توقع ہے ہمیں جاری مالی سال کو دوسری ششماہی میں بہتر مالی کارکردگی کا یقین ہے۔

بورڈ اس موقع پر تمام اسٹیک ہولڈرز کی مسلسل حمایت کے لیے شکریہ ادا کرتا ہے۔ ہم اپنے ملازمین کی مسلسل وابستگی اور محنت کی بھی تعریف اور اعتراف کرتے ہیں۔

اللہ ہمیں آنے والے چیلنجوں کا مقابلہ کرنے کی ہمت عطا کرے۔ آمین

بورڈ ممبران کی جانب سے

عمران غفور
چیف ایگزیکٹو آفیسر

فیصل آباد

24 فروری 2022



INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF SITARA PEROXIDE LIMITED REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Sitara Peroxide Limited** (the Company) as at December 31, 2021, the related 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 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, condensed interim statement of comprehensive income for the three-month period ended December 31, 2021 and related comparative information have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2021.

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 are 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 Nadeem Yousuf Adil.

Chartered Accountants

Lahore

Date: February 24, 2022

UDIN:

Statement of Financial Position



Condensed Interim Statement of Financial Position As at December 31, 2021

		December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	Note	Rupees	
ASSETS			
Non - current assets			
Property, plant and equipment	4	2,699,565,343	2,791,465,762
Long term advances and deposits		23,014,059	23,014,059
		<u>2,722,579,402</u>	<u>2,814,479,821</u>
Current assets			
Stores, spares and loose tools	5	595,477,956	634,726,121
Stock in trade		38,023,609	25,692,015
Trade debts	6	191,410,728	148,334,500
Loans and advances	7	161,770,285	89,014,176
Deposits and short term prepayments		205,555,295	187,977,527
Taxes refundable due from government		127,414,155	162,196,929
Cash and bank balances		6,200,318	30,320,105
		<u>1,325,852,346</u>	<u>1,278,261,373</u>
TOTAL ASSETS		<u>4,048,431,748</u>	<u>4,092,741,194</u>
EQUITY AND LIABILITIES			
Share capital and reserve			
Share capital		551,000,000	551,000,000
Un-appropriated profit		332,679,459	377,944,872
Surplus on revaluation of property, plant and equipment	8	1,553,356,405	1,599,883,873
		<u>2,437,035,864</u>	<u>2,528,828,745</u>
Non - current liabilities			
Long term financing	9	68,509,862	100,933,222
Deferred liabilities		577,219,972	604,386,875
Deferred mark-up		85,445,288	188,517,618
		<u>731,175,122</u>	<u>893,837,715</u>
Current liabilities			
Trade and other payables	10	300,451,501	232,201,010
Contract liability		52,786,627	41,841,052
Accrued markup		136,931,577	25,829,540
Short term borrowings		171,274,650	164,797,557
Current portion of long term financing	9	201,398,114	180,570,085
Provision for taxation		17,378,293	24,835,490
		<u>880,220,762</u>	<u>670,074,734</u>
Contingencies and commitments	11	-	-
TOTAL EQUITY AND LIABILITIES		<u>4,048,431,748</u>	<u>4,092,741,194</u>

The annexed selected notes from 1 to 21 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



Statement of Profit or Loss

Condensed Interim Statement of Profit or Loss (Un-audited) for the Six Months Period Ended December 31, 2021

Note	Six months ended		Three months ended		
	December 31 2021	December 31 2020	December 31 2021	December 31 2020	
----- Rupees -----					
Revenue from Contracts					
with Customer	12	1,044,150,232	1,066,749,310	593,630,005	497,158,015
Cost of sales	13	(985,556,238)	(783,718,165)	(511,386,723)	(347,553,162)
Gross profit		58,593,994	283,031,145	82,243,282	149,604,853
Distribution cost		49,116,326	52,408,086	23,937,597	23,955,233
Impairment loss on financial assets		9,040,671	-	9,040,671	-
Administrative expenses		71,870,933	66,388,207	38,610,112	31,901,713
Other expenses		-	9,301,837	-	9,301,837
Finance cost		28,915,121	21,508,640	18,439,812	10,306,213
		(158,943,051)	(149,606,770)	(90,028,192)	(75,464,996)
Other income	14	345,115	118,746	99,464	(92,049)
(Loss) / profit before taxation		(100,003,942)	133,543,121	(7,685,446)	74,047,808
Provision for taxation	15	8,211,060	(36,996,948)	14,925,982	(28,432,144)
(Loss) / profit for the period		(91,792,882)	96,546,173	7,240,536	45,615,664
Earnings per share - basic and diluted	16	(1.67)	1.75	0.13	0.83

The annexed selected notes from 1 to 21 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Statement of Comprehensive Income



Condensed Interim Statement of Comprehensive Income (Un Audited) for the Six Months Period Ended December 31, 2021

	Six months ended		Three months ended	
	December 31 2021	December 31 2020	December 31 2021	December 31 2020
	----- Rupees -----			
(Loss) / profit for the period	(91,792,882)	96,546,173	7,240,536	45,615,664
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	(91,792,882)	96,546,173	7,240,536	45,615,664

The annexed selected notes from 1 to 21 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



Statement of Cash Flows

Condensed Interim Statement of Cash Flows (Un-audited) for the Six Months Period Ended December 31, 2021

Note	Six months ended	
	December 31, 2021	December 31, 2020
	Rupees -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(100,003,942)	133,543,121
Adjustments for:		
Depreciation	95,352,339	91,881,158
Profit on bank deposit	(190,153)	(85,696)
Impairment loss on financial assets	9,040,671	-
Provision for gratuity	4,047,863	4,680,741
Finance cost	28,915,121	21,508,640
	137,165,841	117,984,843
Operating cash flows before working capital changes	37,161,899	251,527,964
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	39,248,165	67,592,946
Stock-in-trade	(12,331,594)	91,324,514
Trade debts	(52,116,899)	(76,774,151)
Loans and advances	(72,756,109)	(25,002,887)
Deposits and short term prepayments	(17,577,768)	(61,103,831)
Taxes refundable from governments	34,782,774	(32,063,806)
Increase / (decrease) in current liability		
Trade and other payables	68,250,491	(55,424,107)
Contract liability	10,945,575	(28,098,409)
	(1,555,365)	(119,549,731)
Cash generated from operations	35,606,534	131,978,233
Finance cost paid	(36,944,828)	(58,310,985)
GIDC paid	(23,542,469)	-
Gratuity paid	(3,624,433)	(2,692,867)
Income taxes paid- net	12,765,414	8,813,988
	(51,346,316)	(52,189,864)
Net cash generated from operating activities	(15,739,782)	79,788,369
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,451,920)	(3,244,977)
Profit on bank deposits	190,153	85,696
Net cash used in investing activities	(3,261,767)	(3,159,281)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(11,595,331)	(122,462,439)
Short term financing excluding running finance	(7,630,494)	15,993,608
Net cash used in financing activities	(19,225,825)	(106,468,831)
Net increase in cash and cash equivalents (A+B+C)	(38,227,374)	(29,839,743)
Cash and cash equivalents at beginning of period	(122,679,895)	(110,528,103)
Cash and cash equivalents at end of the period	(160,907,269)	(140,367,846)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,200,318	12,632,154
Book overdraft	(14,107,587)	-
Running finance	(153,000,000)	(153,000,000)
	(160,907,269)	(140,367,846)

The annexed selected notes from 1 to 21 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Statement of Changes in Equity



Condensed Interim Statement of Changes In Equity (Un-audited) for the Six Months Period Ended December 31, 2021

	Share capital	Accumulated losses	Surplus on revaluation of property, plant and equipment	Total
----- Rupees -----				
Balance as at July 01, 2020 (audited)	551,000,000	247,354,973	1,286,166,976	2,084,521,949
Profit for the six months period ended December 31, 2020	-	96,546,173	-	96,546,173
Other comprehensive income for the six months period ended December 31, 2020	-	-	-	-
Total comprehensive income	-	96,546,173	-	96,546,173
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	47,631,398	(47,631,398)	-
Balance as at December 31, 2020 - Un-audited	551,000,000	391,532,544	1,238,535,578	2,181,068,122
Balance as at July 01, 2021 (audited)	551,000,000	377,944,872	1,599,883,873	2,528,828,745
Profit for the six months period ended December 31, 2021	-	(91,792,882)	-	(91,792,882)
Other comprehensive income for the six months period ended December 31, 2021	-	-	-	-
Total comprehensive loss	-	(91,792,882)	-	(91,792,882)
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	46,527,468	(46,527,468)	-
Balance as at December 31, 2021 - Un-audited	551,000,000	332,679,458	1,553,356,405	2,437,035,863

The annexed selected notes from 1 to 21 form an integral part of these condensed interim financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR



Notes to the Financial Statements

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-audited) for the Six Months Period Ended December 31, 2021

1 LEGAL STATUS AND OPERATIONS

1.1 Sitara Peroxide Limited ("the Company") is limited by shares, incorporated in Pakistan on March 08, 2004 as a public limited company under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed on Pakistan Stock Exchange Limited. 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 26-KM Sheikhpura Road, Faisalabad in the province of Punjab. The principal activity of the Company is manufacturing and sale of hydrogen peroxide (H2O2).

2 BASIS OF PREPARATION

2.1 These condensed interim financial statements of the Company for the six months period ended December 31, 2020 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, 2021. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2021 whereas comparative statement of profit or loss, comparative statement of comprehensive income, comparative statement of changes in equity and comparative statement of cash flows are stated from un-audited condensed interim financial statements for the six months period ended on December 31, 2020.

2.3 These condensed interim financial statements are un-audited. However, a limited scope review has been performed by the statutory auditors of the Company in accordance with section 237 of Companies Act, 2017 and they have issued their review report thereon.

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

3 ACCOUNTING POLICIES AND ESTIMATES

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, 2021.

Note	(Un-Audited) December 31, 2021	(Audited) June 30, 2021
	----- Rupees -----	

4 PROPERTY, PLANT AND EQUIPMENT

Operating assets	4.1	<u>2,699,565,343</u>	<u>2,791,465,762</u>
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(Un-Audited) **(Audited)**
December 31, **June 30,**
2021 **2021**

----- Rupees -----

4.1 Operating assets

Opening carrying value	2,791,465,762	2,373,960,760
Additions during the period / year:		
Building on freehold land	-	9,612,781
Plant and machinery	-	32,422,272
Electric installations	-	2,396,062
Laboratory equipment	-	3,029,112
Office equipment	-	2,240,715
Furniture and fittings	-	1,276,958
Vehicles	3,451,920	285,866
	3,451,920	51,263,766
Net book value of assets disposed off during the period / year	-	-
	2,794,917,682	2,425,224,526
Depreciation charged during the period / year	(95,352,339)	(184,046,171)
Effect of revaluation of property, plant and equipment	-	550,287,408
	2,699,565,343	2,791,465,762

- 4.2** The Company follows the revaluation model. Revaluation of Land, building and plant and machinery was carried out by Materials & Designs Services (Private) Limited, independent valuer not related to the Company. Materials & Designs Services (Private) Limited is on panel of Pakistan Banks Association as 'Any Amount' asset valuer. It is also on 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 performed on June 30, 2021 resulted in a further surplus of Rs. 550 million. Out of the total revaluation surplus of Rs. 3,920 million, Rs. 1,580 million net of tax (June 2021: Rs. 1,599 million) remains undepreciated as at December 31, 2021.

Details of the Company's revalued assets and information about fair value hierarchy, as at December 31, 2021 are as follows:

	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Land	-	308,281,250	-	308,281,250
Building	-	237,501,563	-	237,501,563
Plant and machinery	-	2,144,754,382	-	2,144,754,382



Notes to the Financial Statements

- 4.3** Had there been no revaluation, the net book value of the revalued assets would have been as follows.

	(Un-Audited) December 31, 2021	(Audited) June 30, 2021 Restated
	----- Rupees -----	
Land	41,997,852	41,997,852
Building	61,161,249	65,805,482
Plant and machinery	376,923,702	415,576,015
Electric installation	35,323	38,040
	<u>480,118,126</u>	<u>523,417,389</u>

5 STORES, SPARE PARTS AND LOOSE TOOLS

-Store, spare and loose tools	123,609,089	116,759,878
-Working solution	471,868,867	517,966,243
	<u>595,477,956</u>	<u>634,726,121</u>

- 6** Trade debts includes debtors to whom sales are made through traders. These are secured against advances received from traders in respect of sales. The amount is presented net of advances received from these traders. The advances received from traders amount to Rs. 137.5 million (June 30, 2021 : Rs.100.8 million).

	(Un-Audited) December 31, 2021	(Audited) June 30, 2021
	----- Rupees -----	

7 LONG-TERM FINANCING

This includes advances given to following associated companies:

- Sitara Spinning Mills Limited	53,353,688	-
- Sitara Lubricants (Private) Limited	51,118,158	-
	<u>104,471,846</u>	<u>-</u>

8 SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT

Balance at beginning of the period / year	1,599,883,873	1,695,146,671
Transferred to retained earnings - net of deferred tax	(46,527,467)	(95,262,798)
	<u>1,553,356,406</u>	<u>1,599,883,873</u>



(Un-Audited)
December 31,
2021
 ----- **Rupees** -----
(Audited)
June 30,
2021

8.1 Incremental depreciation charged during the period / year

Charge of the period / year	(65,531,644)	(134,172,956)
Less: deferred tax liability relating to incremental depreciation	19,004,177	38,910,158
	(46,527,467)	(95,262,798)

9 LONG-TERM FINANCING

Banking companies and other financial institutions - secured

-Sukuk arrangement - syndicated	166,725,892	178,591,892
-Term fianance	34,800,976	47,260,975
-TERF	68,381,108	55,650,440
	269,907,976	281,503,307
Less: Current portion of long term financing	(201,398,114)	(180,570,085)
	68,509,862	68,509,862

10 TRADE AND OTHER PAYABLES

These include Rs. 0.857 million (June 30, 2021 : Rs. 1.012 million) payable to Sitara Spinning Mills Limited a related party of the Company.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no change in the contingencies as reported in the annual financial statements for the year June 30,2021.

(Un-Audited)
December 31,
2021
 ----- **Rupees** -----
(Audited)
June 30,
2021

11.2 Commitments

Guarantees issued by Banks on behalf of the Company	99,270,865	99,270,865
Irrevocable letters of credit for plant and machinery, raw and packing material	448,077,400	437,152,500
	448,077,400	437,152,500



Notes to the Financial Statements

Six months ended		Three months ended	
December 31	December 31	December 31	December 31
2021	2020	2021	2020

----- Rupees -----

12 REVENUE FROM CONTRACTS WITH CUSTOMER

Local sales	1,038,757,831	1,061,100,910	592,038,085	497,158,015
Export sales	5,392,401	5,648,400	1,591,920	-
	<u>1,044,150,232</u>	<u>1,066,749,310</u>	<u>593,630,005</u>	<u>497,158,015</u>

13 COST OF SALES

Raw material consumed	412,041,893	234,202,089	207,561,754	129,394,625
Fuel and power	238,106,134	121,191,173	160,848,692	66,931,353
Packing material consumed	109,313,595	115,973,029	42,047,994	47,464,414
Salaries, wages and benefits	57,184,094	53,915,459	31,686,542	24,965,291
Factory overheads	121,463,783	132,223,656	56,111,328	67,893,043
Working solution consumed				
- store and spares	46,097,376	31,727,317	15,068,071	99,986,095
Cost of goods manufactured	<u>984,206,875</u>	<u>689,232,723</u>	<u>513,324,381</u>	<u>436,634,821</u>
Finished goods				
- Opening stock	3,848,667	102,298,925	561,647	37,234,735
- Closing stock	(2,499,304)	(7,813,483)	(2,499,304)	(7,813,483)
	<u>1,349,363</u>	<u>94,485,442</u>	<u>(1,937,657)</u>	<u>29,421,252</u>
Cost of goods sold	<u>985,556,238</u>	<u>783,718,165</u>	<u>511,386,723</u>	<u>466,056,073</u>

14 OTHER INCOME

This includes mark-up on saving account amounting to Rs. 190,153 (December 31, 2020: Rs. 85,696).

Six months ended		Three months ended	
December 31	December 31	December 31	December 31
2021	2020	2021	2020

----- Rupees -----

15 PROVISION FOR TAXATION

Current - for the period	13,022,478	31,748,076	6,307,556	6,701,301
- for prior year	4,393,820	-	4,393,820	-
Deferred	(25,627,358)	5,248,872	(25,627,358)	11,388,064
	<u>(8,211,060)</u>	<u>36,996,948</u>	<u>(14,925,982)</u>	<u>18,089,365</u>



	Six months ended		Three months ended	
	December 31	December 31	December 31	December 31
	2021	2020	2021	2020

----- Rupees -----

16 EARNINGS PER SHARE - BASIC AND DILUTED

(Loss) / profit for the period	(91,792,882)	96,546,173	7,240,536	45,615,664
Weighted average number of ordinary shares outstanding during the period	55,100,000	55,100,000	55,100,000	55,100,000
Earnings per share	(1.67)	1.75	0.13	0.83

17 TRANSACTIONS WITH ASSOCIATES AND RELATED PARTIES

The related parties comprise associated company, directors, key management personnel and post employment benefit plan. The company in the normal course of business carries out transactions with various related parties. The significant transactions with related parties are as follows:

	Six months period ended	
	December 31, 2021	December 31, 2020

----- Rupees -----

17.1 Transactions during the period

Organizational charges	6,971,782	5,062,449
Remuneration and other benefits paid to key management personnel	25,114,562	24,955,881
Employee benefits paid	3,624,433	2,692,867

17.2 Period end balances

Advance given to associated companies	104,471,846	-
Advance against electricity	857,000	1,012,000

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

The different levels at which the financial instruments are carried 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).



Notes to the Financial Statements

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

The fair value of financial instruments is approximately the same as their carrying value.

19 PRIOR PERIOD ERRORS

19.1 During the period, the management has identified that due to change in corporate tax rate in prior years, the resultant impact in deferred tax on revaluation surplus has not been accounted for. Accordingly, now this impact is recognised retrospectively by adjusting the deferred tax liability and revaluation surplus. The comparative amounts have been restated as per the requirement of International Accounting Standards 8 "Changes in accounting policy, estimates and errors (IAS 8)".

	June 30, 2021		
	As previously reported	Adjustment	Restated balances
----- Rupees -----			
Effect on statement of financial position			
Deferred liabilities	659,446,194	(55,059,319)	604,386,875
Surplus on revaluation of property, plant and equipment	1,544,824,554	55,059,319	1,599,883,873

	July 01, 2021		
	As previously reported	Adjustment	Restated balances
----- Rupees -----			
Effect on statement of changes in equity			
Surplus on revaluation of property, plant and equipment	1,544,824,554	55,059,319	1,599,883,873

19.2 Restatement of corresponding figures

Since working solution comprises of various chemicals and catalysts which are not actually transformed into stock in trade, therefore, as per industry practice this has been reclassified to stores and spares.

	June 30, 2021		
	As previously reported	Adjustment	Restated balances
----- Rupees -----			
Effect on statement of financial position			
Stock in trade	543,658,258	(517,966,243)	25,692,015
Stores, spares and loose tools	116,759,878	517,966,243	634,726,121



19.3 Reclassification of corresponding figures

Reclassification has been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, feed gas cost of Rs. 178.664 million have been reclassified from Fuel and power to Raw material consumed.

20 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 24, 2022.

21 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



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