

NINEMONTHSREPORT MARCH 31



2022



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, would like to present the un-audited condensed interim financial statements of Sitara Peroxide Limited (the Company) for nine months ended March 31, 2022.

The period under review has been very testing period for your Company. 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 and textile industry who receive natural gas at subsidized rate, local Hydrogen Peroxide manufacturing industry is exposed to fluctuations in tariff of RLNG in international market. As against tariff of US\$ 6.5 per MMBTU for exporters, the Company is currently being charged tariff above US\$ 15 per MMBTU.

During the nine months under review, capacity utilization remained 74% against capacity utilization of 78% in corresponding quarter. During the nine months of current financial year, sales of your Company remained Rs. 1,545 million as against Rs. 1,515 million in the corresponding period of last financial year. Cost of sales during the current period remained Rs. 1,450 million as against Rs. 1,139 million in the comparative period. Rise in cost of sales is due to extremely high tariff of RLNG and furnace oil. Net loss after taxation remained Rs. 142 million as against net profit after tax of Rs. 121 million in the same period of corresponding financial year. Loss per share remained Rs. (2.57) per share as against earning per share of Rs. 2.19 per share in comparative period.

During the quarter under review (Jan-March), sales of your Company remained Rs. 500 million as against Rs. 448 million in the corresponding quarter of last financial year. Cost of sales during the current quarter remained Rs. 474 million as against Rs. 356 million in the comparative period. Rise in cost of sales is due to extremely high tariff of RLNG and furnace oil. Net loss after taxation remained Rs. 50 million as against net profit after tax of Rs. 24 million in the same period of corresponding financial year. Loss per share remained Rs. (0.90) per share as against earning per share of Rs. 0.44 per share in comparative period.

Global demand of RLNG has been on higher side due to resumption of economic activities and start of Russia Ukraine war. Due to higher fuel prices, inflation is expected to remain high; which will result in rise in interest rates. Despite all the above mentioned challenges, management of your Company is hopeful of positive outcome in longer run. We are hopeful that financial performance of your Company will improve considerably in coming months.

I, on the behalf of the Board, would like to take this opportunity to express our appreciation for our employees, customers, dealers, bankers, shareholders and all other stakeholders for their continued support and cooperation.

Allah may give us the courage to face the challenges ahead. A'meen.

On behalf of Board of Directors

IMRAN GHAFLOOR
Chief Executive Officer

Faisalabad
April 28, 2022



ڈائریکٹرز کا جائزہ

معزز مخلص داروں

میں، بورڈ آف ڈائریکٹرز کی جانب سے، ستارہ پیرو آکسائیڈ لمیٹڈ (کمپنی) کے 31 مارچ 2022 کو ختم ہونے والے نو مہینوں کے غیر آڈٹ شدہ عبوری مالیاتی بیانات پیش کرنا چاہتا ہوں۔

زیر جائزہ مدت آپ کی کمپنی کے لیے بہت آزمائشی مدت رہی ہے۔ کمپنی کو RLNG کے ٹیرف میں غیر معمولی اضافے کے چیلنج کا سامنا ہے۔ کمپنی RLNG کو ہائیڈروجن پیرو آکسائیڈ کی تیاری میں فیڈ اسٹاک کے طور پر استعمال کرتی ہے اور اس کے کپٹیو پاور ہاؤس بھی RLNG پر چلتی ہے۔ برآمد کنندگان اور ٹیکسٹائل انڈسٹری کے برعکس جو قدرتی گیس سبسڈی والے نرخ پر حاصل کرتے ہیں، مقامی ہائیڈروجن پیرو آکسائیڈ مینوفیکچرنگ انڈسٹری کو پین الاقوامی مارکیٹ میں RLNG کے ٹیرف میں اتار چڑھاؤ کا سامنا ہے۔ ایک ہیسپو ورکرز کے لیے 6.5 US\$ فی MMBTU کے ٹیرف کے مقابلے میں، کمپنی فی الحال 15 US\$ فی NMBTU زیادہ ٹیرف وصول کی رہی ہے۔

زیر جائزہ نو مہینوں کے دوران، اسی سہ ماہی میں 78 فیصد کی صلاحیت کا استعمال کے مقابلے میں صلاحیت کا استعمال 74 فیصد رہا۔ موجودہ مالی سال کے نو مہینوں کے دوران، آپ کی کمپنی کی فروخت روپے روپی۔ 1,545 ملین روپے کے مقابلے میں گزشتہ مالی سال کی اسی مدت میں 1,545 ملین۔ موجودہ مدت کے دوران فروخت کی لاگت روپے روپی۔ 1,450 ملین روپے کے مقابلے میں تقابلی مدت میں 1,139 ملین۔ فروخت کی لاگت میں اضافہ آریل این جی اور فرانس آئل کے انتہائی زیادہ ٹیرف کے وجہ سے ہے۔ ٹیکس کے بعد خالص نقصان روپے روپی۔ 142 ملین روپے کے بعد ٹیکس کے خالص منافع کے مقابلے میں اسی مالی سال کی اسی مدت میں 121 ملین۔ فی حصص خسارہ روپے روپی۔ (2.57) فی حصص آمدنی کے مقابلے میں روپے روپی فی حصص تقابلی مدت میں 2.19 فی شیئر۔

زیر جائزہ سہ ماہی (جنوری-مارچ) کے دوران، آپ کی کمپنی کی فروخت روپے روپی۔ 500 ملین روپے کے مقابلے میں گزشتہ مالی سال کی اسی سہ ماہی میں 448 ملین۔ موجودہ سہ ماہی کے دوران فروخت کی لاگت روپے روپی۔ 474 ملین روپے کے مقابلے میں تقابلی مدت میں 365 ملین۔ فروخت کی لاگت میں اضافہ آریل این جی اور فرانس آئل کے انتہائی زیادہ ٹیرف کے وجہ سے ہے۔ ٹیکس کے بعد خالص نقصان روپے روپی۔ 50 ملین روپے کے بعد ٹیکس کے خالص منافع کے مقابلے میں اسی مالی سال کی اسی مدت میں 24 ملین۔ فی حصص خسارہ روپے روپی۔ (0.90) فی حصص آمدنی کے مقابلے میں روپے روپی فی حصص تقابلی مدت میں 0.44 فی شیئر۔

اقتصادی سرگرمیوں کی بحالی اور روس یوکرین جنگ شروع ہونے کی وجہ سے آریل این جی کی عالمی مانگ میں اضافہ ہوا ہے۔ ایندھن کی زیادہ قیمتوں کی وجہ سے، افراط زر بلند رہنے کی توقع ہے۔ جس کے نتیجے میں شرح سود میں اضافہ ہوگا۔ مذکورہ بالا تمام چیلنجوں کے باوجود، آپ کی کمپنی کی انتظامیہ طویل مدت میں مثبت نتائج کی امید رکھتی ہے۔ ہمیں امید ہے کہ آنے والے مہینوں میں آپ کی کمپنی کی مالی کارکردگی میں کافی بہتری آئے گی۔

میں، بورڈ کی جانب سے، اپنے ملازمین، صارفین، ڈیلرز، بینکرز، بشپرز اور دیگر تمام اسٹیک ہولڈرز کی مسلسل حمایت اور تعاون کے لیے اپنی تعریف کا اظہار کرنے کے لیے اس موقع سے فائدہ اٹھانا چاہتا ہوں۔

بورڈ اس موقع پر اپنے تمام اسٹیک ہولڈرز کا مشکور ہے۔

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

بورڈ آف ڈائریکٹرز کی جانب سے

عمران غفور
چیف ایگزیکٹو آفیسر

فیصل آباد

2022 اپریل 28



Statement of Financial Position

Condensed Interim Statement of Financial Position As at March 31, 2022

		March 31, 2022 (Un-Audited)	June 30, 2021 (Audited)
	Note	----- Rupees -----	-----
ASSETS			
Non - current assets			
Property, plant and equipment	4	2,655,286,723	2,791,465,762
Long term deposits		23,014,059	23,014,059
		<u>2,678,300,782</u>	<u>2,814,479,821</u>
Current assets			
Stores, spare parts and loose tools		127,323,113	116,759,878
Stock-in-trade	5	485,068,249	543,658,258
Trade debts		100,268,770	148,334,500
Advances		135,097,943	89,014,176
Deposits and short term prepayments		188,643,627	187,977,527
Taxes refundable		145,568,980	162,196,929
Cash and bank balances		3,097,823	30,320,105
		<u>1,185,068,505</u>	<u>1,278,261,373</u>
		<u>3,863,369,287</u>	<u>4,092,741,194</u>
SHARE CAPITAL AND RESERVES			
Share capital		551,000,000	551,000,000
Un-appropriated profit		307,758,041	377,944,872
Surplus on revaluation of property, plant and equipment		1,473,377,454	1,544,824,554
		<u>2,332,135,495</u>	<u>2,473,769,426</u>
Non - current liabilities			
Long-term financing		68,381,108	100,933,222
Deferred liabilities		637,533,499	659,446,194
Deferred mark-up		38,541,506	188,517,618
		<u>744,456,113</u>	<u>948,897,034</u>
Current liabilities			
Trade and other payables		190,203,534	232,201,010
Contract liabilities		26,462,473	41,841,052
Accrued markup		191,595,040	25,829,540
Running finance under markup arrangement		153,902,021	164,797,557
Current portion of long term financing		201,526,867	180,570,085
Provision for income tax		23,087,744	24,835,490
		<u>786,777,679</u>	<u>670,074,734</u>
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		<u>3,863,369,287</u>	<u>4,092,741,194</u>

The annexed notes from 1 to 11 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 Nine Months Period Ended March 31, 2022

Note	Nine months ended		Quarter ended		
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	
----- Rupees -----					
Sales	7	1,544,575,347	1,514,512,941	500,425,115	447,763,631
Cost of sales	8	1,459,557,978	1,139,237,245	474,001,740	355,519,080
Gross profit		85,017,369	375,275,696	26,423,375	92,244,551
Other operating income		1,300,659	141,173	955,544	22,427
		86,318,028	375,416,869	27,378,919	92,266,978
Distribution expenses		71,985,870	72,265,049	22,869,544	19,856,963
Impairment loss on financial assets		9,040,671	-	-	-
Administrative expenses		107,047,308	100,025,819	35,176,375	33,637,612
Other operating expenses		-	9,301,837	-	-
Finance cost		40,590,647	29,802,549	11,675,526	8,293,909
		228,664,496	211,395,254	69,721,445	61,788,484
(Loss) / profit before taxation		(142,346,468)	164,021,615	(42,342,526)	30,478,494
Provision for income tax		712,537	(43,137,694)	(7,498,523)	(6,140,746)
(Loss) / profit for the period		(141,633,931)	120,883,921	(49,841,049)	24,337,748
Other comprehensive income		-	-	-	-
Total comprehensive (loss) / profit for the period		(141,633,931)	120,883,921	(49,841,049)	24,337,748
Earning per share - basic and diluted		(2.57)	2.19	(0.90)	0.44

The annexed notes from 1 to 11 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 Nine Months Period Ended March 31, 2022

	Nine months ended	
	March 31, 2022	March 31, 2021
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(142,346,468)	164,021,615
Adjustments for:		
Depreciation of property, plant and equipment	136,230,948	137,544,505
Gain on disposal of property, plant and equipment	-	-
Profit on bank deposits	(249,928)	(108,123)
Provision for deferred employee benefits	6,071,795	7,021,115
Finance cost	40,590,647	29,802,549
	<u>182,643,462</u>	<u>174,260,046</u>
	40,296,994	338,281,661
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(10,563,236)	(11,002,003)
Stock-in-trade	58,590,009	120,447,814
Trade debts	48,065,730	(3,632,903)
Advances	(46,083,767)	(18,126,740)
Deposits and prepayments	(666,100)	(153,578,206)
(Decrease)/ increase in current liabilities:		
Trade and other payables	(41,997,476)	(64,936,001)
Contract liabilities	(15,378,579)	(12,878,793)
	<u>(8,033,419)</u>	<u>(143,706,832)</u>
Cash generated from operations	32,263,575	194,574,829
Finance cost paid	(24,801,259)	(62,515,101)
Sales tax refunded/ (paid)	(891,125)	11,918,137
Employee benefits paid	(4,146,204)	(3,293,839)
Income tax (refunded) / paid	(7,354,421)	(12,108,936)
	<u>(37,193,009)</u>	<u>(65,999,739)</u>
Net cash generated from operating activities	<u>(4,929,434)</u>	<u>128,575,090</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(51,908)	(3,244,977)
Proceeds from sale of property, plant and equipment	-	-
Proceeds from suppliers of capital work	-	-
Profit received on bank deposits	249,928	108,123
Net cash generated (used in) / generated from investing activities	<u>198,020</u>	<u>(3,136,854)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term financing	12,730,668	-
Repayment of long-term financing	(24,326,000)	(151,276,042)
Net increase in short-term borrowings	(10,895,536)	(4,157,694)
Net cash used in financing activities	<u>(22,490,868)</u>	<u>(155,433,736)</u>
(Decrease) / increase in cash and cash equivalents	<u>(27,222,282)</u>	<u>(29,995,500)</u>
Cash and cash equivalents at beginning of period	<u>30,320,105</u>	<u>42,471,897</u>
Cash and cash equivalents at end of period	<u>3,097,823</u>	<u>12,476,397</u>

The annexed notes from 1 to 11 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 Nine Months Period Ended March 31, 2022

	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	1,231,107,657	2,029,462,630
Total comprehensive income for the period ended March 31, 2021				
Loss for the period	-	120,883,921	-	120,883,921
Other comprehensive income	-	-	-	-
	-	120,883,921	-	120,883,921
Transfer to un-appropriated profit on account of incremental depreciation - net of tax	-	71,447,098	(71,447,098)	-
Balance as at March 31, 2021 (un-audited)	<u>551,000,000</u>	<u>439,685,992</u>	<u>1,159,660,559</u>	<u>2,150,346,551</u>
Balance as at July 01, 2021 (audited)	551,000,000	377,944,872	1,544,824,554	2,473,769,426
Total comprehensive income for the period ended March 31, 2022				
Loss for the period	-	(141,633,931)	-	(141,633,931)
Other comprehensive income	-	-	-	-
	-	(141,633,931)	-	(141,633,931)
Transfer to un-appropriated profit on account of incremental depreciation - net of tax	-	71,447,100	(71,447,100)	-
Balance as at March 31, 2022 (un-audited)	<u>551,000,000</u>	<u>307,758,041</u>	<u>1,473,377,454</u>	<u>2,332,135,495</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



Selected Explanatory Notes to the Condensed Interim Financial Information (Un-audited) For the Nine Months Period Ended March 31, 2022

1 GENERAL INFORMATION

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. 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 ("2O₂").

2 STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Company for the nine months period ended March 31, 2022 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as 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 and provisions of and directives issued under the Companies Act, 2017. In case where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and 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 balance sheet is extracted from annual audited financial statements for the year ended June 30, 2021 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed interim financial statements for the nine months ended on March 31, 2021.

2.3 These condensed interim financial statements are un-audited.

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2021.



(Un-Audited)
March 31,
2022

(Audited)
June 30,
2021

----- Rupees -----

4 PROPERTY PLANT AND EQUIPMENT

Operating assets	2,655,286,723	2,791,465,762
Operating assets		
Written down value at beginning of the period / year	2,791,465,762	2,373,960,760
Revaluation surplus	-	550,287,407
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	51,909	285,866
Additions during the period / year	51,909	51,263,766
	<u>2,791,517,671</u>	<u>2,975,511,933</u>
Deletions at WDV during the period / year	-	-
Less: depreciation charged during the period / year	(136,230,948)	(184,046,171)
Written down value at the end of the period / year	<u>2,655,286,723</u>	<u>2,791,465,762</u>

5. STOCK IN TRADE

Raw material	28,044,286	18,170,193
Packing material	4,378,830	3,673,155
Work-in-process	448,144,340	517,966,243
Finished goods	4,500,793	3,848,667
	<u>485,068,249</u>	<u>543,658,258</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 Guarantees issued by banks on behalf of the Company

99,270,835 99,270,865

6.2 Commitments

Irrevocable letters of credit

447,857,800 437,152,500



Notes to the Financial Statements

	Nine months ended		Three months ended	
	March 31,	March 31,	March 31,	March 31,
	2022	2021	2022	2021
	(Un-audited)		(Un-audited)	
	----- Rupees -----			
7. SALES - NET				
Sales	1,552,735,872	1,518,643,641	502,123,855	448,520,531
Less: Trade discount	8,160,525	4,130,700	1,698,740	756,900
	<u>1,544,575,347</u>	<u>1,514,512,941</u>	<u>500,425,115</u>	<u>447,763,631</u>
8. COST OF SALES				
Raw material consumed	150,965,854	126,676,995	97,371,694	39,412,235
Fuel and power	888,944,438	485,940,806	292,390,571	186,084,987
Packing material consumed	158,920,140	164,720,669	49,606,545	48,747,640
Salaries wages and benefits	82,925,375	77,586,718	25,741,281	23,671,259
Factory Overheads	178,454,297	194,370,779	10,893,138	62,147,123
	<u>1,460,210,104</u>	<u>1,049,295,967</u>	<u>476,003,229</u>	<u>360,063,244</u>
Finished goods				
Balance at beginning				
of period	3,848,667	102,298,925	2,499,304	7,813,483
Balance at end of period	4,500,793	12,357,647	4,500,793	12,357,647
	<u>(652,126)</u>	<u>89,941,278</u>	<u>(2,001,489)</u>	<u>(4,544,164)</u>
Cost of goods sold	<u>1,459,557,978</u>	<u>1,139,237,245</u>	<u>474,001,740</u>	<u>355,519,080</u>



9. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	Nine months ended	
		March 31, 2022 (Un-audited)	March 31, 2021 (Un-audited)
		----- Rupees -----	
Associated companies	Organizational expenses charged	11,036,782	11,729,080
Key management personnel	Remuneration and other benefits	34,145,262	36,323,976
Employee benefit plan	Provision for the period	6,071,795	7,021,115
	Payment during the period	4,146,204	3,293,839

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 28, 2022.

11. GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



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