

NINE MONTHS REPORT MARCH 31



2023



Sitara Peroxide
Limited

Company Information



Board of Directors	Mr. Yasir Ahmed Awan Mr. Imran Ghafoor Mr. Haroon Ahmed Zuberi (FCA) Mr. Junaid Makda Mrs. Sharmeen Imran Mr. Saqib Anjum Mr. Saim Bin Saeed	Chairman Chief Executive Officer Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Independent Director
Chief Financial Officer	Mr. Shahid Irshad	
Company Secretary	Mr. Mazhar Ali Khan	
Head of Internal Audit	Mr. Zia-ul-Mustafa	
Audit Committee	Mr. Saim Bin Saeed Mr. Yasir Ahmed Awan Mr. Haroon Ahmed Zuberi	Chairman Member Member
Human Resource and Remuneration Committee	Mrs. Sharmeen Imran Mr. Imran Ghafoor Mr. Saqib Anjum	Chairperson Member Member
External Auditors	M/s Yousuf Adil Chartered Accountants	
Legal Advisor Registered	Sahibzada Waqar Arif	
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, DHA, 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 March 31, 2023.

The quarter 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 in 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 and global supply has been facing bottlenecks; resulting in higher tariff of RLNG to hydrogen peroxide manufacturing industry.

Net sales during the nine months period under review remained Rs. 522 million against net sales of Rs. 1,545 million during the corresponding period of financial last year. Drop in turnover during the period is due to decrease in sales volume; and sales volume decreased due to lower capacity utilization of plant. Cost of sales remained to Rs. 679 million as compared to Rs. 1,460 million. Due to lower capacity utilization and rising cost of production, gross margins of your Company remained negative. During first nine months, Company incurred net loss after tax of Rs. 303 million and loss per share of Rs. 5.50; as against net loss after tax of Rs. 142 million and loss per share of Rs. 2.57 in corresponding period of last financial year.

During quarter ended March 31, 2023, net sales remained Rs. 137 million against net sales of Rs. 500 million during the corresponding period of financial last year. Cost of sales remained Rs. 180 million as compared to 474 million. The Company incurred net loss after tax of Rs. 83 million and loss per share of Rs. 1.50 against loss after tax of Rs. 50 million and loss per share of Rs. 0.90 in comparative quarter of corresponding financial year.

Despite all challenges, management of the Company has been positive about future business outlook. Demand of hydrogen peroxide and its prices are expected to remain strong in future. We are confident of much improved financial performance in future.

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

HAROON AHMED ZUBERI
Director

IMRAN GHAFUOR
Chief Executive Officer

Faisalabad
April 29, 2023



محترم حصص داروں

مجھے آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے آپ کو 31 مارچ 2023 کو ختم ہونے والے ششماہی کے لیے غیر آڈٹ شدہ عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی ہو رہی ہے۔ زیر نظر سہ ماہی آپ کی کمپنی کے لیے بہت آزمائشی دور رہا ہے۔ کمپنی کو RLNG کے ٹیرف میں غیر معمولی اضافے کا سامنا ہے۔

کمپنی RLNG کو ہائیڈروجن پیروآکسائیڈ کی تیاری میں فیڈ اسٹاک کے طور پر استعمال کرتی ہے۔ اور اس کا کپٹیو پاور ہاؤس بھی RLNG پر چلتا ہے۔ ایکسپورٹرز، مینوفیکچررز وغیرہ کے برعکس جو قدرتی گیس سبسڈی والے نرخ پر حاصل کرتے ہیں، مقامی ہائیڈروجن پیروآکسائیڈ مینوفیکچرنگ انڈسٹری بین الاقوامی مارکیٹ میں RLNG کے ٹیرف میں اتار چڑھاؤ کا شکار ہے۔ آرائل این جی کی عالمی سطح پر مانگ بڑھ رہی ہے اور عالمی رسد میں رکاوٹوں کا سامنا ہے۔ جس کے نتیجے میں ہائیڈروجن پیروآکسائیڈ مینوفیکچرنگ انڈسٹری کے لیے RLNG کا ٹیرف زیادہ ہے۔

زیر جائزہ نو ماہ کی مدت کے دوران خالص فروخت 522 ملین روپے رہی۔ جو گزشتہ سال کی اسی مدت کے دوران 1545 ملین روپے رہی۔ اس مدت کے دوران کاروبار میں کمی ہیلز کے حجم میں کمی کی وجہ سے ہے اور پلانٹ کی کم صلاحیت کے استعمال کی وجہ سے فروخت کا حجم کم ہوا۔ فروخت کی لاگت 679 ملین روپے رہی۔ جو گزشتہ سال کی اسی مدت کے دوران 1460 ملین روپے رہی۔ پیداواری صلاحیت کے کم استعمال اور پیداواری بڑھتی ہوئی لاگت کی وجہ سے، آپ کی کمپنی کا مجموعی مارجن منفی رہا۔ پہلے نو ماہ کے دوران کمپنی نے ٹیکس کے بعد 303 ملین روپے کا خالص نقصان اٹھایا۔ اور ٹیکس کے بعد نقصان فی شیئر 5.50 روپے رہا۔ گزشتہ مالی سال کی اسی مدت میں خالص نقصان فی شیئر روپے 2.57 رہا۔

31 مارچ 2023 کو ختم ہونے والی سہ ماہی کے دوران خالص فروخت 137 ملین روپے رہی۔ گزشتہ سال کی اسی مدت کے دوران 500 ملین روپے فروخت رہی۔ فروخت کی لاگت 180 ملین روپے رہی۔ گزشتہ سال کی اسی مدت کے دوران فروخت کی لاگت 474 ملین روپے رہی۔ کمپنی 83 روپے کا بعد از ٹیکس خالص نقصان ہوا۔ فی شیئر نقصان 1.50 روپے رہا۔ گزشتہ سال کی اسی مدت کے دوران نقصان 50 ملین روپے اور فی حصص کی نقصان روپے اسی مالی سال کی تقابلی سہ ماہی میں 0.90 روپے رہا۔

تمام چیلنجوں کے باوجود، کمپنی کی انتظامیہ مستقبل کے کاروباری نقطہ نظر کے بارے میں مثبت رہی ہے۔ ہائیڈروجن پیروآکسائیڈ کی مانگ اور اس کی قیمتیں مستقبل میں مضبوط رہنے کی امید ہے۔ ہمیں جاری مالی سال کی آخر سہ ماہی میں بہتر مالی کارکردگی کا یقین ہے۔

بورڈ اس موقع پر تمام اسٹیک ہولڈرز کی مسلسل حمایت کا 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 فرمائے۔ آمین

بورڈ ممبران کی جانب سے

عمران خان
چیف ایگزیکٹو آفیسر

بارون احمد زبیر
ڈائریکٹر

فیصل آباد

29 اپریل 2023

Statement of Financial Position



Condensed Interim Statement of Financial Position (Unaudited) as at March 31, 2023

		March 31, 2023 (Un-audited)	June 30, 2022 (Audited)
	Note	Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,658,193,319	2,789,162,656
Long term deposits		52,730,973	17,817,143
		2,710,924,292	2,806,979,799
CURRENT ASSETS			
Stores, spare parts and loose tools		107,532,307	116,585,945
Stock-in-trade	5	294,097,815	272,468,996
Trade debts		201,895,164	215,238,160
Advances		262,286,024	129,102,245
Deposits and short term prepayments		180,698,406	146,463,633
Advance income tax		52,169,309	182,317,697
Tax refundable		83,343,720	35,073,952
Cash and bank balances		15,862,764	1,816,178
		1,197,885,509	1,099,066,806
		3,908,809,801	3,906,046,605
SHARE CAPITAL AND RESERVES			
Share capital		551,000,000	551,000,000
Un-appropriated (loss) / profit		(86,738,455)	140,654,535
Surplus on revaluation of property, plant and equipment		1,368,798,291	1,444,238,118
		1,833,059,836	2,135,892,653
NON-CURRENT LIABILITIES			
Long-term financing		494,623,570	545,980,578
Deferred liabilities		494,623,570	563,418,396
CURRENT LIABILITIES			
Trade and other payables		486,846,489	380,738,235
Contract liabilities		228,441,816	178,838,380
Loan from Chief Executive Officer		234,965,000	233,263,515
Accrued markup		253,294,638	25,000,000
Running finance under markup arrangement		146,245,215	129,184,738
Current portion of long term financing		223,498,619	236,705,593
Provision for income tax		7,834,618	23,005,095
		1,581,126,395	1,206,735,556
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		3,908,809,801	3,906,046,605

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, 2023

	Note	Nine Months ended		Quarter ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		Rupees			
Sales	7	522,307,878	1,544,575,347	136,566,840	500,425,115
Cost of sales	8	678,539,087	1,459,557,978	179,937,815	474,001,740
Gross profit		(156,231,209)	85,017,369	(43,370,975)	26,423,375
Other operating income		1,175,274	1,300,659	400,000	955,544
		(155,055,935)	86,318,028	(42,970,975)	27,378,919
Distribution expenses		17,170,248	71,985,870	3,252,296	22,869,544
Impairment loss on financial assets		15,823,291	9,040,671	-	-
Administrative expenses		94,706,462	107,047,308	17,020,582	35,176,375
Other operating expenses		20,936,772	-	-	-
Finance cost		50,972,410	40,590,647	16,511,193	11,675,526
		199,609,183	228,664,496	36,784,071	69,721,445
(Loss) / profit before taxation		(354,665,118)	(142,346,468)	(79,755,046)	(42,342,526)
Provision for income tax		51,832,301	712,537	(3,012,855)	(7,498,523)
(Loss) / profit for the period		(302,832,817)	(141,633,931)	(82,767,901)	(49,841,049)
Other comprehensive income		-	-	-	-
Total comprehensive (loss) / profit for the period		(302,832,817)	(141,633,931)	(82,767,901)	(49,841,049)
Earning per share - basic and diluted		(5.50)	(2.57)	(1.50)	(0.90)

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 Six Months Period Ended December 31, 2022

Nine Months ended March 31,
2023 2022

..... Rupees

Cash Flows From Operating Activities

(Loss) / profit before taxation

(354,665,118) (142,346,468)

Adjustments for:

Depreciation of property, plant and equipment
Gain on disposal of property, plant and equipment
Profit on bank deposits
Impairment loss on financial assets
Provision for sales tax refundable
Provision for deferred employee benefits
Finance cost

138,831,756	136,230,948
-	-
(25,274)	(249,928)
15,823,291	
20,936,772	
8,536,145	6,071,795
50,972,410	40,590,647

235,075,100 182,643,462

(119,590,018) 40,296,994

Working capital changes

(Increase) / decrease in current assets:

Stores, spare parts and loose tools
Stock-in-trade
Trade debts
Advances
Deposits and prepayments

9,053,638	(10,563,236)
(21,628,819)	58,590,009
(2,480,295)	48,065,730
(133,183,781)	(46,083,767)
(34,234,773)	(666,100)

(Decrease)/ increase in current liabilities:

Trade and other payables
Contract liabilities

106,108,254 (41,997,476)

49,603,436 (15,378,579)

(26,762,340) (8,033,419)

(146,352,358) 32,263,575

Cash generated from operations

Finance cost paid
Sales tax refunded/ (paid)
Employee benefits paid
Income tax (refunded) / paid

(30,941,287)	(24,801,259)
41,985,743	(891,125)
(226,236)	(4,146,204)
(4,048,986)	(7,354,421)

6,769,234 (37,193,009)

(139,583,124) (4,929,434)

Net cash generated from operating activities

Cash Flow From Investing Activities

Purchase of property, plant and equipment
Proceeds from sale of property, plant and equipment
(Increase) / decrease in long-term deposits
Profit received on bank deposits
Net cash generated (used in) / generated from investing activities

(7,862,419) (51,908)

- -

(34,913,830) -

25,274 249,928

(42,750,975) 198,020

Cash Flows From Financing Activities

Proceeds from long-term financing
Repayment of long-term financing
Net increase in short-term borrowings
Loan from Chief Executive Officer
Net cash used in financing activities
(Decrease) / increase in cash and cash equivalents

- 12,730,668

(30,644,792) (24,326,000)

17,060,477 (10,895,536)

209,965,000 -

196,380,685 (22,490,868)

14,046,586 (27,222,282)

Cash and cash equivalents at beginning of period

1,816,178 30,320,105

Cash and cash equivalents at end of period

15,862,764 3,097,823

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, 2023

	Share capital	Accumulated losses	Surplus on revaluation of property, plant and equipment	Total
..... Rupees				
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)	-	41,633,931)
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)	551,000,000	307,758,041	1,473,377,454	2,332,135,495
Balance as at July 01, 2022 (audited)	551,000,000	140,654,535	1,444,238,118	2,135,892,653
Total comprehensive income for the period ended March 31, 2023				
Loss for the period	-	(302,832,817)		(302,832,817)
Other comprehensive income	-	-		-
	-	(302,832,817)	-	02,832,817)
Transfer to un-appropriated profit on account of incremental depreciation - net of tax	-	75,439,827	(75,439,827)	-
Balance as at March 31, 2023 (un-audited)	551,000,000	(86,738,455)	1,368,798,291	1,833,059,836

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



Notes to the Financial Statements

Notes to the Condensed Interim Financial Information (Un-audited) for the Nine Months Period Ended March 31, 2023

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 (H2O2).

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements of the Company for the nine months period ended March 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 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, 2022. 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, 2022.
- 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.

4. PROPERTY PLANT AND EQUIPMENT

	(Un-audited) March 31, 2023	(Audited) June 30, 2022
 Rupees	
Operating assets	<u>2,658,193,319</u>	<u>2,789,162,656</u>
Operating assets		
Written down value at beginning of the period / year	2,789,162,656	3,015,780,434
Revaluation surplus	-	-
Plant and machinery	-	-
Vehicles	7,862,419	4,275,000
Additions during the period / year	<u>7,862,419</u>	<u>4,275,000</u>
	<u>2,797,025,075</u>	<u>3,020,055,434</u>
Deletions at WDV during the period / year	-	(826,912)
Less: depreciation charged during the period / year	<u>(138,831,756)</u>	<u>(230,065,866)</u>
Written down value at the end of the period / year	<u>2,658,193,319</u>	<u>2,789,162,656</u>

Notes to the Financial Statements



	(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Rupees	
5. STOCK IN TRADE		
Raw material	52,765,645	17,795,355
Packing material	2,889,795	3,324,693
Working solution	213,392,935	247,337,600
Finished goods	<u>25,049,440</u>	<u>4,011,348</u>
	<u>294,097,815</u>	<u>272,468,996</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 Guarantees issued by banks on behalf of the Company

	54,640,000	99,270,865
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6.2 Commitments

Irrevocable letters of credit

	-	-
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	Nine Months Ended March 31, 2023		Three Months Ended March 31, 2023	
	(Un-audited)		(Un-audited)	
	Rupees			
7. SALES - NET				
Sales	523,563,498	1,552,735,872	136,566,840	502,123,855
Less: Trade discount	<u>1,255,620</u>	<u>8,160,525</u>	-	<u>1,698,740</u>
	<u>522,307,878</u>	<u>1,544,575,347</u>	<u>136,566,840</u>	<u>500,425,115</u>
8. COST OF SALES				
Opening finished goods	4,011,348	3,848,667	-	2,499,304
Cost of goods manufactured	<u>699,577,179</u>	<u>1,460,210,104</u>	<u>204,987,255</u>	<u>476,003,229</u>
	703,588,527	1,464,058,771	204,987,255	478,502,533
Less: closing finished goods	<u>25,049,440</u>	<u>4,500,793</u>	<u>25,049,440</u>	<u>4,500,793</u>
Cost of goods sold	<u>678,539,087</u>	<u>1,459,557,978</u>	<u>179,937,815</u>	<u>474,001,740</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, 2023	March 31, 2022
		(Un-audited)	
		Rupees	
Associated companies	Organizational expenses charged	213,122	11,036,782
Key management personnel	Remuneration and other benefits	31,251,351	34,145,262
Employee benefit plan	Provision for the period	8,536,145	6,071,795
	Payment during the period	226,236	4,146,204

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 29, 2023.

11. GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



601-602 Business Centre, Mumtaz Hassan Road,
Off. I.I. Chundrigar Road, Karachi-74000.
Ph: 021 32401373, 32413944