

HALF YEARLY REPORT DECEMBER 2020



Sitara Peroxide
Limited

Board of Directors	Mrs. Sharmin 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. Kamran Zahoor	
Company Secretary	Mr. Mazhar Ali Khan	
Head of Internal Audit	Mr. Zia-ul-Mustafa	
Audit Committee	Mr. Zahid Aslam Mr. Mahmood Ahmad Mrs. Sharmin 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 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: 021 32401373, 32413944	
Company Website	www.sitaraperoxide.com	
Bankers	Al Baraka Bank (Pakistan) Limited Askari Bank Limited Bank Al Falah 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 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi - 75400. UAN: (92 21) 111-000-322 Ph: (92 21) 34168270 Fax: (92 21) 34168271	
Head Office & Project Location	26 - KM Sheikhupura 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, 2020.

The last six months under review remained a very exciting and challenging period for your Company. Economy of Pakistan recovered after COVID-19 lockdown. Manufacturing activity expanded, exports rebound and current account became surplus. Pak Rupee remained stable and KIBOR remained on lower side. Demand of hydrogen peroxide also remained on higher side because of rising exports of textile industry, major consumer of our product, operating at its optimum capacity. Your Company successfully maintained its profitability and market share in local market.

Capacity utilization of your Company during the six months under review remained 80%; which was also 80% in corresponding period of last financial year. Sales of your Company in last six months remained Rs. 1,067 million against sales of Rs. 931 million in the same period last year. Increase in sales is attributed higher volume of product sold as prices remained stable during the quarter under review. The Company has carried huge volume of inventory by the close of financial year June 30, 2020; which was sold during six months under review. Cost of sales remained Rs. 784 million as compared to Rs. 829 million in the corresponding period. Comparatively lower cost of RLNG is the major contributor in decrease of cost of sales during the six months under review. Due to reduction in cost of production, gross profits of your Company increased to Rs. 283 million as compared to gross profit of Rs. 102 million in comparative period; resulting in an increase of 176%. Lower KIBOR and principal repayments of long term loans resulted in decrease of finance cost to Rs. 21.5 million; which was Rs. 46 million during first six months of last financial year. Net profit after tax and earning per share in six months under review remained Rs. 96.5 million and Rs. 1.75 respectively against net loss after tax of Rs. 17 million and loss per share of Rs. 0.31 in first six months of last financial year.

In 2nd quarter of period under review, your Company achieved sales of Rs. 497 against sales of Rs. 537 million in comparative quarter. Gross profit and net profit after tax remained Rs. 149.6 million and Rs. 45.6 million respectively during 2nd quarter; as against gross profit of Rs. 64 million and net loss after tax of Rs. 22 million in comparative quarter of last financial year. Quarterly earning per share remained Rs. 0.83 as compared to loss per share of Rs. 0.40 in corresponding quarter.

Due to recovery of economy and rising textile exports of Pakistan in post-COVID times; management of your Company foresee encouraging times ahead for manufacturing sector. However, recent rise in oil and RLNG prices in international market poses risk of increase in manufacturing cost and rise in overall inflation. Cost of chemicals and packing materials imported are also expected to rise due to increase in oil prices. The Company has established letter of credit for import of new catalyst in last quarter to attain maximum capacity utilization. Management of your Company is fully confident of higher capacity utilization in 2nd half of current financial year which will help the Company to maintain its profitability in second half of financial year.

I would like to take this opportunity to express our appreciation for stakeholders for their dedication, support and cooperation throughout the period.

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

On behalf of Board of Directors



Faisalabad
February 24, 2021

IMRAN GHAFOOR
Chief Executive Officer

ڈائریکٹرز جائزہ

میں کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 31 ستمبر 2020 کو ختم ہونے والی شہ مانی کے غیر مقتسب شدہ مالی متنازع آپ کی خدمت میں پیش کرنا چاہوں گا۔

گزشتہ چھ ماہ آپ کی کمپنی کیلئے پہنچنے سے پہلے پورا عرصہ تھا۔ پاکستانی میکیٹ 19-COVID لاک ڈاؤن کے بعد بھالی کی جانب کا مزمن ہوئی۔ پیداواری سرگرمی میں تیزی آئی، برآمدات بھال ہوئیں اور کرنٹ کا وانت شبت رہا۔ پاکستانی روپیہ ملکیت اور KIBOR پھیل سطح پر رہا۔ باعذہ روپیہ کے سایہ کی طلب میں اضافہ ہوا کیونکہ اس کا سب سے بڑا صارف شعبہ یعنی یکساں اک برآمدات بڑھنے کے باعث اپنی نکل پیداواری سطح پر چلتا رہا۔ آپ کی کمپنی نے اپنا نفع اور مقامی منڈی میں اپنا حصہ برقرار کھا۔

گزشتہ چھ ماہ کے دوران آپ کی کمپنی نے اپنے پیداواری استعداد کا 80% حاصل کیا جو قابلیتی عرصے میں بھی 80% تھا۔ آپ کی کمپنی نے زیر جائزہ چھ ماہ کے دوران 1,067 ملین روپے کی فروخت کی جو گزشتہ مالی سال کے ای عرصے کے دوران 931 ملین روپے تھی۔ فروخت میں اضافے کی وجہ پر اڈ کش کی مقدار فروخت میں اضافہ تھا کیونکہ اس عرصے میں قیمتیں متکبر رہیں۔ گزشتہ مالی سال کے اختتامی 15 جون 2020 پر کمپنی کے پاس شاک کی بلند سطح تھی جسے زیر جائزہ مدت میں فروخت کیا گیا۔ فروخت کی لاغت 784 ملین روپے ہی جو قابلیتی عرصے میں 829 ملین روپے تھی۔ فروخت کی لاغت کی کی کی کی روپیہ میں اضافہ تھا کیونکہ اس عرصے میں کم کی کے باعث کمپنی کا خام نفع 283 ملین روپے بر جو قابلیتی عرصے میں 102 ملین روپے تھا۔ خام نفع میں اضافے کی شرح 176% تھی۔ KIBOR کی کم سطح اور قرضوں کی ادائیگی کے باعث کمپنی فی فناں کے اخراجات گھٹ کر 21.5 ملین روپے رہ گئے جو قابلیتی چھ ماہ کے دوران 46 ملین روپے تھے۔ کمپنی کا خالص نفع اور فی حصہ نفع حالیہ چھ ماہ کے دوران 96.5 ملین روپے اور 1.75 روپے فی حصہ رہا جبکہ گزشتہ مالی سال کے دوران کمپنی کا خالص نقصان 17 ملین روپے تھا اور فی حصہ خسارہ 0.31 روپے تھا۔

زیر جائزہ چھ ماہ کی دوسری سہ ماہی میں آپ کی کمپنی نے 497 ملین روپے کی فروخت کی جو قابلیتی سہ ماہی کے دوران 537 ملین روپے تھی۔ دوسری سہ ماہی کے دوران کمپنی کا خام نفع 149.6 ملین روپے اور خالص نفع 45.6 ملین روپے رہا جبکہ قابلیتی سہ ماہی کے دوران بالترتیب خام نفع 64 ملین روپے اور خالص نقصان 22 ملین روپے رہا تھا۔ حالیہ دوسری سہ ماہی کے دوران فی حصہ نفع 0.83 روپے اور قابلیتی سہ ماہی میں فی حصہ خسارہ 0.40 روپے تھا۔

کوئی 19 کے بعد پاکستان کی معاشری بھالی اور برآمدات کے باعث آپ کی کمپنی پیداواری شعبے کی بھالی کے حوالے سے پامیدہ ہے۔ تاہم عالی منڈی میں تیں اور ایں ایں جی کی قیمتیں بڑھنے سے پیداواری لاغت میں اضافے اور افراط از کا خدشہ ہے۔ تیں کی قیمتیں میں اضافے کے پیش نظر خام مال اور پیکنک کی لاغت میں اضافے کا امکان ہے۔ کمپنی نے پلاڈم کیلیا لست کی درآمد کیلئے ایں سی کھول دی ہے اور کیلیا لست سے کمپنی کی پیداواری استعداد میں اضافہ ہو گا۔ آپ کی کمپنی کی میکنٹ کو یقین ہے کہ رہاں مالی سال کی دوسری سہ ماہی کے دوران ہماری پیداواری استعداد بلند سطح پر رہے گی جس سے کمپنی اپنے منافع کی سطح پر قرار کہ سکے گی۔

اس موقع پر کمپنی سے وابستہ تمام افراد کے محنت کے جذبے اور تعاون کو سراہنا پاہوں گا۔
اللہ تعالیٰ ہمیں مُمْتَنِنَ کے مخنانوں کا سامنا کرنے کی توفیق عطا فرمائے۔

بورڈ آف ڈائریکٹرز کی جانب سے

عمران غفور
چیف ایگزیکیوٹیو فیسر

فیصل آبدار

24 فروری 2021

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, 2020, 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 and condensed interim statement of comprehensive income for the quarter ended December 31, 2020 and related comparative information have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

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

Place: Lahore

Date: February 24, 2021

Condensed Interim Statement of Financial Position As at December 31, 2020

Note	December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)		
	Rupees			
ASSETS				
Non - current assets				
Property, plant and equipment	4	2,285,324,579		
Long term advances and deposits		4,205,000		
		2,289,529,579		
		2,373,960,760		
		4,205,000		
		2,378,165,760		
Current assets				
Stores, spare parts and loose tools	5	112,172,095		
Stock in trade		449,883,607		
Trade debts		238,747,995		
Loans and advances		134,913,324		
Deposits and short term prepayments		99,013,060		
Taxes refundable due to from government		148,107,319		
Cash and bank balances		12,632,154		
		1,195,469,554		
		3,484,999,133		
		1,226,279,030		
		3,604,444,790		
TOTAL ASSETS				
EQUITY AND LIABILITIES				
Equity				
Share capital		551,000,000		
Un-appropriated profit		391,532,545		
Surplus on revaluation of property, plant and equipment		1,183,476,258		
		2,126,008,803		
		551,000,000		
		247,354,973		
		1,231,107,657		
		2,029,462,630		
Non - current liabilities				
Long term financing	6	101,751,601		
Deferred liabilities		526,352,465		
Deferred mark-up		126,843,683		
		754,947,749		
		148,674,510		
		519,115,718		
		184,406,709		
		852,196,937		
Current liabilities				
Trade and other payables	7	188,600,847		
Contract liability		3,970,850		
Accrued markup		75,736,352		
Short term borrowings		199,091,865		
Current portion of long term financing	6	104,951,871		
Provision for taxation		31,690,796		
		604,042,581		
		244,024,954		
		32,069,259		
		54,975,671		
		183,098,258		
		180,491,401		
		28,125,680		
		722,785,223		
Contingencies and commitments				
TOTAL EQUITY AND LIABILITIES				
		3,484,999,133		
		3,604,444,790		

The annexed selected notes from 1 to 17 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Statement of Profit or Loss (Un-audited) for the Six Months Period Ended December 31, 2020

Note	Six months ended		Three months ended		
	December 31 2020	December 31 2019	December 31 2020	December 31 2019	
	Rupees -----				
Sales - net	9	1,066,749,310	931,074,940	497,158,015	536,893,058
Cost of sales	10	(783,718,165)	(828,771,325)	(347,553,162)	(472,187,284)
Gross profit		283,031,145	102,303,615	149,604,853	64,705,774
Distribution cost		52,408,086	44,608,608	23,955,233	25,925,817
Administrative expenses		66,388,207	53,870,730	31,901,713	26,085,397
Other expenses		9,301,837	-	9,301,837	-
Finance cost		21,508,640	46,341,983	10,306,213	24,616,775
		(149,606,770)	(144,821,321)	(75,464,996)	(76,627,989)
Other income	11	118,746	50,872,373	(92,049)	9,494,671
Profit / (Loss) before taxation		133,543,121	8,354,667	74,047,808	(2,427,544)
Provision for taxation	12	(36,996,948)	(25,281,885)	(28,432,144)	(19,736,004)
Profit / (Loss) for the period		96,546,173	(16,927,218)	45,615,664	(22,163,548)
Earnings per share - basic					
and diluted	13	1.75	(0.31)	0.83	(0.40)

The annexed selected notes from 1 to 17 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Statement of Comprehensive Income (Un Audited) for the Six Months Period Ended December 31, 2020

	Six months ended		Three months ended	
	December 31 2020	December 31 2019	December 31 2020	December 31 2019
	Rupees			
Profit / (Loss) for the period	96,546,173	(16,927,218)	45,615,664	(22,163,548)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>96,546,173</u>	<u>(16,927,218)</u>	<u>45,615,664</u>	<u>(22,163,548)</u>

The annexed selected notes from 1 to 17 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Statement of Cash Flows

Sitara Peroxide Limited / Half Yearly Dec 31, 2020

Condensed Interim Statement of Cash Flows (Un-audited) for the Six Months Period Ended December 31, 2020

	Note	Six months ended	
		December 31, 2020	December 31, 2019
		Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		133,543,121	8,354,667
Adjustments for:			
Depreciation of property, plant and equipment		91,881,158	91,463,371
Gain on sales of property, plant and equipment		-	-
Profit on bank deposit		(85,696)	(130,769)
Provision for staff retirement gratuity		4,680,741	3,665,585
Finance cost		21,508,640	46,341,983
Operating cash flows before working capital changes		117,984,843	141,340,170
(Increase) / decrease in current assets		251,527,964	149,694,837
Stores, spare parts and loose tools		(466,534)	(11,232,667)
Stock-in-trade		159,383,994	21,741,474
Trade debts		(76,774,151)	21,084,925
Advances		(25,002,887)	(8,669,955)
Deposits and short term prepayments		(61,103,831)	23,780,708
Sales tax refundable		(32,063,806)	114,105,433
Increase / (decrease) in current liabilities			
Trade and other payables		(55,424,106)	(188,162,177)
Contract liability		(28,098,409)	-
Changes in working capital		(119,549,730)	(27,352,259)
Cash generated from operations		131,978,234	122,342,578
Finance cost paid		(58,310,985)	(44,288,415)
Staff retirement gratuity paid		(2,692,867)	(3,664,191)
Income taxes (paid) - net		8,813,988	(15,195,489)
Net cash generated from operating activities		(52,189,864)	(63,148,095)
		79,788,370	59,194,483
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,244,977)	-
Advance against reversal / (purchase) of land		-	13,000,000
Profit on bank deposits		85,696	130,769
Net cash (used in) / generated from investing activities		(3,159,281)	13,130,769
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		(122,462,439)	(40,229,310)
Short term financing - net		15,993,607	(14,439,181)
Net cash used in financing activities		(106,468,832)	(54,668,491)
Net increase in cash and cash equivalents (A+B+C)		(29,839,743)	17,656,761
Cash and cash equivalents at beginning of period		42,471,897	3,008,439
Cash and cash equivalents at end of the period		12,632,154	20,665,200

The annexed selected notes from 1 to 17 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Statement of Changes In Equity (Un-audited) for the Six Months Period Ended December 31, 2020

	Share capital	Accumulated losses	Surplus on revaluation of property, plant and equipment	Total
----- Rupees -----				
Balance as at July 01, 2019 (audited)	551,000,000	75,417,761	1,326,370,455	1,952,788,216
Profit for the six months period ended December 31, 2019	-	184,076,850	-	184,076,850
Other comprehensive income for the six months period ended December 31, 2019	-	-	-	-
Total comprehensive income	-	184,076,850	-	184,076,850
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	48,376,666	(48,376,666)	-
Balance as at December 31, 2019 - Un-audited	551,000,000	307,871,277	1,277,993,789	2,136,865,066
Balance as at July 01, 2020 (audited)	551,000,000	247,354,973	1,231,107,657	2,029,462,630
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 loss	-	96,546,173	-	96,546,173
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	47,631,399	(47,631,399)	-
Balance as at December 31, 2020 - Un-audited	551,000,000	391,532,545	1,183,476,258	2,126,008,803

The annexed selected notes from 1 to 17 form an integral part of these condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-audited) for the Six Months Period Ended December 31, 2020

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 Sheikhupura 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, 2020. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2020 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, 2019.

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, 2020 except as disclosed hereunder:

Note	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	----- Rupees -----	

4 PROPERTY, PLANT AND EQUIPMENT

Operating assets	4.1	2,285,324,580	2,373,960,760
		2,285,324,580	2,373,960,760

	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	----- Rupees -----	
Opening carrying value	2,373,960,760	2,544,425,562
Additions during the period / year:		
Plant and Machinery	-	11,563,896
Laboratory Equipment	3,029,112	-
Vehicles	215,866	1,099,000
	3,244,978	12,662,896
Net book value of assets disposed off during the period / year	-	-
	2,377,205,738	2,557,088,458
Depreciation charged during the period / year	(91,881,158)	(183,127,698)
Effect of revaluation of property, plant and equipment	-	-
	2,285,324,580	2,373,960,760

4.2 The Company follows the revaluation model. Revaluation of Land, building and plant and machinery was carried out by MYK Associates (Private) Limited, independent valuer not related to the Company. MYK Associates (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, 2018 resulted in a further surplus of Rs. 913 million. Out of the total revaluation surplus of Rs. 2,542 million, Rs. 1,183 million net of tax (June 2020: Rs. 1,231 million) remains undepreciated as at December 31, 2020.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, and therefore, management believes that the carrying value of these assets approximate its fair market value.

Details of the Company's revalued assets and information about fair value hierarchy, as at December 31, 2020 are as follows:

	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Land	-	246,630,000	-	246,630,000
Building	-	142,805,214	-	142,805,214
Plant and machinery	-	1,876,614,080	-	1,876,614,080

	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	Rupees -----	
Land	41,997,852	41,997,852
Building	48,389,397	52,402,370
Plant and machinery	453,357,388	490,954,692
Electric installations	41,790,529	49,348,788
Factory equipment	2,879,210	3,399,946
	543,744,637	585,354,914

5 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. 165.8 million as at December 31, 2019.

	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	Rupees -----	

6 LONG-TERM FINANCING

Secured - from financial institutions		
Under sukuk arrangements		
Balance at beginning of the period / year	329,165,911	409,895,222
Less: paid during the period / year	(122,462,439)	(80,729,311)
Less: current portion	(104,951,871)	(180,491,401)
Balance at the end of period / year	101,751,601	148,674,510

6.1 During the period, the Company has entered into sixth supplemental musharaka trust deed. As a result thereof, the Musharaka shall now expire on June 2023 the size of monthly instalment has been enhanced and first eight monthly installments starting from July, 2020 till February 2021, shall be adjusted in the ratio of 90:10 in principal and rental. Rest of the installments shall be adjusted in the ratio of 49:51 between principal and deferred rental.

7 TRADE AND OTHER PAYABLES

These include Rs. 5 million (June 30, 2020 : Rs. 27.6 million) payable to associated company.

	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	Rupees -----	

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

(a) Guarantees issued by Banks on behalf of the Company	99,270,865	99,270,865
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(b) The Honorable Supreme Court of Pakistan has passed an order dated August 13, 2020, directing all industrial and commercial entities to pay off the GIDC as per the GIDC Act, 2015 without any late payment surcharge on original billed amounts. However, as a concession, the same may be paid in 24 monthly installments.

The Company is receiving monthly bills from Sui Northern Gas Pipelines Limited (SNGPL) from August 2020 in this regard. The Company has already recognized a liability of Rs. 9.06 million which pertains to the period after the applicability of GIDC Act, 2015. Further, the amount included in the monthly bills being raised by SNGPL includes the amount pertaining to the period before the applicability of GIDC Act, 2015 amounting to Rs. 80.05 million and therefore no liability has been recorded in this regard."

(Un-Audited)	(Audited)
December 31,	June 30,
2020	2020
<hr style="border-top: 1px dashed black;"/>	
Rupees	

8.2 Commitments

Irrevocable letters of credit	45,357,780	24,447,902
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	Six months ended		Three months ended	
	December 31	December 31	December 31	December 31
	2020	2019	2020	2019
Rupees				

9 SALES - NET

Local sales	1,061,100,910	927,186,940	497,158,015	533,005,058
Export Sales	5,648,400	3,888,000	-	3,888,000
	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>

10 COST OF SALES

Raw material consumed	55,537,443	62,096,742	28,975,863	24,337,124
Fuel and power	299,855,819	443,102,517	167,350,115	241,903,177
Packing material consumed	115,973,029	125,672,887	47,464,414	67,071,130
Salaries, wages and benefits	53,915,459	45,553,037	24,965,291	22,557,563
Factory overheads	132,223,656	139,767,666	67,893,043	72,580,635
	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>
Work-in-process				
- Opening stock	445,671,441	494,933,303	513,930,219	493,608,780
- Closing stock	(413,944,124)	(482,003,604)	(413,944,124)	(482,003,604)
	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>
Cost of goods manufactured	31,727,317	12,929,699	99,986,095	11,605,176
Finished goods				
- Opening stock	689,232,723	829,122,548	436,634,821	440,054,805
- Closing stock	102,298,925 (7,813,483) 94,485,442	4,751,033 (5,102,256) (351,223)	37,234,735 (7,813,483) 29,421,252	37,234,735 (5,102,256) 32,132,479
	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>
Cost of goods sold - own manufactured products	783,718,165	828,771,325	466,056,073	472,187,284
	<hr style="border-top: 1px solid black; border-bottom: 3px double black;"/>	<hr style="border-top: 1px solid black; border-bottom: 3px double black;"/>	<hr style="border-top: 1px solid black; border-bottom: 3px double black;"/>	<hr style="border-top: 1px solid black; border-bottom: 3px double black;"/>

11 OTHER INCOME

This includes mark-up on saving account amounting to Rs. 85,696 (December 2019: Rs. 130,769) and proceeds from sale of catalyst amounting to Rs. NIL (December 2019: Rs. 50,339,185).

	Six months ended		Three months ended	
	December 31 2020	December 31 2019	December 31 2020	December 31 2019
	Rupees			

12 PROVISION FOR TAXATION

Current - for the period	31,748,076	14,565,149	23,183,272	9,019,268
- for prior year	-	-	-	-
Deferred	5,248,872	10,716,736	5,248,872	10,716,736
	<u>36,996,948</u>	<u>25,281,885</u>	<u>28,432,144</u>	<u>19,736,004</u>

13 EARNINGS PER SHARE - BASIC AND DILUTED

(loss) / Profit for the period	96,546,173	(16,927,218)	45,615,664	(22,163,548)
Weighted average number of ordinary shares outstanding during the period	<u>55,100,000</u>	<u>55,100,000</u>	<u>55,100,000</u>	<u>55,100,000</u>
Earnings per share	<u>1.75</u>	<u>(0.31)</u>	<u>0.83</u>	<u>(0.40)</u>

14 TRANSACTIONS WITH 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:

Relationship with the Company	Nature of transactions	Six months ended	
		December 31 2020	December 31 2019
		Rupees	
Associated company	Organizational charges charged	5,062,449	8,092,860
Key management personnel	Remuneration and other benefits	24,955,881	23,234,522
Employee benefit plan	Payment during the period	2,692,867	3,664,191

14.1 The relationship with Sitara Spinning Limited, an associated company, is based on common directorship.

15 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).

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.

16 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, 2021.

17 GENERAL

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Notes to the Financial Statements

Sitara Peroxide Limited / Half Yearly Dec 31, 2020



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