

# HALF YEARLY REPORT DECEMBER 2020



 **Sitarra Peroxide**  
Limited

<b>Board of Directors</b>	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
<b>Chief Financial Officer</b>	Mr. Kamran Zahoor	
<b>Company Secretary</b>	Mr. Mazhar Ali Khan	
<b>Head of Internal Audit</b>	Mr. Zia-ul-Mustafa	
<b>Audit Committee</b>	Mr. Zahid Aslam Mr. Mahmood Ahmad Mrs. Sharmeen Imran Mr. Zia-ul-Mustafa	Chairman Member Member Secretary
<b>Human Resource and Remuneration Committee</b>	Mr. Mahmood Ahmad Mr. Imran Ghafoor Mr. Ejaz Hussain	Chairman Member Member
<b>External Auditors</b>	M/s Yousuf Adil Chartered Accountants	
<b>Legal Advisor</b>	Sahibzada Waqar Arif	
<b>Registered Office</b>	601-602 Business Centre, Mumtaz Hassan Road, Off. I.I. Chundrigar Road, Karachi-74000. Ph: 021 32401373, 32413944	
<b>Company Website</b>	www.sitaraperoxide.com	
<b>Bankers</b>	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	
<b>Share Registrar</b>	<b>THK Associates (Private) Limited</b> 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	
<b>Head Office &amp; Project Location</b>	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, 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 GHAFOR**  
Chief Executive Officer

## ڈائریکٹرز جائزہ

میں کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2020 کو ختم ہونے والی شہ ماہی کے غیر مختص شدہ مالی نتائج آپ کی خدمت میں پیش کرنا چاہوں گا۔

گزشتہ چھ ماہ آپ کی کمپنی کیلئے چیلنجز سے بھرپور عرصہ تھا۔ پاکستانی معیشت COVID-19 لاک ڈاؤن کے بعد بحالی کی جانب گامزن ہوئی۔ پیداواری سرگرمی میں تیزی آئی، برآمدات بحال ہوئیں اور کرنٹ اکاؤنٹ مثبت رہا۔ پاکستانی روپیہ مستحکم رہا اور KIBOR پچاسی سطح پر رہا۔ ہائیڈروجن پراکسائیڈ کی طلب میں اضافہ ہوا کیونکہ اس کا سب سے بڑا صارف شعبہ یعنی ٹیکسٹائل برآمدات بڑھنے کے باعث اپنی مکمل پیداواری سطح پر چلتا رہا۔ آپ کی کمپنی نے اپنا نفع اور مقامی منڈی میں اپنا حصہ برقرار رکھا۔

گزشتہ چھ ماہ کے دوران آپ کی کمپنی نے اپنے پیداواری استعداد کا 80% حاصل کیا جو تقابلی 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 اسی عرصے کے دوران 931 ملین روپے تھی۔ فروخت میں اضافے کی وجہ پراڈکٹ کی مقدار اور فروخت میں اضافہ تھا کیونکہ اس عرصے میں قیمتیں مستحکم رہیں۔ گزشتہ مالی سال کے اختتام یعنی 30 جون 2020 پر کمپنی کے پاس سٹاک کی بلند سطح تھی جسے زیر جائزہ مدت میں فروخت کیا گیا۔ فروخت کی لاگت 784 ملین روپے رہی جو تقابلی عرصے میں 829 ملین روپے تھی۔ فروخت کی لاگت میں کمی کی بڑی وجہ RLNG کی قیمتوں میں کمی تھی۔ فروخت کی لاگت میں کمی کے باعث کمپنی کا خام نفع 283 ملین روپے رہا جو تقابلی عرصے میں 102 ملین روپے تھا۔ خام نفع میں اضافے کی شرح 176% رہی۔ KIBOR کی کم سطح اور قرضوں کی ادائیگی کے باعث کمپنی کی فنانس کے اخراجات گھٹ کر 21.5 ملین روپے رہ گئے جو تقابلی چھ ماہ کے دوران 46 ملین روپے تھے۔ کمپنی کا خالص نفع اور فی حصص نفع حالیہ چھ ماہ کے دوران 96.5 ملین روپے اور 1.75 روپے فی حصص رہا جبکہ گزشتہ مالی سال کے دوران کمپنی کا خالص نقصان 17 ملین روپے تھا اور فی حصص خسارہ 0.31 روپے تھا۔

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

کوئیڈ-19 کے بعد پاکستان کی معاشی بحالی اور برآمدات کے بڑھنے کے باعث آپ کی کمپنی پیداواری شعبے کی بحالی کے حوالے سے پر امید ہے۔ تاہم عالمی منڈی میں تیل اور ایل این جی کی قیمتیں بڑھنے سے پیداواری لاگت میں اضافے اور افراط زر کا خدشہ ہے۔ تیل کی قیمتوں میں اضافے کے پیش نظر خام مال اور پیکیجنگ کی لاگت میں اضافے کا امکان ہے۔ کمپنی نے پلاڈیم کیپلاسٹ کی درآمد کیلئے ایل سی کھول دی ہے اور کیپلاسٹ سے کمپنی کی پیداواری استعداد میں اضافہ ہوگا۔ آپ کی کمپنی کی منیجمنٹ کو یقین ہے کہ رواں مالی سال کی دوسری شہ ماہی کے دوران ہماری پیداواری استعداد بلند سطح پر رہے گی جس سے کمپنی اپنے منافع کی سطح کو برقرار رکھ سکے گی۔

اس موقع پر میں کمپنی سے وابستہ تمام افراد کے محنت کے جذبے اور تعاون کو سراہتا ہوں گا۔  
اللہ تعالیٰ ہمیں مستقبل کے امتحانوں کا سامنا کرنے کی توفیق عطا فرمائے۔



عمران نقور  
چیف ایگزیکٹو آفیسر

بورڈ آف ڈائریکٹرز کی جانب سے

فیصل آباد

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

		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
	Note	Rupees	
<b>ASSETS</b>			
<b>Non - current assets</b>			
Property, plant and equipment	4	2,285,324,579	2,373,960,760
Long term advances and deposits		4,205,000	4,205,000
		2,289,529,579	2,378,165,760
<b>Current assets</b>			
Stores, spare parts and loose tools		112,172,095	111,705,561
Stock in trade		449,883,607	609,267,601
Trade debts	5	238,747,995	161,973,844
Loans and advances		134,913,324	109,910,437
Deposits and short term prepayments		99,013,060	37,909,229
Taxes refundable due to from government		148,107,319	153,040,461
Cash and bank balances		12,632,154	42,471,897
		1,195,469,554	1,226,279,030
<b>TOTAL ASSETS</b>		<b>3,484,999,133</b>	<b>3,604,444,790</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		551,000,000	551,000,000
Un-appropriated profit		391,532,545	247,354,973
Surplus on revaluation of property, plant and equipment		1,183,476,258	1,231,107,657
		2,126,008,803	2,029,462,630
<b>Non - current liabilities</b>			
Long term financing	6	101,751,601	148,674,510
Deferred liabilities		526,352,465	519,115,718
Deferred mark-up		126,843,683	184,406,709
		754,947,749	852,196,937
<b>Current liabilities</b>			
Trade and other payables	7	188,600,847	244,024,954
Contract liability		3,970,850	32,069,259
Accrued markup		75,736,352	54,975,671
Short term borrowings		199,091,865	183,098,258
Current portion of long term financing	6	104,951,871	180,491,401
Provision for taxation		31,690,796	28,125,680
		604,042,581	722,785,223
<b>Contingencies and commitments</b>	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,484,999,133</b>	<b>3,604,444,790</b>

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	December 31	December 31	December 31
		2020	2019	2020	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	96,546,173	(16,927,218)	45,615,664	(22,163,548)

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

Note	Six months ended	
	December 31, 2020	December 31, 2019
	----- Rupees -----	-----
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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
	117,984,843	141,340,170
Operating cash flows before working capital changes	251,527,964	149,694,837
<b>(Increase) / decrease in current assets</b>		
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
<b>Increase / (decrease) in current liabilities</b>		
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)
	(52,189,864)	(63,148,095)
<b>Net cash generated from operating activities</b>	79,788,370	59,194,483
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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
<b>Net cash (used in) / generated from investing activities</b>	(3,159,281)	13,130,769
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term financing	(122,462,439)	(40,229,310)
Short term financing - net	15,993,607	(14,439,181)
<b>Net cash used in financing activities</b>	(106,468,832)	(54,668,491)
<b>Net increase in cash and cash equivalents (A+B+C)</b>	(29,839,743)	17,656,761
<b>Cash and cash equivalents at beginning of period</b>	42,471,897	3,008,439
<b>Cash and cash equivalents at end of the period</b>	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 -----				
<b>Balance as at July 01, 2019 (audited)</b>	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)	-
<b>Balance as at December 31, 2019 - Un-audited</b>	551,000,000	307,871,277	1,277,993,789	2,136,865,066
<b>Balance as at July 01, 2020 (audited)</b>	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)	-
<b>Balance as at December 31, 2020 - Un-audited</b>	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 Sheikhpura Road, Faisalabad in the province of Punjab. The principal activity of the Company is manufacturing and sale of hydrogen peroxide (H<sub>2</sub>O<sub>2</sub>).

### 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:

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

<b>(Un-Audited)</b> <b>December 31,</b> <b>2020</b>	<b>(Audited)</b> <b>June 30,</b> <b>2020</b>
---	--

----- Rupees -----

#### 4.1 Operating assets

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	-	-
	<u>2,285,324,580</u>	<u>2,373,960,760</u>

**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:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	----- 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
	<u>543,744,637</u>	<u>585,354,914</u>

- 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	<u>101,751,601</u>	<u>148,674,510</u>

- 6.1 During the period, the Company has entered into sixth supplemental musharka 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)  
December 31,  
2020  
----- Rupees -----  
(Audited)  
June 30,  
2020

## 8.2 Commitments

Irrevocable letters of credit

45,357,780

24,447,902

Six months ended		Three months ended	
December 31 2020	December 31 2019	December 31 2020	December 31 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
	<u>1,066,749,310</u>	<u>931,074,940</u>	<u>497,158,015</u>	<u>536,893,058</u>

## 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
	<u>657,505,406</u>	<u>816,192,849</u>	<u>336,648,726</u>	<u>428,449,629</u>
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)
	<u>31,727,317</u>	<u>12,929,699</u>	<u>99,986,095</u>	<u>11,605,176</u>
Cost of goods manufactured	<u>689,232,723</u>	<u>829,122,548</u>	<u>436,634,821</u>	<u>440,054,805</u>
Finished goods				
- Opening stock	102,298,925	4,751,033	37,234,735	37,234,735
- Closing stock	(7,813,483)	(5,102,256)	(7,813,483)	(5,102,256)
	<u>94,485,442</u>	<u>(351,223)</u>	<u>29,421,252</u>	<u>32,132,479</u>
Cost of goods sold - own manufactured products	<u>783,718,165</u>	<u>828,771,325</u>	<u>466,056,073</u>	<u>472,187,284</u>

## 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	55,100,000	55,100,000	55,100,000	55,100,000
Earnings per share	1.75	(0.31)	0.83	(0.40)

## 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:

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

### Relationship with the Company

### Nature of transactions

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





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