



HALF YEARLY REPORT DECEMBER



2021



Sitara Peroxide
Limited

Company Information



| | | |
|--|---|--|
| 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. 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. 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 Deloitte Yousaf 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 Al Falah Limited Faysal Bank Limited Habib Bank Limited MCB Bank Limited Meezan Bank Limited National Bank Limited Sonera 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 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, 2021.

The quarter under review has been very testing period for your Company. From July 2021, the Company is facing challenge of unprecedented rise in tariff of RLNG. The Company uses RLNG as feedstock in manufacturing of Hydrogen Peroxide and its captive power house 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 due to resumption of economic activities after Covid-19 lockdowns, winter season and global supply bottlenecks.

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

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

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

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

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

On behalf of Board of Directors

Faisalabad
February 24, 2022

IMRAN GHAFOOR
Chief Executive Officer



مجھے، آپ کی کمپنی کے بودا آف ڈائریکٹرز کی جانب سے، آپ کو 31 دسمبر 2021 کو ختم ہونے والے ششماہی کے لیے غیر آئٹ شدہ کنٹیننڈ عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی ہو رہی ہے۔ زیرِ نظر میں آپ کی کمپنی کے لیے بہت آزمائشی دور رہا ہے۔ جولائی 2021 سے، کمپنی کو RLNG کے نیف میں غیر معمولی اضافے کے چیਜنگ کا سامنا ہے۔ کمپنی RLNG کو ہائیڈروجن، پیرو آکسائیڈ کی تیاری میں فیڈ اسٹاک کے طور پر استعمال کرتی ہے اور اس کے کمپلیو پارہاؤس بھی RLNG پر جاتی ہے۔ ایکسپورٹرز، فریلانزر میونیک پرزو نیور کے برائے جو قدرتی گیس سسٹمی والے نزد پر حاصل کرتے ہیں، مقامی ہائیڈروجن، پیرو آکسائیڈ میونیک پرگریٹ اٹھاٹری میں الاقوامی مارکیٹ میں RLNG کے ٹیف میں اتنا رچ چھاوا کا شکار ہے۔ CoVID-19، لاک ڈاؤن، مردیوں کے مذموم اور عالمی سطح پر سپالی میں رکاوٹوں کے بعد معاشری سرگرمیاں دوبارہ شروع ہونے کی وجہ سے RLNG کی عالمی مانگ زیادہ ہے۔

زیرِ جائزہ چھ ماہ کی مدت کے دوران خالص فروخت روپے رہی۔ 1,044 ملین روپے کی خالص فروخت کے خلاف گزشتہ سال کی اسی مدت کے دوران 1,067 ملین روپے۔ اس مدت کے دوران کاروبار میں کی فروخت کے جم میں کمی کی وجہ سے ہے۔ فروخت کے لاغت روپے تک بڑھ گئی۔ 784 ملین کے مقابلے میں 986 ملین۔ آرائی این جی اور کمکی کی زیادہ قیمت مندرجہ بالا اضافے کی بڑی وجہ ہے۔ ہماری مصنوعات کے نیتاں میں قیمت اور پیداواری لاگت میں اضافے کے وجہ سے آپ کی کمپنی کے مجموعی منافع میں کمی واقع ہوئی۔ موجودہ مدت میں صلاحیت کا استعمال نصب شدہ صلاحیت کا 78 فیصد رہا جبکہ گزشتہ ششماہی کی مدت میں صلاحیت کا استعمال 80 فیصد رہا، پہلے چھ ماہ کے دوران، کمپنی نے Rs. 7 ملین اور فناصان اٹھایا۔ 92 ملین روپے اور فناصان 1.67 روپے کے لیکن کے بعد خالص منافع کے مقابلے میں 96 ملین اور فناصان اٹھایا۔ گزشتہ مالی سال کی اسی مدت میں 1.75

31 دسمبر 2019 کو ختم ہونے والی سہ ماہی کے دوران، خالص فروخت روپے رہی۔ 594 ملین روپے کی خالص فروخت کے خلاف گزشتہ سال کی اسی مدت کے دوران 497 ملین روپے۔ فروخت کی لاغت روپے تک بڑھ گئی۔ 348 ملین کے مقابلے میں 511 ملین۔ آرائی این جی کی زیادہ قیمت اور بجلی کی زیادہ قیمت مذکورہ بالا اضافے کی بڑی وجہ ہیں۔ کمپنی نے Rs. 7 ملین اور فناصان اٹھایا۔ 0.13 روپے کے لیکن کے بعد منافع کے مقابلے میں 46 ملین اور فناصان اٹھایا۔ 0.83 روپے۔

تمام چیلنجوں کے باوجود کمپنی کی انتظامیہ اپنے مارکیٹ شیرکر برقرار رکھنے کے لیے پر اعتمار ہے۔ ہم مستقبل کے کاروباری نظائر کے بارے میں ثابت ہیں۔ یہاں سائل سینکڑری برآمدات میں موقع اضافے کی وجہ سے مستقبل میں ہائیڈروجن، پیرو آکسائیڈ کی مانگ مضبوط رہنے کی توقع ہے تیں جاری مالی سال کو دوسرو ششماہی میں بہت بہتر مالی کارکردگی کا یقین ہے۔

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

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

عمران خان
چیف ایگزیکیو آفیسر

بورڈ ممبران کی جانب سے

فیصل آباد

2022 فروری

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Sitara Peroxide Limited** (the Company) as at December 31, 2021, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the financial statements for the six month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income for the three-month period ended December 31, 2021 and related comparative information have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2021.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Nadeem Yousuf Adil.

Chartered Accountants

Lahore

Date: February 24, 2022

UDIN:

Statement of Financial Position



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

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

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



Statement of Profit or Loss

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

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

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Statement of Comprehensive Income



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

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

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



Statement of Cash Flows

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

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

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Statement of Changes in Equity



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

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

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR



Notes to the Financial Statements

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

1 LEGAL STATUS AND OPERATIONS

1.1 Sitara Peroxide Limited ("the Company") is limited by shares, incorporated in Pakistan on March 08, 2004 as 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 or directives issued under the Companies Act, 2017 have been followed.

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

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

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

3 ACCOUNTING POLICIES AND ESTIMATES

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

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

4 PROPERTY, PLANT AND EQUIPMENT

| | | | |
|------------------|-----|---------------|---------------|
| Operating assets | 4.1 | 2,699,565,343 | 2,791,465,762 |
|------------------|-----|---------------|---------------|

Notes to the Financial Statements



(Un-Audited)
December 31,
2021

(Audited)
June 30,
2021

----- Rupees -----

4.1 Operating assets

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

4.2 The Company follows the revaluation model. Revaluation of Land, building and plant and machinery was carried out by Materials & Designs Services (Private) Limited , independent valuer not related to the Company. Materials & Designs Services (Private) Limited is on panel of Pakistan Banks Association as 'Any Amount' asset valuer. It is also on panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property / project, condition, size, utilization, and other relevant factors.

The revaluation performed on June 30, 2021 resulted in a further surplus of Rs. 550 million. Out of the total revaluation surplus of Rs. 3,920 million, Rs. 1,580 million net of tax (June 2021: Rs. 1,599 million) remains undepreciated as at December 31, 2021.

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

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



Notes to the Financial Statements

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

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

5 STORES, SPARE PARTS AND LOOSE TOOLS

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

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

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

7 LONG-TERM FINANCING

This includes advances given to following associated companies:

| | | |
|--------------------------------------|--------------------|----------|
| - Sitara Spinning Mills Limited | 53,353,688 | - |
| -Sitara Lubricants (Private) Limited | 51,118,158 | - |
| | 104,471,846 | - |

8 SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT

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

Notes to the Financial Statements



(Un-Audited)
December 31,
2021

(Audited)
June 30,
2021

----- Rupees -----

8.1 Incremental depreciation charged during the period / year

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

9 LONG-TERM FINANCING

Banking companies and other financial institutions - secured

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

10 TRADE AND OTHER PAYABLES

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

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

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

(Un-Audited)
December 31,
2021

(Audited)
June 30,
2021

----- Rupees -----

11.2 Commitments

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



Notes to the Financial Statements

| | | Six months ended | | Three months ended | |
|----------------------|--|---------------------|---------------------|---------------------|---------------------|
| | | December 31 2021 | December 31 2020 | December 31 2021 | December 31 2020 |
| ----- Rupees----- | | | | | |

12 REVENUE FROM CONTRACTS WITH CUSTOMER

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

13 COST OF SALES

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

14 OTHER INCOME

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

| | | Six months ended | | Three months ended | |
|----------------------|--|---------------------|---------------------|---------------------|---------------------|
| | | December 31 2021 | December 31 2020 | December 31 2021 | December 31 2020 |
| ----- Rupees----- | | | | | |

15 PROVISION FOR TAXATION

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

Notes to the Financial Statements



| | Six months ended | | Three months ended | |
|--|---------------------|---------------------|---------------------|---------------------|
| | December 31 2021 | December 31 2020 | December 31 2021 | December 31 2020 |
| | Rupees | | | |

16 EARNINGS PER SHARE - BASIC AND DILUTED

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

17 TRANSACTIONS WITH ASSOCIATES AND RELATED PARTIES

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

| | Six months period ended | |
|--|-------------------------|----------------------|
| | December 31, 2021 | December 31, 2020 |
| | Rupees | |

17.1 Transactions during the period

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

17.2 Period end balances

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

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

The different levels at which the financial instruments are carried have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).



Notes to the Financial Statements

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

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

19 PRIOR PERIOD ERRORS

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

| | June 30, 2021 | | |
|--|---------------------------|------------|----------------------|
| | As previously reported | Adjustment | Restated balances |
| | | Rupees | |

Effect on statement of financial position

| | | | |
|--|---------------|--------------|---------------|
| Deferred liabilities | 659,446,194 | (55,059,319) | 604,386,875 |
| Surplus on revaluation of property, plant and equipment | 1,544,824,554 | 55,059,319 | 1,599,883,873 |

| | July 01, 2021 | | |
|--|---------------------------|------------|----------------------|
| | As previously reported | Adjustment | Restated balances |
| | | Rupees | |

Effect on statement of changes in equity

| | | | |
|--|---------------|------------|---------------|
| Surplus on revaluation of property, plant and equipment | 1,544,824,554 | 55,059,319 | 1,599,883,873 |
|--|---------------|------------|---------------|

19.2 Restatement of corresponding figures

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

| | June 30, 2021 | | |
|--|---------------------------|------------|----------------------|
| | As previously reported | Adjustment | Restated balances |
| | | Rupees | |

Effect on statement of financial position

| | | | |
|--------------------------------|-------------|---------------|-------------|
| Stock in trade | 543,658,258 | (517,966,243) | 25,692,015 |
| Stores, spares and loose tools | 116,759,878 | 517,966,243 | 634,726,121 |

Notes to the Financial Statements



19.3 Reclassification of corresponding figures

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

20 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 24, 2022.

21 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



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