

1ST QUARTER REPORT SEPTEMBER



2021



Sitara Peroxide  
Limited



## Company Information

<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. Waqar Hafeez (FCA)	
<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: (92 21) 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> 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	
<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, would like to present the un-audited condensed interim financial statements of Sitara Peroxide Limited (the Company) for the first quarter ended September 30, 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 is 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. As against tariff of US\$ 6.5 per MMBTU for exporters, the Company is currently being charged tariff of US\$ 15 per MMBTU. Till June 2021, the average RLNG tariff charged by SNGPL had been approximately US\$ 10; thus the Company has to face 50% increase in the price of its feed stock and power generation.

During the quarter under review, capacity utilization remained 84% against capacity utilization of 79% in corresponding quarter. During the first three months of current financial year, sales of your Company remained Rs. 451 million as against Rs. 570 million in the corresponding quarter of last financial year. Cost of sales during the current quarter remained 474 million as against Rs. 436 million in the comparative quarter. Rise in cost of sales is due to extremely high tariff of RLNG. Net loss after taxation remained Rs. 99 million as against net profit after tax of Rs. 500 million in the same quarter of corresponding financial year.

Global demand of RLNG has been on higher side due to resumption of economic activities and start of winter season. However, second long-term agreement (in addition to existing RLNG agreement) for supply of additional 200 Million cubic feet per day (MMCFD) of RLNG between Pakistan and Qatar will become operational from January 2022. After commencement of the above new agreement, Pakistan will no longer be required to import RLNG at prevailing high spot rates. So, the Company is expecting reduction in RLNG tariff from February 2021 onwards. We are hopeful that after commencement of new Pak-Qatar agreement, tariff of RLNG will decrease considerably. Despite all the above mentioned challenges, management of your Company is hopeful of positive outcome in longer run. We are hopeful that financial performance of your Company will improve considerably in second half of the current financial year.

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

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

On behalf of Board of Directors

Faisalabad  
October 29, 2021

**IMRAN GHAFLOOR**  
Chief Executive Officer



## ڈائریکٹرز جائزہ

محترم حصص داروں

میں بورڈ آف ڈائریکٹرز کی جانب سے، ستارہ پراکسائیڈ لمیٹڈ (کمپنی) کے 30 ستمبر 2021 کو ختم ہونے والی پہلی سہ ماہی کے غیر آڈٹ شدہ عبوری مالیاتی بیانات پیش کرنا چاہتا ہوں۔

زیر نظر سہ ماہی آپ کی کمپنی کے لیے بہت آزمائشی دور رہی ہے۔ جولائی 2021 سے، کمپنی کو RLNG کے ٹیرف میں غیر معمولی اضافے کے چیلنج کا سامنا ہے۔ کمپنی RLNG کو ہائیڈروجن پراکسائیڈ کی تیاری میں فیڈ اسٹاک کے طور پر استعمال کرتی ہے اور اس کے کیپیو پاور ہاؤس بھی RLNG پر چلتی ہے۔ ایکسپورٹرز، فریلاٹرز، مینوفیکچرنگ انڈسٹری بین الاقوامی مارکیٹ میں RLNG کے ٹیرف میں اتار چڑھاؤ کا شکار ہے۔ ایکسپورٹرز کے لیے US\$ 6.5 فی MMBTU کے ٹیرف کے مقابلے میں کمپنی فی الحال US\$ 15 فی MMBTU ٹیرف وصول کر رہی ہے۔ جون 2021 تک، SNGPL کی طرف سے اوسطاً RLNG ٹیرف تقریباً 10 امریکی ڈالر تھا۔ اس طرح کمپنی کو اپنے فیڈ اسٹاک اور پاور جنریشن کی قیمت میں 50 فیصد اضافے کا سامنا کرنا پڑتا ہے۔

زیر جائزہ سہ ماہی کی دوران، اسی ماہی میں 79 فیصد صلاحیت کے استعمال کے مقابلے میں صلاحیت کا استعمال 84 فیصد رہا۔ موجودہ مالی سال کے پہلے تین مہینوں کے دوران، آپ کی کمپنی کی فروخت روپے ری۔ 451 ملین روپے کے مقابلے میں گزشتہ مالی سال کی اسی سہ ماہی میں 570 ملین۔ موجودہ سہ ماہی کے دوران فروخت کی لاگت روپے کے مقابلے میں 471 ملین رہی۔ تقابلی سہ ماہی میں 436 ملین فروخت کی لاگت میں اضافہ RLNG کے انتہائی زیادہ ٹیرف کی وجہ سے ہے۔ ٹیکس کے بعد نقصان روپے رہا۔ 99 ملین روپے کے بعد ٹیکس کے خالص منافع کے مقابلے میں اسی مالی سال کی اسی سہ ماہی میں 500 ملین۔

معاشی سرگرمیاں دوبارہ شروع ہونے اور موسم سرما کے آغاز کی وجہ سے RLNG کی عالمی مانگ میں اضافہ ہوا ہے۔ تاہم پاکستان اور قطر کے درمیان اضافی 200 ملین مکعب فٹ پومیہ (MMCFD RLNG) کی فراہمی کے لیے دوسرا طویل مدتی معاہدہ (موجودہ RLNG معاہدے کے علاوہ) جنوری 2022 سے فعال ہو جائے گی۔ لہذا کمپنی فروری 2021 کے بعد سے RLNG ٹیرف میں کمی کی توقع کر رہی ہے۔ ہمیں امید ہے کہ نئے پاک قطر معاہدے کے آغاز کے بعد RLNG کے ٹیرف میں خاطر خواہ کمی واقع ہو جائے گی۔ مذکورہ بالا تمام چیلنجوں کے باوجود آپ کی کمپنی کی انتظامیہ طویل مدت میں مثبت نتائج کی امید رکھتی ہے۔ ہمیں امید ہے کہ آپ کی کمپنی کی مالی کارکردگی رواں مالی سال کی دوسری ششماہی میں کافی بہتر ہوگی۔

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

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

بورڈ ممبران کی جانب سے

عمران فہروز  
چیف ایگزیکٹو آفیسر

فیصل آباد

29 اکتوبر 2021

# Statement of Financial Position



## Condensed Interim Statement of Financial Position (Un-audited)

As At September 30, 2021

		September 30, 2021 (Un-Audited)	June 30, 2021 (Audited)
	Note	Rupees	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	2,743,789,597	2,791,465,762
Long term advances and deposits		23,014,059	23,014,059
		<u>2,766,803,656</u>	<u>2,814,479,821</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		115,170,651	116,759,878
Stock-in-trade		501,329,664	543,658,258
Trade debts		87,548,955	148,334,500
Loans and advances		90,994,275	89,014,176
Deposits and short term prepayments		192,895,792	187,977,527
Taxes refundable due from government		160,265,672	162,196,929
Cash and bank balances		16,012,992	30,320,105
		<u>1,164,218,001</u>	<u>1,278,261,373</u>
		<u>3,931,021,657</u>	<u>4,092,741,194</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
60,000,000 ordinary shares of Rs.10 each		600,000,000	600,000,000
Issued, subscribed and paid up share capital			
55,100,000 ordinary shares of Rs. 10 each fully paid in cash		551,000,000	551,000,000
Unappropriated profit		302,727,154	377,944,872
Surplus on revaluation of property, plant and equipment		1,521,008,854	1,544,824,554
		<u>2,374,736,008</u>	<u>2,473,769,426</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	5	52,177,666	100,933,222
Deferred liabilities		661,044,110	659,446,194
Deferred markup		184,406,709	188,517,618
		<u>897,628,485</u>	<u>948,897,034</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		197,273,805	232,201,010
Contract liabilities		37,653,241	41,841,052
Mark-up accrued on loans		37,278,319	25,829,540
Short-term borrowings		150,449,241	164,797,557
Current portion of long-term financing	5	229,325,641	180,570,085
Provision for taxation		6,676,917	24,835,490
		<u>658,657,164</u>	<u>670,074,734</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	-	-
		<u>3,931,021,657</u>	<u>4,092,741,194</u>

The annexed selected notes from 1 to 10 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



# Statement of Profit or Loss

## Condensed Interim Statement of Profit and Loss (Un-audited) for the 1<sup>st</sup> Quarter Ended September 30, 2021

	Note	Quarter Ended September 30,	
		2021	2020
		----- Rupees -----	
Sales		450,520,227	569,591,295
Cost of sales	7	474,169,515	436,165,003
Gross (loss) / profit		(23,649,288)	133,426,292
Other income		245,651	210,795
		(23,403,637)	133,637,087
Distribution expenses		25,178,729	28,452,853
Administrative expenses		33,260,821	34,486,494
Finance cost		10,475,309	11,202,427
		68,914,859	74,141,774
(Loss) / profit before taxation		(92,318,496)	59,495,313
Provision for taxation		6,714,922	8,564,804
(Loss) / profit for the period		(99,033,418)	50,930,509
Earning per share - basic and diluted		(1.80)	0.92

The annexed selected notes from 1 to 10 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

# Statement of Cash Flows



## Condensed Interim Statement Of Cash Flows (Un-audited)

For the 1<sup>st</sup> Quarter Ended September 30, 2021

	Quarter Ended September 30, 2021	
	Rupees	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(92,318,496)	59,495,313
Adjustments for:		
Depreciation on property, plant and equipment	47,676,165	45,848,168
Profit on bank deposits	(90,689)	(53,815)
Provision for deferred-employee benefits	2,023,931	2,340,371
Finance cost	10,475,309	11,202,427
	(32,233,780)	118,832,464
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	1,589,227	(4,808,873)
Stock-in-trade	42,328,594	134,250,920
Trade debts	60,785,545	(51,230,609)
Advances	(1,980,099)	(44,406,706)
Deposits and prepayments	(4,918,265)	(20,318,936)
Increase / (decrease) in current liabilities:		
Trade and other payables	(39,115,016)	14,076,238
	58,689,986	27,562,034
Cash generated from operations	26,456,206	146,394,498
Finance cost paid	(3,137,439)	(13,195,378)
Sales tax (paid) / refunded	246,369	7,625,818
Employee benefits paid	(426,015)	(413,501)
Income taxes paid	(23,188,607)	13,701,329
	(26,505,692)	7,718,268
Net cash (used in) / generated from operating activities	(49,486)	154,112,766
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	-
Profit received on bank deposits	90,689	53,815
Decrease in capital work-in-progress	-	-
Net cash generated from investing activities	90,689	53,815
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term financing	-	(41,400,000)
Net increase / (decrease) in short-term borrowings	(14,348,316)	(8,566,380)
Net cash used in financing activities	(14,348,316)	(49,966,380)
Net (decrease) / increase in cash and cash equivalents	(14,307,113)	104,200,201
<b>Cash and cash equivalents at beginning of period</b>	30,320,105	42,471,877
<b>Cash and cash equivalents at end of period</b>	16,012,992	146,672,078

The annexed selected notes from 1 to 10 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



# Statement of Changes in Equity

## Condensed Interim Statement of Changes In Equity (Un-audited)

For the 1<sup>st</sup> Quarter Ended September 30, 2021

	Share capital	Accumulated loss	Surplus on revaluation of property, plant and equipment	Total
----- Rupees -----				
<b>Balance as at July 01, 2020</b>	551,000,000	247,354,973	1,231,107,657	2,029,462,630
Profit for the period	-	50,930,509	-	50,930,509
Other comprehensive income	-	-	-	-
	-	50,930,509	-	50,930,509
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	23,815,699	(23,815,699)	-
<b>Balance as at September 30, 2020</b>	551,000,000	322,101,181	1,207,291,958	2,080,393,139
<b>Balance as at July 01, 2021</b>	551,000,000	377,944,872	1,544,824,554	2,473,769,426
Profit for the period	-	(99,033,418)	-	(99,033,418)
Other comprehensive income	-	-	-	-
	-	(99,033,418)	-	(99,033,418)
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	23,815,700	(23,815,700)	-
<b>Balance as at September 30, 2021</b>	551,000,000	302,727,154	1,521,008,854	2,374,736,008

The annexed selected notes from 1 to 10 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



## Notes to the Condensed Interim Financial Information (Un-audited) For the 1<sup>st</sup> Quarter Ended September 30, 2021

### 1. GENERAL INFORMATION

Sitara Peroxide Limited ("the Company") is limited by shares, incorporated in Pakistan on March 08, 2004 as a public limited company under the Companies Ordinance, 1984. The Company is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hassan Road, Karachi in the province of Sindh and the manufacturing facility is located at 26-KM Sheikhpura Road, Faisalabad in the province of Punjab. The principal object of the Company is manufacturing and sale of Hydrogen Peroxide ( $H_2O_2$ ).

### 2. STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements of the Company for the first quarter ended September 30, 2021 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. In case where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2** This condensed interim financial information 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 and 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 information for the quarter ended on September 30, 2020.
- 2.3** This condensed interim financial information is un-audited.
- 2.4** This condensed interim financial information has been presented in Pak Rupee, which is the Company's functional and presentation currency.

### 3. ACCOUNTING POLICIES AND ESTIMATES

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



# Notes to the Financial Statements

		September 30, 2021 (Un-Audited)	June 30, 2021 (Audited)
Note		Rupees	
<b>4. PROPERTY PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	2,743,789,597	2,791,465,762
<b>4.1 Operating assets</b>			
Opening carrying value		2,791,465,762	2,373,960,759
Revaluation surplus		-	550,287,408
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		-	285,866
		-	51,263,766
Deletions during the period / year Vehicles		-	-
		2,791,465,762	2,975,511,933
Depreciation charged during the period / year		(47,676,165)	(184,046,171)
		2,743,789,597	2,791,465,762
<b>5. STOCK-IN-TRADE</b>			
Raw material		12,238,229	18,170,193
Packing material		1,592,850	3,673,155
Work-in-process		486,936,938	517,966,243
Finished goods		561,647	3,848,667
		501,329,664	543,658,258
<b>6. CONTINGENCIES AND COMMITMENTS</b>			
<b>6.1 Contingencies</b>			
		-	-
<b>6.2 Commitments</b>			
Gaurantees issued by banks on behalf of the Company		99,270,865	99,270,865
Irrevocable letters of credit		421,006,721	437,152,500

# Notes to the Financial Statements



Quarter Ended September 30,  
**2021** **2020**  
**(Un-Audited)** **(Un-Audited)**  
 ----- Rupees -----

## 7. COST OF SALES

Opening stock of finished goods	3,848,667	102,298,925
Cost of goods manufactured	470,882,495	344,338,938
	474,731,162	446,637,863
Less: closing stock of finished goods	561,647	10,472,860
Cost of goods sold	474,169,515	436,165,003

## 8. TRANSACTIONS WITH RELATED PARTIES

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

Quarter Ended September 30,  
**2021** **2020**  
**(Un-Audited)** **(Un-Audited)**  
 ----- Rupees -----

### Relationship with the company Nature of transaction

#### Associated companies

	Organizational expenses charged	511,922	547,007
Key management personnel	Remuneration and other benefits	13,165,713	13,032,995
Employee benefit plan	Paid during the period	426,015	413,501

## 9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue on October 29, 2021 by the Board of Directors of the Company.

## 10. GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



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