



1ST QUARTER REPORT SEPTEMBER



2021



Sitara Peroxide
Limited



Company Information

Board of Directors	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
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. Sharmeen 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: (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 Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited United Bank Limited JS Bank Limited First Women Bank Limited Bank Al Habib Limited	
Share Registrar	THK Associates (Private) Limited Plot No. 32-C, Jami Commercial Street 2, 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, 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 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. 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 GHAFOOR
Chief Executive Officer



ڈائریکٹرز جائزہ

محترم حصہ داروں

میں بورڈ آف ڈائریکٹرز کی جانب سے، سفارہ پر آکسائیڈ لائیٹنڈ (کمپنی) کے 30 ستمبر 2021 کو ختم ہونے والی پہلی سماںی کے غیر اٹھ شدہ عبوری مالیاتی بیانات پیش کرنا چاہتا ہوں۔

زیر نظر سماںی 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 ہائیڈر جن پر آکسائیڈ کی تیاری میں فیڈ اسٹاک کے طور پر استعمال کرتی ہے اور اس کے لیے پیپلوا پار ہاؤس بھی RLNG پر پہنچتی ہے۔ ایکسپورٹر، فریلائنزر مینیٹ پیچر نگ انڈسٹری میں الاقوامی مارکیٹ میں RLNG کے ٹیرف میں اتار چڑھاؤ کا شکار ہے۔ ایکسپورٹر کے لیے MMBTU فی US\$ 6.5 SNGPL کی طرف سے اوسٹا RLNG ٹیرف تقریباً 10 امریکی ڈالر تھا۔ اس طرح کمپنی کا اپنے فیڈ اسٹاک اور پاور جنریشن کی قیمت میں 50 فیصد اضافے کا سامنا کرنا پڑتا ہے۔

زیر جائزہ سماںی کی دو روان، اسی سماںی میں 79 فیصد صلاحیت کے استعمال کے مقابلے میں صلاحیت کا استعمال 84 فیصد رہا۔ موجودہ مالی سال کے پہلے تین مہینوں کے درواز، آپ کی کمپنی کی فرودخت رہ پے رہی۔ 451 ملین روپے کے مقابلے میں گزشتہ مالی سال کی اسی سماںی میں 570 ملین۔ موجودہ سماںی کے درواز فرودخت کی لائگت روپے کے مقابلے میں 471 ملین روپے کے مقابلے میں 436 ملین فرودخت کی لائگت میں اضافہ RLNG کے انتہائی زیادہ ٹیرف کی وجہ سے ہے۔ لیکن کے بعد تھان رہا۔ 99 ملین روپے کے بعد لیکن کے خالص منافع کے مقابلے میں اسی مالی سال کی اس سماںی میں 500 ملین۔

معاشر سرگرمیاں دوبارہ شروع ہونے اور موسم سماں کے آغاز کی وجہ سے RLNG کی عالمی مانگ میں اضافہ ہوا ہے۔ تاہم پاکستان اور قطر کے درمیان اضافی 200 ملین مکعب فٹ یومیہ (MMCFD RLNG) کی فراہمی کے لیے دوسرا طویل مدتی معہاہدہ (موجودہ RLNG معہاہدے 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 معہاہدے کے آغاز کے بعد RLNG کے ٹیرف میں خاطر خواہ کی واقع ہو جائے گی۔ نہ کوہ بالاتم جیلنجوں کے باوجود آپ کی کمپنی کی انتظامیہ طویل مدت میں ثابت تباہی کی امید رکھتی ہے۔ ہمیں امید ہے کہ آپ کی کمپنی کی مالی کارکردگی روان مالی سال کی دوسری ششماہی میں کامی بہتر ہو گی۔

میں بودھ کی جانب سے اپنے مالاز میں، صارفین، ٹیلرز، بیکریز، شیئر ہولڈرز اور دیگر تمام اسٹیک ہولڈرز کی مسلسل حمایت اور تعاون کے لیے اپنی تعریف کا اعلیٰ ہار 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 غفور
چیف ایگزیکیوٹیو آفیسر

فیصل آباد

29 اکتوبر 2021

Statement of Financial Position



Condensed Interim Statement of Financial Position (Un-audited) As At September 30, 2021

	Note	September 30, 2021 (Un-Audited)	June 30, 2021 (Audited)
		Rupees	
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,743,789,597	2,791,465,762
Long term advances and deposits		23,014,059	23,014,059
		2,766,803,656	2,814,479,821
CURRENT ASSETS			
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
		1,164,218,001	1,278,261,373
		3,931,021,657	4,092,741,194
SHARE CAPITAL AND RESERVES			
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
		2,374,736,008	2,473,769,426
NON-CURRENT LIABILITIES			
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
		897,628,485	948,897,034
CURRENT LIABILITIES			
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
		658,657,164	670,074,734
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		3,931,021,657	4,092,741,194

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 1st 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
Gross (loss) / profit		(23,649,288)
Other income		245,651
		(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 1st Quarter Ended September 30, 2021

	Quarter Ended September 30, 2021	2020
	Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(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
	<u>(32,233,780)</u>	<u>118,832,464</u>
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
	<u>58,689,986</u>	<u>27,562,034</u>
Cash generated from operations	<u>26,456,206</u>	<u>146,394,498</u>
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
	<u>(26,505,692)</u>	<u>7,718,268</u>
Net cash (used in) / generated from operating activities	<u>(49,486)</u>	<u>154,112,766</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
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	<u>90,689</u>	<u>53,815</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
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
Cash and cash equivalents at beginning of period	30,320,105	42,471,877
Cash and cash equivalents at end of period	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 1st Quarter Ended September 30, 2021

	Share capital	Accumulated loss	Surplus on revaluation of property, plant and equipment	Total
----- Rupees -----				
Balance as at July 01, 2020	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)	-
Balance as at September 30, 2020	551,000,000	322,101,181	1,207,291,958	2,080,393,139
Balance as at July 01, 2021	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)	-
Balance as at September 30, 2021	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 Financial Statements



Notes to the Condensed Interim Financial Information (Un-audited)

For the 1st 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 Sheikhupura Road, Faisalabad in the province of Punjab. The principal object of the Company is manufacturing and sale of Hydrogen Peroxide (H₂O₂).

2. STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements of the Company for the 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

Note	September 30, 2021 (Un-Audited)	June 30, 2021 (Audited)
	Rupees -----	
4. PROPERTY PLANT AND EQUIPMENT		
Operating fixed assets	4.1	2,743,789,597
		<u>2,791,465,762</u>
4.1 Operating assets		
Opening carrying value		2,791,465,762
Revaluation surplus		-
		2,373,960,759
		550,287,408
Additions during the period / year		
Building on freehold land		-
Plant and machinery		9,612,781
Electric installations		32,422,272
Laboratory equipment		2,396,062
Office equipment		3,029,112
Furniture and fittings		2,240,715
Vehicles		1,276,958
		285,866
		<u>51,263,766</u>
Deletions during the period / year	Vehicles	-
		2,791,465,762
		<u>2,975,511,933</u>
Depreciation charged during the period / year		(47,676,165)
		<u>(184,046,171)</u>
		<u>2,791,465,762</u>
5. STOCK-IN-TRADE		
Raw material		12,238,229
Packing material		1,592,850
Work-in-process		486,936,938
Finished goods		561,647
		<u>501,329,664</u>
		<u>18,170,193</u>
		<u>3,673,155</u>
		<u>517,966,243</u>
		<u>3,848,667</u>
		<u>543,658,258</u>
6. CONTINGENCIES AND COMMITMENTS		
6.1 Contingencies		
		-
		<u>-</u>
6.2 Commitments		
Gaurantees issued by banks on behalf of the Company		99,270,865
		<u>99,270,865</u>
Irrevocable letters of credit		421,006,721
		<u>437,152,500</u>

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