



September 24, 2024

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The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Road
Karachi.

**FINANCIAL RESULTS FOR THE YEAR ENDED JUNE 30, 2023
AGM ON OCTOBER 10, 2024 AS PER SECP DIRECTIONS DATED SEPTEMBER 09, 2024**

Dear Sir

We have to inform you that the Board of Directors of Sitara Peroxide Limited in their meeting held at 3:30 p.m. on Tuesday, September 24, 2024 Faisalabad and via zoom video link approved the financial results of the company by majority for the year ended June 30, 2023.

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We are engaged to audit the annexed financial statements of **Sitara Peroxide Limited** (the Company) which comprise the statement of financial position as at June 30, 2023, and the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

- (a) As disclosed in Note 1.3 to the financial statements, the Company has incurred a gross loss and net loss for the year of Rs. 273.387 million and Rs. 792.779 million respectively and the Company's current liabilities exceeds current assets by Rs. 792.786 million as at June 30, 2023. The Company was unable to pay installments of long term financing and rental payments of sukuks during the year. Further, the plant of the Company has remained shut down from October 20, 2022 to March 02, 2023 and then again from June 12, 2023 to date. These factors indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as going concern. However, the Company's management believes that going concern basis of preparation of the financial statement is appropriate, based on plans for the Balancing, Modernization and Rehabilitation (BMR) of the plant to increase the production capacity and plant efficiency, which also requires significant amount of funding

The ability of the Company to continue as going concern depends on the ability of the Company and its sponsors to sell the assets of an associated company and generate sufficient funds so that the same can be injected in the Company to carry out BMR activities. Further, after selling the assets of the associated company, the capital injection from sponsors would still not be enough to meet the requirements of



BMR activities and necessary working capital to run the plant after BMR. To meet this shortfall in funding, the Company plans to obtain long term supplier credit or approach private equity firms for additional funding. The ability of the Company to remain as going concern is therefore dependent on the above assumptions, which are premised on future events and market conditions, the outcome of which is inherently uncertain.

The financial statements have been prepared on the assumption that the Company will continue as going concern. In view of the material uncertainty in respect of the Company's ability to continue as going concern and the lack of sufficient appropriate audit evidence in confirming whether the Company and its sponsors would be able to provide required funding for the Company's BMR activities and working capital requirements, we were unable to conclude whether the use of the going concern assumption in the preparation of these financial statements is appropriate. If the Company is unable to continue in operational existence for the foreseeable future, and the Company may not be to discharge its liabilities in the normal course of business adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

- (b) The Company's property, plant and equipment is carried in statement of financial position at Rs. 2,558 million. The management has not performed an impairment assessment of the plant as required under International Accounting Standard 36 "Impairment of Assets, despite the plant of the Company has remained shut down from October 20, 2022 to March 2, 2023 and then again, in June 12, 2023 to date, moreover, the existing plant requires BMR to operate efficiently. We were unable to confirm or verify by alternative means- whether any adjustments might have been found necessary in respect of property, plant and equipment, and the elements making up the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows.

The financial results are enclosed herewith:

The Annual General Meeting of the Company will be held on October 10, 2024 at 3:00 p.m. at Karachi as per direction of SECP letter dated 09.09.2024.

The Share Transfer Books of the company will remain closed from October 03, 2024 to October 10, 2024 (both days inclusive).

The Annual Report of the company will be transmitted through PUCARS.

Yours Sincerely

for **SITARA PEROXIDE LIMITED**


(MAZHAR ALI KHAN)
Company Secretary



SITARA PEROXIDE LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	2023 <i>Rupees</i>	2022 <i>Rupees</i>
Revenue from contract with customers	823,998,305	1,742,727,077
Cost of sales	(1,097,385,803)	(1,805,930,667)
Gross loss	<u>(273,387,498)</u>	<u>(63,203,590)</u>
Distribution cost	28,411,808	84,110,166
Impairment loss on financial assets	154,424,936	34,007,084
Administrative expenses	229,819,232	160,671,428
Finance cost	68,448,051	51,991,841
	<u>(481,104,027)</u>	<u>(330,780,519)</u>
	<u>(754,491,525)</u>	<u>(393,984,109)</u>
Other income	1,229,075	7,025,355
Loss before taxation	<u>(753,262,450)</u>	<u>(386,958,754)</u>
Provision for taxation	(39,516,210)	45,747,289
Loss for the year	<u><u>(792,778,660)</u></u>	<u><u>(341,211,465)</u></u>
Earning per share - basic and diluted	<u>(14.39)</u>	<u>(6.19)</u>

