

**1ST QUARTER
REPORT
SEPTEMBER
2020**



Sitaraxeroxide
Limited



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. Kamran Zahoor	
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. Deloitte 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: 021 32401373, 32413944	
Company Website	www.sitaraperoxide.com	
Bankers	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	
Share Registrar	THK Associates (Private) Limited 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	
Head Office & Project Location	26 - KM Sheikhpura Road, Faisalabad. Ph : (92 41) 2400900-2, 2400904-5	

DIRECTORS REVIEW

Dear Shareholders,

On behalf of Board of Directors of Sitara Peroxide Limited, I am pleased to present the un-audited financial statements of the Company for the first quarter ended September 30, 2020.

Although world-wide major economies are undergoing a recession; economic activity of Pakistan revived to pre-COVID levels. Reduction in COVID-19 cases in Pakistan resulted in lifting of lock-downs; which helped local manufacturing industry to fully resume its operations. Local demand and exports have recovered. Reduction in RLNG and power tariffs, lower KIBOR, stable Pak Rupee and recovery in exports prove that Pakistan economy is in comparatively better position than other countries in the region.

During the first three months of current financial year, capacity utilization of plant remained 79% as compared to capacity utilization of 77% is first quarter of previous financial year. Sales of your Company remained Rs. 569 million as against sales of Rs. 394 million in the corresponding period; resulting in an increase of 44% in revenue. Rise in revenue is due to increase in sales volume as prices remained stable through-out the quarter under review. Rise in sales volume is due to huge inventory carry-over from the previous financial year ended on June 30, 2020. During quarter under review, Cost of sales increased to Rs. 436 million from cost of Rs. 357 million in corresponding period; showing an increase of 22%. Gross profit of the Company increased to Rs. 133 million from Rs. 38 million in comparative quarter. Gross Profit to sales ratio increased to 23% as compared to 10% in corresponding period. Major reason for increase in GP ratio is lower RLNG and power tariff during the quarter under review. Net profit after tax increased to Rs. 51 million against Rs. 5 million; whereas earning per share remained 0.92 against earning per share of 0.10 in comparative quarter.

Sale of our conventional product; Hydrogen Peroxide 50% remained higher due to rise in demand of textile industry. The Board is confident that your company is fully geared to meet all future challenges and is upbeat regarding its growth in future. The Company is also considering commercial and financial aspects of launching new products which will be used as surface cleaner in smaller packing.

The Board places on record its gratitude for the hard work and dedication of every employee of the Company. The Board also appreciates and acknowledges the assistance, guidance and cooperation of all stakeholders including the Government of Pakistan, financial institutions, customers and all others whose efforts and contributions strengthened the Company.

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

On behalf of Board of Directors

Faisalabad
October 22, 2020



IMRAN GHAFOOR
Chief Executive Officer

ڈائریکٹرز جاتزہ

محترم حصص داروں

ستارہ پراآکسائیڈ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے میں 30 ستمبر 2020 کو ختم ہونے والی پہلی سہ ماہی کے لیے کمپنی کے غیر آڈٹ مالی حسابات پیش کر رہا ہوں۔

اگرچہ پوری دنیا کی بڑی بڑی معیشتیں کساد بازاری کا شکار ہیں۔ پاکستان کی معاشی سرگرمی کو ویڈ سے پہلے کی سطح تک بحال ہوگئی ہے۔ پاکستان میں کوویڈ 19 میں کمی کے نتیجے میں لاک ڈاؤن کو ختم کیا گیا۔ جس نے مقامی مینوفیکچرنگ انڈسٹری کو اپنی کاروائیاں مکمل طور پر دوبارہ شروع کرنے میں مدد دی۔ مقامی طلب اور برآمد بحال ہو چکی ہے۔ آریل این جی اور بی جی کے نرخوں میں کمی، کم KIBOR پاکستانی روپیہ اور برآمدات میں بحالی سے یہ ثابت ہوتا ہے۔ کہ پاکستان کی معیشت خطے کے دیگر ممالک کے مقابلے نسبتاً بہتر پوزیشن میں ہے۔

رواں مالی سال کے پہلے تین ماہ کے دوران پلانٹ نے اپنی پیداواری استعداد کا 79% برف حاصل کیا جو گزشتہ مالی سال کے اس عرصے میں 77% فیصد تھا۔ آپ کی کمپنی کی فروخت 569 ملین روپے رہی جو تقابلی سہ ماہی کے دوران 394 ملین روپے تھی۔ اس طرح فروخت میں 44% اضافہ دیکھا گیا۔ فروخت میں اضافے کی وجہ پراڈکٹ کی مقدار میں اضافہ تھا جبکہ زیر جائزہ سہ ماہی میں قیمتوں میں استحکام رہا۔ جون 2020 کو ختم ہونے والے مالی سال میں کمپنی کے پاس سٹاک کی بڑی مقدار موجود تھی جسے فروخت میں اضافہ ہوا۔ زیر جائزہ سہ ماہی کے دوران فروخت کی لاگت 357 ملین روپے سے بڑھ کر 436 ملین روپے ہوگی۔ جو تقابلی سہ ماہی کی نسبت 22 فیصد زیادہ ہے۔ کمپنی کا خام نفع 38 ملین روپے سے بڑھ کر 133 ملین روپے ہو گیا۔ خام نفع کی فروخت کے حوالے سے شرح 23% ہوگئی جبکہ گزشتہ سہ ماہی میں یہ شرح 10% تھی۔ خام نفع کی شرح میں اضافے کی بڑی وجہ IRLNG اور بی جی کے نرخ میں کمی ہونا ہے۔ خالص نفع 5 ملین روپے سے بڑھ کر 51 ملین روپے ہو گیا جبکہ فی حصص نفع 10 پیسے سے بڑھ کر 92 پیسے فی حصص تک پہنچ گیا۔

ہمارے روایتی مصنوعات ہائیڈروجن پراآکسائیڈ 50% کی فروخت بیکسٹائل انڈسٹری کی طلب میں اضافے کی وجہ سے زیادہ رہی۔ بورڈ کو یقین ہے کہ آپ کی کمپنی مستقبل کے تمام چیلنجوں کا مقابلہ کرنے کے لیے پوری طرح تیار ہے اور مستقبل میں اس کی نمو کے حوالے سے حوصلہ افزا ہے۔ کمپنی نئی مصنوعات کو شروع کرنے کے تجارتی اور مالی پہلوؤں پر بھی غور کر رہی ہے جس چھوٹی پیکنگ میں سطح کلیئرز کے طور پر استعمال کیا جائے گا۔

بورڈ کمپنی کے ہر ملازم کی محنت اور لگن کے لیے اس کا شکریہ ادا کرتا ہے۔ بورڈ حکومت پاکستان، مالیاتی اداروں، صارفین اور ان تمام دیگر افراد کی مدد، رہنمائی اور تعاون کو بھی سراہتا ہے جن کی کوششوں اور شراکت سے کمپنی کو تقویت ملی ہے۔

اللہ ہمیں چیلنجز کا مقابلہ کرنے کی ہمت عطا کرے۔ آمین

بورڈ ممبران کی جانب سے



عمران غفور
چیف ایگزیکٹو آفیسر

فیصل آباد

12 اکتوبر 2020

Condensed Interim Statement of Financial Position (Un-audited)

As At September 30, 2020

		September 30, 2020 (Un-Audited)	June 30, 2020 (Audited)
	Note	----- Rupees -----	
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,328,112,591	2,373,960,760
Long term advances and deposits		4,205,000	4,205,000
		<u>2,332,317,591</u>	<u>2,378,165,760</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		116,514,434	111,705,561
Stock-in-trade		475,016,681	609,267,601
Trade debts		205,806,707	161,973,844
Loans and advances		124,146,335	109,910,437
Deposits and short term prepayments		58,228,164	37,909,229
Taxes refundable due from government		133,737,503	153,040,461
Cash and bank balances		146,672,078	42,471,897
		<u>1,260,121,902</u>	<u>1,226,279,030</u>
		<u>3,592,439,493</u>	<u>3,604,444,790</u>
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		322,101,181	247,354,973
Surplus on revaluation of property, plant and equipment		1,207,291,958	1,231,107,657
		<u>2,080,393,139</u>	<u>2,029,462,630</u>
NON-CURRENT LIABILITIES			
Long-term financing	5	157,313,649	148,674,510
Deferred liabilities		521,042,589	519,115,718
Deferred markup		172,962,586	184,406,709
		<u>851,318,824</u>	<u>852,196,937</u>
CURRENT LIABILITIES			
Trade and other payables		251,536,813	244,024,954
Contract liabilities		31,235,865	32,069,259
Mark-up accrued on loans		64,426,843	54,975,671
Short-term borrowings		174,531,878	183,098,258
Current portion of long-term financing	5	130,452,262	180,491,401
Provision for taxation		8,543,869	28,125,680
		<u>660,727,530</u>	<u>722,785,223</u>
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		<u>3,592,439,493</u>	<u>3,604,444,790</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

Condensed Interim Statement of Profit and Loss (Un-audited) for the 1st Quarter Ended September 30, 2020

	Note	Quarter Ended September 30,	
		2020	2019
		----- Rupees -----	
Sales		569,591,295	394,181,882
Cost of sales	7	436,165,003	356,584,041
Gross profit		133,426,292	37,597,841
Other income		210,795	41,377,702
		133,637,087	78,975,543
Distribution expenses		28,452,853	18,682,791
Administrative expenses		34,486,494	27,785,333
Finance cost		11,202,427	21,725,208
		74,141,774	68,193,332
Profit before taxation		59,495,313	10,782,211
Provision for taxation		8,564,804	5,545,881
Profit for the period		50,930,509	5,236,330
Earning per share - basic and diluted		0.92	0.10

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

Condensed Interim Statement Of Cash Flows (Un-audited)For the 1st Quarter Ended September 30, 2020Quarter Ended September 30,
2020 2019

----- Rupees -----

A. CASH FLOWS FROM OPERATING ACTIVITIES

(Loss) / profit before taxation	59,495,313	10,782,211
Adjustments for:		
Depreciation on property, plant and equipment	45,848,168	45,742,266
Profit on bank deposits	(53,815)	(38,517)
Provision for deferred-employee benefits	2,340,371	1,635,059
Finance cost	11,202,427	21,725,208
	118,832,464	79,846,227
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(4,808,873)	(8,606,104)
Stock-in-trade	134,250,920	(44,165,576)
Trade debts	(51,230,609)	7,739,985
Advances	(44,406,706)	(21,813,968)
Deposits and prepayments	(20,318,936)	41,215,435
Increase / (decrease) in current liabilities:		
Trade and other payables	14,076,238	(103,349,917)
	27,562,034	(128,980,145)
Cash (used in) / generated from operations	146,394,498	(49,133,918)
Finance cost paid	(13,195,378)	(12,440,668)
Sales tax (paid) / refunded	7,625,818	105,820,721
Employee benefits paid	(413,501)	(983,434)
Income taxes paid	13,701,329	(8,256,450)
	7,718,268	84,140,169
Net cash generated from operating activities	154,112,766	35,006,251

B. CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	-	-
Profit received on bank deposits	53,815	38,517
Decrease in capital work-in-progress	-	13,000,000
Net cash generated from / (used in) investing activities	53,815	13,038,517

C. CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term financing	(41,400,000)	(6,077,973)
Net increase / (decrease) in short-term borrowings	(8,566,380)	(14,168,925)
Net cash (used in) / generated from financing activities	(49,966,380)	(20,246,898)

Net increase in cash and cash equivalents 104,200,201 27,797,870

Cash and cash equivalents at beginning of period

42,471,877 3,008,439

Cash and cash equivalents at end of period 146,672,078 30,806,309

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

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

For the 1st Quarter Ended September 30, 2020

	Share capital	Accumulated loss	Surplus on revaluation of property, plant and equipment	Total
----- Rupees -----				
Balance as at July 01, 2019	551,000,000	75,417,761	1,326,370,455	1,952,788,216
Profit for the period	-	5,236,330	-	5,236,330
Other comprehensive income	-	-	-	-
	-	5,236,330	-	5,236,330
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	24,188,333	(24,188,333)	-
Balance as at September 30, 2019	551,000,000	104,842,424	1,302,182,122	1,958,024,546
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

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 1st Quarter Ended September 30, 2020

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, 2020 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, 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 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, 2019.
- 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, 2020.

		September 30, 2020 (Un-Audited)	June 30, 2020 (Audited)
	Note	----- Rupees -----	
4. PROPERTY PLANT AND EQUIPMENT			
Operating fixed assets	4.1	2,328,112,591	2,373,960,760
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
Vehicles		-	1,099,000
		-	12,662,896
Deletions during the period / year		-	-
		2,373,960,760	2,557,088,458
Depreciation charged during the period / year		(45,848,169)	(183,127,698)
		2,328,112,591	2,373,960,760
5. LONG TERM FINANCING			
Secured - from financial institutions		287,765,911	329,165,911
Less: current maturity of long term loan		130,452,262	180,491,401
		157,313,649	148,674,510
6. CONTINGENCIES AND COMMITMENTS			
6.1 Contingencies			
Gaurantees issued by banks on behalf of the Company		99,270,865	99,270,865
6.2 Commitments			
Irrevocable letters of credit		18,548,400	6,693,120

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

7. COST OF SALES

Opening stock of finished goods	102,298,925	4,751,033
Cost of goods manufactured	344,338,938	389,067,743
	446,637,863	393,818,776
Less: closing stock of finished goods	10,472,860	37,234,735
Cost of goods sold	436,165,003	356,584,041

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,
2020
(Un-Audited) (Un-Audited)
----- Rupees -----

Relationship with the company Nature of transaction

Associated companies	Organizational expenses charged	547,007	8,092,860
Key management personnel	Remuneration and other benefits	13,032,995	11,329,616
Employee benefit plan	Paid during the period	413,501	983,434

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue on October 22, 2020 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.
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