

1st Quarter Report
September

2019



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. 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 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 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 Sheikhupura 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, 2019.

Financial overview

First quarter ended September 30
2019 2018
..... Rupees

Sales	394,181,882	553,622,385
Cost of sales	377,584,041	347,640,071
Gross profit	37,597,841	205,982,314
Profit before taxation	10,782,211	146,939,851
Profit after taxation	5,236,330	140,019,571
Earning per share – basic and diluted	0.10	2.54

During the first three months of current financial year, sales of your Company remained Rs. 394.2 million as against Rs. 553.6 million in the corresponding quarter of last financial year. Gross profit during the current quarter remained 37.6 million as against gross profit of Rs. 205.9 million and net profit after taxation remained Rs. 5.2 million as against net profit after tax of Rs. 140 million in the same quarter of corresponding financial year. During this quarter, capacity utilization remained at 77% against capacity utilization of 81% in corresponding quarter.

Producers of hydrogen peroxide continued to face a very challenging local market during the current quarter. As a result of weak global demand, import of hydrogen peroxide in local market continued at lower prices and thus prices of hydrogen peroxide remained weak during the quarter under review as compared to the first quarter of last financial year.

The overall business environment remains tough due to prevailing economic situation, devaluation of Pak Rupee, higher KIBOR and higher tariff of RLNG. Competition has been more severe in recent times but the Board is confident that your company is fully geared to meet all future challenges and committed for growth in future.

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, commercial banks, business associates, 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



IMRAN GHAFOOR

Chief Executive Officer

Faisalabad
October 19, 2019

ڈائریکٹرز جائزہ

میں ستارہ پر آکسائیڈ لائیٹنڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2019 کو ختم ہونے والی سماں کے غیر محسوس شدہ مالی تنازع آپ کی خدمت میں پیش کرنا چاہوں گا۔

30 ستمبر کو ختم ہونے والی سماں

2018	2019	مالی جائزہ
..... پاکستانی روپے
553,622,385	394,181,882	فروخت
347,640,071	377,584,041	فروخت کی لائگت
205,982,314	37,597,841	خام نفع
146,939,851	10,782,211	قبل از ملکی نفع
140,019,571	5,236,330	بعد از ملکی نفع
2.54	0.10	فی حصہ نفع - نیادی

رواب مالی سال کے پہلے تین ماہ کے دوران آپ کی کمپنی نے 394.2 ملین روپے کی فروخت کی جبکہ گزشتہ مالی سال کی پہلی سماں میں 553.6 ملین روپے کی فروخت کی۔ حالیہ سماں میں خام نفع 37.6 ملین روپے رہا جو گزشتہ مالی سال کی پہلی سماں میں 205.9 ملین روپے تھا اور حالیہ سماں میں بعد از ملکی نفع 5.2 ملین روپے رہا جو تقابلی سماں میں 140 ملین روپے رہا۔ حالیہ سماں میں پیداواری استعداد کا رات 77 فیصد رہی جو تقابلی سماں کے دوران 8 فیصد تھی۔

حالیہ سماں کے دوران ہائیڈروجن پر آکسائیڈ کے پیداوار کنڈگاں کو مقامی منڈی میں چیلنجر کا سامنا رہا۔ دنیا بھر میں کمپت کم ہونے کے باعث، مقامی مارکیٹ میں ہائیڈروجن پر آکسائیڈ کی درآمد کم نہ خوب پر جاری رہی جس کے باعث حالیہ سماں میں ہائیڈروجن پر آکسائیڈ کے نزخ تقابلی سماں کی نسبت کم رہے۔

ملک کی معاشری صورت حال، روپے کی تدریم گراوٹ RLNG کی بلند شرح اور KIBOR کے مبنی نزخ کے باعث حالیہ عرصہ کاروبار کیلئے مشکلات سے بھر پور رہا۔ حالیہ عرصے میں سخت مسابقت کے باوجود آپ کی کمپنی کا بورڈ درپیش چیلنجر کا سامنا کرنے کیلئے اور مستقبل میں نہ کیلئے پر عزم ہے۔

بورڈ کمپنی کے ہر ملازم کی سخت محنت اور کام سے لگن کو سراہتا ہے۔ علاوہ ازیں بورڈ تمام سیکیو ہولڈرز بیمول حکومت پاکستان، معاشری اداروں، کمرشل بیکوں، کاروباری شرکت داروں، گاکبوں کی مدد، رہنمائی اور تعاون کے شکر گزار ہیں جن کی کاوشوں اور تعاون کے باعث کمپنی کو توفیقیت ملی۔

اللہ تعالیٰ ہمیں مستقبل میں درپیش چیلنجر کا سامنا کرنے کی توفیق عطا فرمائے۔ آمین

بورڈ ممبران کی جانب سے



عمران غفور
چیف ایگزیکٹو فائسر

فیصل آباد

19 اکتوبر 2019

Statement of Financial Position

Condensed Interim Statement of Financial Position (Un-audited) As At September 30, 2019

	Note	September 30, 2019 (Un-Audited)	June 30, 2019 (Audited)
		Rupees	
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,521,383,296	2,580,125,562
Long term advances and deposits		4,205,000	4,205,000
		<u>2,525,588,296</u>	<u>2,584,330,562</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		103,399,394	94,793,290
Stock-in-trade		570,860,750	526,695,174
Trade debts		124,383,592	132,123,577
Advances		203,994,684	233,675,393
Deposits and short term prepayments		38,239,393	79,454,828
Sales tax refundable		49,615,929	155,436,650
Cash and bank balances		30,806,309	3,008,439
		<u>1,121,300,051</u>	<u>1,225,187,351</u>
		<u>3,646,888,347</u>	<u>3,809,517,913</u>
SHARE CAPITAL AND RESERVES			
Authorized share capital		600,000,000	600,000,000
60,000,000 ordinary shares of Rs. 10 each			
		<u>600,000,000</u>	<u>600,000,000</u>
Issued, subscribed and paid up share capital		551,000,000	551,000,000
55,100,000 ordinary shares of Rs. 10 each fully paid in cash			
		<u>551,000,000</u>	<u>551,000,000</u>
Accumulated profits		104,842,424	75,417,761
Surplus on revaluation of property, plant and equipment		1,302,182,122	1,326,370,455
		<u>1,958,024,546</u>	<u>1,952,788,216</u>
NON-CURRENT LIABILITIES			
Long-term financing	5	241,079,121	249,222,984
Deferred liabilities		531,301,441	530,649,816
Deferred markup		141,438,052	115,928,401
		<u>913,818,614</u>	<u>895,801,201</u>
CURRENT LIABILITIES			
Trade and other payables		290,125,140	393,475,057
Mark-up accrued on loans		89,196,392	105,421,503
Short-term borrowings		228,058,253	242,227,178
Current portion of long-term financing	5	162,738,128	160,672,238
Provision for taxation		4,927,274	59,132,520
		<u>775,045,187</u>	<u>960,928,496</u>
CONTINGENCIES AND COMMITMENTS			
	6	<u>-</u>	<u>-</u>
		<u>3,646,888,347</u>	<u>3,809,517,913</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 1st Quarter Ended September 30, 2019

Note	Quarter Ended September 30,	
	2019	2018
	Rupees -----	
Sales - net	394,181,882	553,622,385
Cost of sales	356,584,041	347,640,071
Gross profit	37,597,841	205,982,314
Other income	41,377,702	126,854
	78,975,543	206,109,168
 Distribution expenses	18,682,791	15,387,514
Administrative expenses	27,785,333	23,516,312
Finance cost	21,725,208	20,265,491
	68,193,332	59,169,317
Profit before taxation	10,782,211	146,939,851
Provision for taxation	5,545,881	6,920,280
Profit for the period	5,236,330	140,019,571
 Earning per share - basic and diluted	0.10	2.54

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, 2019

	Quarter Ended September 30,	
	2019	2018
	Rupees -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	10,782,211	146,939,851
Adjustments for:		
Depreciation on property, plant and equipment	45,742,266	55,630,949
Profit on bank deposits	(38,517)	(126,854)
Provision for deferred-employee benefits	1,635,059	1,531,362
Finance cost	21,725,208	20,265,491
	79,846,227	224,240,799
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(8,606,104)	(1,504,350)
Stock-in-trade	(44,165,576)	(13,487,024)
Trade debts	7,739,985	4,530,322
Advances	(21,813,968)	(63,469,434)
Deposits and prepayments	41,215,435	(118,657,617)
Increase / (decrease) in current liabilities:		
Trade and other payables	(103,349,917)	-
	(128,980,145)	44,570,976
Cash (used in) / generated from operations	(49,133,918)	(148,017,127)
	76,223,672	
Finance cost paid	(12,440,668)	(26,774,012)
Sales tax (paid) / refunded	105,820,721	(18,595,973)
Employee benefits paid	(983,434)	(177,264)
Income taxes paid	(8,256,450)	(13,914,490)
	84,140,169	(59,461,739)
Net cash generated from operating activities	35,006,251	16,761,933
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(12,361,999)
Profit received on bank deposits	38,517	126,854
Decrease in capital work-in-progress	13,000,000	-
Net cash generated from / (used in) investing activities	13,038,517	(12,235,145)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(6,077,973)	(40,323,589)
Net increase / (decrease) in short-term borrowings	(14,168,925)	54,724,823
Net cash (used in) / generated from financing activities	(20,246,898)	14,401,234
Net increase in cash and cash equivalents	27,797,870	18,928,022
Cash and cash equivalents at beginning of period	3,008,439	1,634,358
Cash and cash equivalents at end of period	30,806,309	20,562,380

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, 2019

	Share capital	Accumulated loss	Surplus on revaluation of property, plant and equipment	Total
----- Rupees -----				
Balance as at July 01, 2018	551,000,000	(223,264,696)	1,423,123,786	1,750,859,090
Total comprehensive income for the period ended September 30, 2018				
Profit for the period	-	140,019,571	-	140,019,571
Other comprehensive income	-	-	-	-
	-	140,019,571	-	140,019,571
Incremental depreciation for the period transferred to accumulated losses - net of deferred tax	-	21,704,207	(21,704,207)	-
Balance as at September 30, 2018	551,000,000	(61,540,918)	1,401,419,579	1,890,878,661
Balance as at July 01, 2019	551,000,000	75,417,761	1,326,370,455	1,952,788,216
Total comprehensive income for the period ended September 30, 2019				
Profit for the period	-	5,236,330	-	5,236,330
Other comprehensive income	-	-	-	-
	-	5,236,330	-	5,236,330
Incremental depreciation for the period transferred to accumulated losses - net of deferred 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

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, 2019

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, 2019 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, 2019. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2019 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, 2018.
- 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, 2019.

Notes to the Financial Statements

	Note	September 30, 2019 (Un-Audited)	June 30, 2019 (Audited)
		Rupees -----	
4. PROPERTY PLANT AND EQUIPMENT			
Operating fixed assets	4.1	2,498,683,296	2,544,425,562
Advance against capital work in progress		22,700,000	35,700,000
		<u>2,521,383,296</u>	<u>2,580,125,562</u>
4.1 Operating assets			
Opening carrying value		2,544,425,562	2,722,609,461
Additions during the period / year			
Electric installations		-	56,345
Office equipment		-	30,500
Vehicles		-	5,408,180
		<u>-</u>	<u>5,495,025</u>
Deletions during the period / year		Vehicles	-
		-	-
Depreciation charged during the period / year		2,544,425,562	2,728,104,486
		(45,742,266)	(183,678,924)
		<u>2,498,683,296</u>	<u>2,544,425,562</u>
5. LONG TERM FINANCING			
Secured - from financial institutions			
Sukuk arrangement - syndicated		403,817,249	409,895,222
Term finance		-	-
		<u>403,817,249</u>	<u>409,895,222</u>
Less: current maturity of long term loan		162,738,128	160,672,238
		<u>241,079,121</u>	<u>249,222,984</u>
6. CONTINGENCIES AND COMMITMENTS			
6.1 Contingencies			
Gaurantees issued by banks on behalf of the Company		54,640,000	94,640,000
		<u>54,640,000</u>	<u>94,640,000</u>
6.2 Commitments			
Irrevocable letters of credit		8,755,200	24,447,902
		<u>8,755,200</u>	<u>24,447,902</u>

Notes to the Financial Statements

Quarter Ended September 30,
2019 **2018**
(Un-Audited) (Un-Audited)
----- **Rupees** -----

7. COST OF SALES

Opening stock of finished goods	4,751,033	2,679,001
Cost of goods manufactured	389,067,743	354,422,937
	<hr/>	<hr/>
Less: closing stock of finished goods	393,818,776	357,101,938
Cost of goods sold	37,234,735	9,461,867
	<hr/>	<hr/>
	356,584,041	347,640,071

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,
2019 **2018**
(Un-Audited) (Un-Audited)
----- **Rupees** -----

Relationship with the company **Nature of transaction**

Associated companies

Organizational expenses charged	8,092,860	3,470,139
Key management personnel		
Remuneration and other benefits	11,329,616	11,925,912
Employee benefit plan		
Paid during the period	983,434	177,264

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue on October 19, 2019 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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