

Nine Months Report
March 31,

2020



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

On behalf of Board of Directors of Sitara Peroxide Limited, I am pleased to present the condensed interim financial information for nine months ended March 31, 2020.

Producers of hydrogen peroxide continued to face a very challenging business environment. Overall the economic conditions remained tough due to high KIBOR and higher tariff of RLNG.

In third quarter of current financial year, capacity utilization of plant remained 76% of installed capacity as compared to 90% in the comparative period. Your Company achieved sales and gross profit of Rs. 465 million and Rs. 80 million respectively against net sales and gross profit of Rs. 476 million and Rs. 99 million respectively in the same quarter of the last financial year. The drop in sales and gross profit is the result of lock-down near the end of the quarter under review. The Company earned net profit after tax of Rs. 8 million in last quarter against profit after tax of Rs. 26 million; and earning per share remained Rs. 0.15 against earning per share of Rs. 0.47.

Capacity utilization of our plant remained 79% of the installed capacity during the first nine months of current financial year against 84% in the corresponding period of last year. During the first nine months of current financial year, your Company achieved sales of Rs. 1,396 million against Rs. 1,526 million in same period of last year. Cost of sales stood at Rs. 1,214 million against Rs. 1,093 million. Gross profit and net loss after taxation in the nine month period remained Rs. 182 million and Rs. 9 million respectively in the current period against gross profit and net loss of Rs. 434 million and Rs. 210 million in the corresponding period of the last financial year. Loss per share remained Rs. (0.16) against earning per share of Rs. 3.82. The COVID-19 pandemic has caused severe ripples in global economy. Governments have been forced to exercise complete lock-downs to control the spread of this disease. Economic activities of all sectors have come to halt world-wide. Economic shut down of such magnitude have caused unprecedented negative impact on global demand. Economic situation in Pakistan is no different from rest of the world. Suspension in export orders has caused almost closure of textile sector; thus reducing demand of hydrogen peroxide.

But with every challenge you face, there is an opportunity hidden that will lead you towards the path of wealth. Hydrogen Peroxide is a strong disinfectant having antibacterial and antiviral properties. It is heavily used for disinfection and sterilization of the surfaces. Your Company has launched a new product with brand name of 'Sitara Safe' which shall be used as surface disinfectant, in sterilization and will be used in 'Walk Through Gates'. The Company is exploring new markets in this regard. We are hopeful that demand of the product in domestic textile industry shall also get better by reduction in prevailing world wide lock down.

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.

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

On behalf of Board of Directors



Faisalabad
April 23, 2020

IMRAN GHAFOOR
Chief Executive Officer

ڈائریکٹرز جائزہ

ستارہ پر آکسائیڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2020 کو ختم ہونے والے نو ماہ کے مالی میتھن آپ کی خدمت میں پیش کرنا چاہوں گا۔ ہائیڈروجن پر آکسائیڈ بنانے والوں کو چلنجر بھر پور کاروباری ماحول کا سامنا رہا۔ جیئنیٹ گھوئی KIBOR کی بلند شرح اور میکنی RLNG کے باعث مشکل حالات درپیش رہے۔

روان مالی سال کی تیسری سماںی کے دوران پلانٹ نے اپنی پیو اوری استعداد کا 76% حاصل کیا جو تقابلی سماںی میں 90% تھا۔ روآن سماںی میں آپ کی کمپنی نے 465 ملین روپے کی فروخت کی اور 80 ملین روپے کا خام نفع حاصل کیا جبکہ ریٹیٹ مالی سال کی تیسری سماںی میں 476 ملین روپے کی فروخت اور 99 ملین روپے کا خام نفع حاصل کیا۔ فروخت اور خام نفع میں کمی کی وجہ تیسری سماںی کے اختتام کے نزدیک ہونے والا ڈاؤن تھا۔ روآن سماںی میں کمپنی نے 8 ملین روپے کا بعدازیکیں خاص نفع حاصل کیا جبکہ تقابلی سماںی کے دوران 26 ملین روپے کا بعدازیکیں خاص نفع حاصل ہوا۔ جبکہ فی حصہ نفع 15.0% روپے رہا جو ریٹیٹ مالی سال سماںی میں فی حصہ 0.47 روپے تھا۔

روان مالی سال کے پہلے نو ماہ کے دوران پلانٹ نے اپنی پیو اوری استعداد کا 79% ہفت حاصل کیا جبکہ تقابلی مدت کے دوران 84% پیداوار حاصل کی۔ روآن مالی سال کے پہلے نو ماہ کے دوران کمپنی نے 1396 ملین روپے کی فروخت کی جو ریٹیٹ مالی سال کے پہلے نو ماہ میں 1526 ملین روپے رہی۔ حالیہ عرصے میں فروخت کی لگت 1214 ملین روپے رہی جو تقابلی عرصے میں 1093 ملین روپے تھی۔ خام نفع اور بعدازیکیں خارج بالترتیب 182 ملین روپے اور 9 ملین روپے رہا جو ریٹیٹ مالی سال کی مدت میں بالترتیب 434 ملین روپے اور 210 ملین روپے تھے۔ حالیہ نو ماہ میں فی حصہ خارجہ 16.16 روپے رہا جبکہ تقابلی نو ماہ کے دوران فی حصہ نفع 3.82 روپے تھا۔

کرونا وائرس نے عالمی میکیٹ کو شدید متاثر کیا ہے۔ حکومتیں کے اس مرض کا پھیلاوہ رونے کیلئے ملک لاؤک ڈاؤن کرنے پر مجبور ہوئیں۔ دنیا بھر میں ہر شعبے میں معاشر سرگزینوں مکمل طور پر رک گئیں۔ اتنے شدید لاؤک ڈاؤن کے باعث عالمی طلب میں اتنے والی گراوٹ کی مثال نہیں ملتی۔ پاکستان میں معافی صورت حال باقی دنیا سے مختلف نہیں۔ برآمدی آرڈر تعلیم کا شکار ہونے سے یکٹاکل کا شعبہ بند ہو کر رہ گیا ہے جس سے ہائیڈروجن پر آکسائیڈ کی طلب گھٹ گئی ہے۔

لیکن مشکل حالات میں ہمیشہ ایسے موقع پوشیدہ ہوتے ہیں جو ہماری خوشحالی کے راستے کی جانب رہنمائی کرتے ہیں۔ ہائیڈروجن پر آکسائیڈ ایسی خصوصیات رکھتا ہے جو بیکیٹریا اور وائرس کا خاتما کرتا ہے۔ یہ مختلف طبیوں سے جراثیم کے مکمل خاتمے میں استعمال کیا جاتا ہے۔ آپ کی کمپنی "ستارہ سیف" کے نام سے ایک نئی پراؤ کٹ متعارف کرواری ہے جو سطح سے جراثیم کے خاتمے، شیءیہ کی مکمل صفائی اور واک ٹھرو گیٹ میں استعمال ہوگی۔ اس حوالے سے آپ کی کمپنی نئی منڈیوں کی تلاش میں ہے۔ علاوہ ازیں ہم پرائمید ہیں کہ عالمی لاؤک ڈاؤن میں کمی کے بعد یکٹاکل کے شعبے میں ہماری پراؤ کٹ کی دوبارہ مانگ بحال ہوگی۔

بورڈ ممبران کی جانب سے میں اس موقع پر اپنے ملازمین، گاہکوں، ڈیلائرز، مینیک اور تمام حصہ داران کے تعاون کا شکریہ ادا کرنا چاہوں گا۔ اللہ تعالیٰ سے دعا ہے وہ ہمیں درپیش چلنجر کا سامنا کرنے کی ہمت عطا فرمائے۔

اللہ
عمران غفور
چیف ایگریٹریٹو فائسر

فیصل آباد

23 اپریل 2020

Statement of Financial Position

Condensed Interim Statement of Financial Position As at March 31, 2020

Note	March 31, 2020 (Un-Audited)		June 30, 2019 (Audited)
	Rupees		
ASSETS			
Non - current assets			
Property, plant and equipment	4	2,430,047,346	2,580,125,562
Long term deposits		4,205,000	4,205,000
		2,434,252,346	2,584,330,562
Current assets			
Stores, spare parts and loose tools		114,976,706	94,793,290
Stock-in-trade		498,321,577	526,695,174
Trade debts		130,908,504	132,123,577
Advances		239,978,887	233,675,393
Deposits and short term prepayments		69,714,698	79,454,828
Sales tax refundable		36,327,653	155,436,650
Cash and bank balances		11,217,286	3,008,439
		1,101,445,311	1,225,187,351
		3,535,697,657	3,809,517,913
SHARE CAPITAL AND RESERVES			
Share capital		551,000,000	551,000,000
Un-appropriated profit		139,863,043	75,417,761
Surplus on revaluation of property, plant and equipment		1,253,124,095	1,326,370,455
		1,943,987,138	1,952,788,216
Non - current liabilities			
Long-term financing	5	172,403,729	249,222,984
Deferred liabilities		542,024,743	530,649,816
Deferred mark-up		159,836,298	115,928,401
		874,264,770	895,801,201
Current liabilities			
Trade and other payables		217,832,182	393,475,057
Accrued markup		69,957,299	105,421,503
Running finance under markup arrangement		251,947,317	242,227,178
Current portion of long term financing	5	156,762,185	160,672,238
Provision for income tax		20,946,766	59,132,520
		717,445,749	960,928,496
CONTINGENCIES AND COMMITMENTS			
	6	3,535,697,657	3,809,517,913

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Statement of Profit or Loss

Condensed Interim Statement of Profit or Loss (Un-audited) For the Nine Months Period Ended March 31, 2020

Note	Nine months ended		Quarter ended		
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	
	Rupees -----				
Sales	7	1,396,451,049	1,526,695,919	465,376,109	476,519,434
Cost of sales	8	1,214,016,619	1,093,010,450	385,245,294	376,930,921
Gross profit		182,434,430	433,685,469	80,130,815	99,588,513
Other operating income / (loss)		51,595,997	60,921,214	723,624	(412,876)
		234,030,427	494,606,683	80,854,439	99,175,637
Distribution expenses		63,050,563	54,472,769	18,441,955	20,757,405
Administrative expenses		83,109,767	74,146,667	29,239,037	25,415,957
Other operating expenses		-	19,337,503	-	-
Finance cost		64,350,327	68,250,474	18,008,344	20,984,720
		210,510,657	216,207,413	65,689,336	67,158,082
Profit before taxation		23,519,770	278,399,270	15,165,103	32,017,555
Provision for income tax		32,320,847	68,152,353	7,038,962	5,847,489
(Loss) / profit for the period		(8,801,077)	210,246,917	8,126,141	26,170,066
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/					
profit for the period		(8,801,077)	210,246,917	8,126,141	26,170,066
Earning per share - basic					
and diluted		(0.16)	3.82	0.15	0.47

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Cash Flow Statement

Condensed Interim Statement of Cash Flows (Un-audited) For the Nine Months Period Ended March 31, 2020

	Nine months ended	
	March 31, 2020	March 31, 2019
	Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,519,770	23,519,770
Adjustments for:		
Depreciation of property, plant and equipment	137,078,215	166,872,013
Gain on disposal of property, plant and equipment	(525,000)	(1,000,000)
Profit on bank deposits	(150,226)	(133,100)
Provision for deferred employee benefits	4,905,180	4,594,085
Provision for deferred tax liability	10,716,738	-
Finance cost	64,350,327	68,250,474
	216,375,234	238,583,472
Working capital changes	239,895,004	262,103,242
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(20,183,416)	(9,096,726)
Stock-in-trade	28,373,597	(95,098,032)
Trade debts	1,215,073	(27,492,223)
Advances	(46,560,664)	932,789
Deposits and prepayments	9,740,130	(57,129,861)
Other receivables	-	-
(Decrease)/ increase in current liabilities:		
Trade and other payables	(175,642,875)	31,377,458
	(203,058,155)	(156,506,595)
Cash generated from operations	36,836,849	105,596,647
Finance cost paid	(55,906,634)	(84,795,540)
Sales tax refunded/ (paid)	119,108,997	(50,348,366)
Employee benefits paid	(4,246,991)	(2,204,839)
Income tax paid	(30,249,432)	(28,925,713)
	28,705,940	(166,274,458)
Net cash generated from / (used in) operating activities	65,542,789	(60,677,811)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(15,064,899)
Proceeds from sale of property, plant and equipment	525,000	1,000,000
Proceeds from suppliers of capital work	13,000,000	8,580,000
Profit received on bank deposits	150,226	133,100
Increase in long term deposits	-	(35,700,000)
Net cash generated from/ (used in) investing activities	13,675,226	(41,051,799)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(80,729,307)	(92,745,433)
Net increase in short-term borrowings	9,720,139	(58,616,605)
Net cash used in financing activities	(71,009,168)	(151,362,038)
	8,208,847	(253,091,648)
Increase/ (decrease) in cash and cash equivalents	3,008,439	1,634,358
Cash and cash equivalents at beginning of period	11,217,286	(251,457,290)

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Statement of Changes In Equity (Un-audited) For the Nine Months Period Ended March 31, 2020

	Share capital	Accumulated losses	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 March 31, 2019				
Profit for the period	-	210,246,917	-	210,246,917
Other comprehensive income	-	-	-	-
	-	210,246,917	-	210,246,917
Transfer to un-appropriated profit on account of incremental depreciation - net of tax	-	70,971,139	(70,971,139)	-
Balance as at March 31, 2019	551,000,000	57,953,360	1,352,152,647	1,961,106,007
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 March 31, 2020				
Loss for the period	-	(8,801,077)	-	(8,801,077)
Other comprehensive income	-	-	-	-
	-	(8,801,077)	-	(8,801,077)
Transfer to un-appropriated profit on account of incremental depreciation - net of tax	-	73,246,360	(73,246,360)	-
Balance as at March 31, 2020	551,000,000	139,863,043	1,253,124,095	1,943,987,138

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE


DIRECTOR

Notes to the Financial Statements

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-audited) For the Nine Months Period Ended March 31, 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 facilities are located at 26-KM Sheikhupura Road, Faisalabad in the province of Punjab. The principal activity 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 nine months period ended March 31, 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 These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2019 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed interim financial statements for the nine months ended on March 31, 2019.

2.3 These condensed interim financial statements are un-audited.

2.4 These condensed interim financial statements have been presented in Pak Rupee, which is the Company's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2019.

Notes to the Financial Statements

	(Un-Audited) March 31, 2020	(Audited) June 30, 2019
	Rupees	
4 PROPERTY PLANT AND EQUIPMENT		
Operating assets	2,407,347,347	2,544,425,562
Advance against capital work-in-progress	22,700,000	35,700,000
	<u>2,430,047,347</u>	<u>2,580,125,562</u>
Operating assets		
Written down value at beginning of the period / year	2,544,425,562	2,722,609,461
Additions during the period / year	-	5,495,025
	<u>2,544,425,562</u>	<u>2,728,104,486</u>
Deletions at WDV during the period / year	-	(1,083,124)
Less: depreciation charged during the period / year	(137,078,215)	(182,595,800)
Written down value at the end of the period / year	<u>2,407,347,347</u>	<u>2,544,425,562</u>
5. LONG TERM FINANCING		
Secured - from financial institutions		
Under Sukuk arrangements		
Sukuk arrangement - syndicated	329,165,914	409,895,222
Less: Current maturity of long term loan	156,762,185	160,672,238
	<u>172,403,729</u>	<u>249,222,984</u>
6. CONTINGENCIES AND COMMITMENTS		
6.1 Contingencies		
6.1.1 Guarantees issued by banks on behalf of the Company		
	<u>99,270,835</u>	<u>94,640,000</u>
6.2 Commitments		
Irrevocable letters of credit	<u>7,502,880</u>	<u>24,447,902</u>

Notes to the Financial Statements

	Nine months ended		Three months ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Un-audited)		(Un-audited)	
Rupees				
7. SALES - NET				
Sales	1,397,072,589	1,529,830,019	465,376,109	479,653,534
Less: Discount	621,540	3,134,100	-	3,134,100
	<u>1,396,451,049</u>	<u>1,526,695,919</u>	<u>465,376,109</u>	<u>476,519,434</u>
8. COST OF SALES				
Raw material consumed	122,720,758	200,690,105	60,624,016	31,616,237
Fuel and power	634,973,274	525,345,079	191,870,757	184,563,554
Packing material consumed	185,018,502	158,537,948	59,345,615	55,790,702
Salaries wages and benefits	67,415,001	74,702,212	21,861,964	29,308,709
Stores, spare parts and loose tools consumed	17,521,659	12,188,970	2,954,152	4,667,917
Repairs and maintenance	38,548,387	34,745,036	9,079,236	13,767,679
Insurance	3,739,694	3,989,641	1,246,565	1,280,293
Depreciation	136,917,093	165,964,522	45,615,116	55,367,167
Traveling and conveyance	236,351	2,272,304	63,130	464,811
Vehicle running and maintenance	313,020	345,846	65,050	63,771
Others	1,745,222	1,170,483	230,510	383,768
	<u>1,209,148,961</u>	<u>1,179,952,146</u>	<u>392,956,111</u>	<u>377,274,608</u>
Work-in-process				
Balance at beginning of period	494,933,305	459,183,873	482,003,604	524,467,544
Balance at end of period	479,417,727	517,564,171	479,417,727	517,564,171
	<u>15,515,578</u>	<u>(58,380,298)</u>	<u>2,585,877</u>	<u>6,903,373</u>
Cost of goods manufactured	1,224,664,539	1,121,571,848	395,541,988	384,177,981
Finished goods				
Balance at beginning of period	4,751,033	2,679,001	5,102,256	23,993,339
Balance at end of period	15,398,953	31,240,399	15,398,953	31,240,399
	<u>(10,647,920)</u>	<u>(28,561,398)</u>	<u>(10,296,697)</u>	<u>(7,247,060)</u>
Cost of goods sold	1,214,016,619	1,093,010,450	385,245,291	376,930,921

Notes to the Financial Statements

9. 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 follows:

Relationship	Nature of transaction	Nine months ended	
		March 31, 2020 (Un-audited)	March 31, 2019 (Un-audited)
		Rupees	
Associated companies	Organizational expenses charged	28,820,273	6,856,333
Key management personnel	Remuneration and other benefits	34,851,783	38,843,985
Employee benefit plan	Provision for the period	4,905,180	4,594,085
	Payment during the period	4,246,991	2,204,839

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 23, 2020.

11. GENERAL

Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Notes to the Financial Statements



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