



1st Quarter Report September

2018

Board of Directors	Mrs. Sharmeen Imran Mr. Imran Ghafoor Mr. Ejaz Hussain Mr. Muhammad Asif Pasha Mr. Waleed Asif Mr. Yasir Ahmed Awan Mr. Saim Bin Saeed	Chairperson Chief Executive Officer Non-executive Director Non-executive Director Non-executive Director Non-executive 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. Saim Bin Saeed Mrs. Sharmeen Imran Mr. Waleed Asif Mr. Zia-ul-Mustafa	Chairman Member Member Secretary
Human Resource and Remuneration Committee	Mr. Ejaz Hussain Mr. Saim Bin Saeed Mr. Waleed Asif	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	
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 the Board, I am pleased to present the un-audited financial statements for the first quarter ended September 30, 2018.

Financial Results

	First quarter ended September 30	
	2018	2017
 Rupees	
Sales-net	545,740,154	248,427,367
Gross profit / (loss)	198,100,083	(35,333,185)
Operating profit/ (loss)	146,939,851	(78,790,676)
Profit / (loss) after tax	140,019,571	(81,966,826)
Earnings per share	2.54	(1.49)

By the grace of Almighty Allah, your Company has made an encouraging start to the financial year 2018-19. Hydrogen Peroxide (H₂O₂) industry has witnessed highly competitive business environment and escalating cost of business in past years.

During first quarter of current financial year, capacity utilization of plant remained 81% as against only 60% in comparative period. Company achieved net sales of Rs. 546 million, an increase of 120% against the same period of last financial year. Increase in net sales is driven by increased volume of quantity sold and rise in sale price. Company earned gross profit of Rs. 198 million and net profit after tax of Rs. 140 million in quarter under review against gross loss of Rs. 35 million and net loss after tax of Rs. 82 million in comparative period. The net profit after tax is attributed to increase in prices and improvement in all areas of operations, cost reduction initiatives and competitive market strategies. Earnings per share remained Rs. 2.54 as against loss per share of Rs. 1.49 during comparative quarter.

Future Outlook

Your Company has initiated its efforts for capacity expansion of our plant from 30,000 tons per annum to 43,800 tons per annum. The expansion process is expected to be completed till September 30, 2019.

To maintain high capacity utilization of plant, the Company has decided to import one more batch of Palladium catalyst; whose shipment is expected to arrive in second quarter of current financial year.

Demand of Hydrogen Peroxide is expected to remain strong during next quarter of current financial year. Your Company is focused to continue to strengthen its relationship with its customers through product quality, competitive pricing and effective distribution network.

The Board would like to take this opportunity to express its appreciation for its customers, suppliers, employees, shareholders, bankers and all other stakeholders for their continuous support and cooperation.

We pray Almighty Allah to give us the ability to face the future challenges. Ameen

On behalf of Board of Directors



IMRAN GHAFOOR
Chief Executive Officer

Faisalabad
October 23, 2018

ڈائریکٹرز جائزہ

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے میں 30 ستمبر 2018 کو ختم ہونے والی سہ ماہی کے غیر محاسب شدہ مالی نتائج پیش کرتا ہوں

30 ستمبر کو ختم ہونے والی سہ ماہی

مالی نتائج

2017	2018
248,427,367	545,740,154
(35,333,185)	198,100,083
(78,790,676)	146,939,851
(81,966,826)	140,019,571
(1.49)	2.54

خالص آمدن

خام نفع / خسارہ

آپریٹنگ نفع / خسارہ

بعد از ٹیکس خالص نفع / خسارہ

فی حصص نفع / خسارہ

بفضل خدا، آپ کی کمپنی نے مالی سال 2018-19 کا حوصلہ افزا آغاز کیا ہے۔ پچھلے سالوں میں H2O2 کی صنعت نے شدید سائیکلیک ماحول اور پیداواری لاگت میں اضافے کا سامنا کیا ہے۔

حالیہ مالی سال کی پہلی سہ ماہی کے دوران پلانٹ کی پیداواری استعداد کا 81% حاصل کیا گیا جو گزشتہ مالی سال کی پہلی سہ ماہی میں محض 60% تھی۔ کمپنی کی خالص آمدن 546 ملین روپے رہی اور اس میں تقابلی سہ ماہی کی نسبت 120% اضافہ ہوا۔ خالص آمدن میں اضافہ کی وجہ فروخت کی مقدار اور قیمتوں میں اضافہ تھا۔ کمپنی کا خام نفع 198 ملین اور بعد از ٹیکس خالص نفع 140 ملین روپے رہا۔ جبکہ تقابلی مدت کے دوران 35 ملین کا خام خسارہ اور بعد از ٹیکس 82 ملین کا خالص خسارہ ہوا تھا۔ بعد از ٹیکس منافع حاصل کرنے کی وجوہات میں H2O2 کی بہتر قیمتیں اور کمپنی معاملات میں مجموعی بہتری، لاگت کم کرنے کے اقدامات اور بہترین مارکیٹنگ حکمت عملی شامل ہیں۔ فی حصص نفع 2.54 روپے رہا جبکہ تقابلی مدت میں فی حصص 1.49 روپے کے خسارے کا سامنا رہا تھا۔

مستقبل کا جائزہ

آپ کی کمپنی نے اپنی پیداواری استعداد کو 30,000 ٹن سالانہ سے 43,800 ٹن سالانہ بڑھانے کی کوششوں کا آغاز کر دیا ہے۔ امید ہے یہ توسیعی عمل 30 ستمبر 2019 تک مکمل ہو جائے گا۔

پلانٹ کی بلند پیداواری استعداد کو برقرار رکھنے کیلئے کمپنی نے Palladium Catalyst کا مزید ایک Batch درآمد کرنے کا فیصلہ کیا ہے جسکی شیپمنٹ حالیہ مالی سال کی دوسری سہ ماہی میں متوقع ہے۔

H2O2 کی مانگ آنے والی سہ ماہی میں بلند سطح پر رہنے کی امید ہے۔ آپ کی کمپنی کی توجہ اپنے صارفین سے عمدہ معیار، مناسب قیمتوں اور اچھے تقابلی نظام کے ذریعے تعلق مضبوط کرنے پر مرکوز ہے۔

بورڈ اپنے صارفین، سپلائرز، ملازمین، حصص داران، بینکرز اور تمام سٹیک ہولڈرز کا مشکور ہے جنہوں نے ہمارے ساتھ مسلسل تعاون جاری رکھا۔ ہماری دعا ہے، اللہ ہمیں مستقبل کے چیلنجز کا سامنا کرنے کی توفیق عطا فرمائے۔ آمین



عمران انور
چیف ایگزیکٹو آفیسر

فیصل آباد

23 اکتوبر 2018

Condensed Interim Statement of Financial Position (Un-audited)

As At September 30, 2018

		September 30, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- Rupees -----	-----
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,686,840,512	2,730,109,461
Long term advances and deposits		4,205,000	4,205,000
		<u>2,691,045,512</u>	<u>2,734,314,461</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		87,387,727	85,883,377
Stock-in-trade		499,275,992	485,788,968
Trade debts		100,511,320	105,041,642
Advances		272,270,019	211,413,806
Deposits and short term prepayments		157,372,089	38,714,472
Sales tax refundable		101,489,892	82,893,919
Cash and bank balances		20,562,380	1,634,358
		<u>1,238,869,419</u>	<u>1,011,370,542</u>
		<u>3,929,914,931</u>	<u>3,745,685,003</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		551,000,000	551,000,000
55,100,000 ordinary shares of Rs. 10 each fully paid in cash			
Accumulated losses		(61,540,918)	(223,264,696)
Surplus on revaluation of property, plant and equipment		1,401,419,579	1,423,123,786
		<u>1,890,878,661</u>	<u>1,750,859,090</u>
NON-CURRENT LIABILITIES			
Long-term financing	5	308,903,481	324,992,874
Deferred liabilities		517,836,040	516,481,942
Deferred markup		143,915,880	158,058,094
		<u>970,655,401</u>	<u>999,532,910</u>
CURRENT LIABILITIES			
Trade and other payables		420,705,479	376,134,502
Mark-up accrued on loans		96,388,630	88,754,937
Short-term borrowings		370,136,695	315,411,872
Current portion of long-term financing	5	174,229,785	198,463,981
Provision for taxation		6,920,280	16,527,711
		<u>1,068,380,869</u>	<u>995,293,003</u>
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		<u>3,929,914,931</u>	<u>3,745,685,003</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, 2018

	Note	Quarter Ended September 30,	
		2018	2017
		----- Rupees -----	
Sales - net		545,740,154	248,427,367
Cost of sales	7	347,640,071	283,760,552
Gross profit / (loss)		198,100,083	(35,333,185)
Other income		126,854	350,268
		198,226,937	(34,982,917)
Distribution expenses		7,505,283	5,596,156
Administrative expenses		23,516,312	19,784,842
Finance cost		20,265,491	18,426,761
		51,287,086	43,807,759
Operating profit / (loss)		146,939,851	(78,790,676)
Provision for taxation		6,920,280	3,176,150
Profit / (loss) for the period		140,019,571	(81,966,826)
Earning per share - basic and diluted		2.54	(1.49)

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, 2018Quarter Ended September 30,
2018 2017

----- Rupees -----

A. CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation	146,939,851	(78,790,676)
Adjustments for:		
Depreciation on property, plant and equipment	55,630,949	45,210,113
Profit on bank deposits	(126,854)	(98,167)
Provision for deferred-employee benefits	1,531,362	1,531,362
Finance cost	20,265,491	18,426,761
	<u>224,240,799</u>	<u>(13,720,607)</u>
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(1,504,350)	(1,288,171)
Stock-in-trade	(13,487,024)	30,388,131
Trade debts	4,530,322	35,398,681
Advances	(63,469,434)	(1,304,288)
Deposits and prepayments	(118,657,617)	19,052,699
Increase / (decrease) in current liabilities:		
Trade and other payables	44,570,976	12,912,834
	<u>(148,017,127)</u>	<u>95,159,886</u>
Cash generated from operations	<u>76,223,672</u>	<u>81,439,279</u>
Finance cost paid	(26,774,012)	(8,903,244)
Sales tax (paid) / refunded	(18,595,973)	11,979,037
Employee benefits paid	(177,264)	(100,158)
Income taxes paid	(13,914,490)	(6,490,915)
	<u>(59,461,739)</u>	<u>(3,515,280)</u>
Net cash generated from operating activities	<u>16,761,933</u>	<u>77,923,999</u>

B. CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(12,361,999)	-
Profit received on bank deposits	126,854	98,167
Increase in long-term deposits	-	(500,000)
Net cash used in investing activities	<u>(12,235,145)</u>	<u>(401,833)</u>

C. CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term financing	(40,323,589)	(9,333,333)
Net increase / (decrease) in short-term borrowings	54,724,823	(70,335,911)
Net cash generated from / (used in) financing activities	<u>14,401,234</u>	<u>(79,669,244)</u>

Net increase / (decrease) in cash and cash equivalents 18,928,022 (2,147,078)

Cash and cash equivalents at beginning of period

1,634,358 4,761,969

Cash and cash equivalents at end of period20,562,380 2,614,891

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, 2018

Share capital	Accumulated loss	Surplus on revaluation of property, plant and equipment	Total
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----- Rupees -----

Balance as at July 01, 2017	551,000,000	(213,606,545)	819,250,671	1,156,644,126
Total comprehensive income for the period ended September 30, 2017				
Loss for the period	-	(81,966,826)	-	(81,966,826)
Other comprehensive income	-	-	-	-
	-	(81,966,826)	-	(81,966,826)
Incremental depreciation for the period transferred to accumulated losses - net of deferred tax	-	13,871,270	(13,871,270)	-
Balance as at September 30, 2017	<u>551,000,000</u>	<u>(281,702,101)</u>	<u>805,379,401</u>	<u>1,074,677,300</u>
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	<u>551,000,000</u>	<u>(61,540,918)</u>	<u>1,401,419,579</u>	<u>1,890,878,661</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

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

For the 1st Quarter Ended September 30, 2018

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, 2018 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, 2018. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2018 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 quarter ended on September 30, 2017.
- 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. 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, 2018.

		September 30, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- Rupees -----	
4. PROPERTY PLANT AND EQUIPMENT			
Operating fixed assets	4.1	2,686,840,512	2,722,609,461
Advance against capital work in progress		-	7,500,000
		<u>2,686,840,512</u>	<u>2,730,109,461</u>
4.1 Operating assets			
Opening carrying value		2,722,609,461	1,989,257,614
		-	913,561,773
Additions during the period / year			
Electric installations		-	114,035
Vehicles		19,862,000	-
		<u>19,862,000</u>	<u>114,035</u>
		<u>2,742,471,461</u>	<u>2,902,933,422</u>
Depreciation charged during the period / year		(55,630,949)	(180,323,961)
		<u>2,686,840,512</u>	<u>2,722,609,461</u>
5. LONG TERM FINANCING			
Secured - from financial institutions			
Sukuk arrangement - syndicated		464,466,595	504,790,184
Term finance		18,666,671	18,666,671
		<u>483,133,266</u>	<u>523,456,855</u>
Less: current maturity of long term loan		174,229,785	198,463,981
		<u>308,903,481</u>	<u>324,992,874</u>
6. CONTINGENCIES AND COMMITMENTS			
6.1 Contingencies			
Gaurantees issued by banks on behalf of the Company		94,640,000	54,640,000
6.2 Commitments			
Irrevocable letters of credit		22,810,300	18,450,319

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

7. COST OF SALES

Opening stock of finished goods	2,679,001	21,801,453
Cost of goods manufactured	354,422,937	265,244,246
	357,101,938	287,045,699
Less: closing stock of finished goods	9,461,867	3,285,147
Cost of goods sold	<u>347,640,071</u>	<u>283,760,552</u>

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 follow:

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

Relationship with the company Nature of transaction

Associated companies	Organizational expenses charged	3,470,139	2,012,033
Key management personnel	Remuneration and other benefits	11,925,912	10,193,087
Employee benefit plan	Paid during the period	177,264	100,158

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue on October 23, 2018 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



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