



Nine Months Report March 31,

2019

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 JS 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	

DIRECTOR'S REVIEW

Dear shareholders,

On behalf of the Board, I am pleased to present the un-audited financial statements for the nine months ended March 31, 2019.

Financial Results

	Nine months ended March 31,	
	2019	2018
 Rupees	
Sales-net	1,497,289,968	806,693,758
Gross profit / (loss)	404,279,518	(39,495,896)
Profit / (loss) before tax	278,399,270	(171,396,710)
Profit / (loss) after tax	210,246,917	(153,265,191)
Earnings per share	3.82	(2.78)

During first nine months of current financial year, capacity utilization of plant has remained 83% against capacity utilization of 66% in comparative period of previous financial year. Company achieved net sales of Rs. 1,497 million against sale of Rs. 807 million in comparative period; showing an overwhelming increase of 86%. Increase in net sales is result of increased volume of quantity sold and rise in prices in international market. Company earned gross profit of Rs. 404 million and net profit after tax of Rs. 210 million in nine months of current financial year against gross loss of Rs. 39 million and net loss after tax of Rs. 153 million in comparative period. The net profit after tax is attributed to increase in international prices, higher capacity utilization of plant and improvement in all areas of operations. Earnings per share in current nine months remained Rs. 3.82 as against loss per share of Rs. 2.78 during comparative period.

During third quarter of current financial year, net sales remained Rs. 465 million against net sales of Rs. 324 million in comparative quarter. Company earned gross profit of Rs. 88 million against gross profit of Rs. 22 million. The Company earned net profit after tax of Rs. 26 million and earnings per share remained Rs. 0.47 as against net loss of Rs. 26 million and loss per share of Rs. 0.47 respectively.

Future Outlook

Owing to exporter friendly measures of government, we are expecting stronger demand of Hydrogen Peroxide due to rise in its consumption of textile sector. We are focused to benefit from this opportunity by strengthening our relationship with customers through product quality, competitive pricing and effective distribution network.

Owing to exporter friendly measures of government, we are expecting stronger demand of Hydrogen Peroxide in coming days due to rise in consumption of textile sectors. We are focused to benefit from this expected rise in demand by strengthening our relationship with customers through product quality, competitive pricing and effective distribution network.

The Board would like to take this opportunity to express its appreciation to all stakeholders.

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

On behalf of Board of Directors



IMRAN GHAFUOR
Chief Executive Officer

Faisalabad
April 27, 2019

ڈائریکٹرز جائزہ

محترم حصص داران
میں بورڈ کی جانب سے، آپ کی خدمت میں 31 مارچ 2019ء کو ختم ہونے والے نو ماہ کے غیر مختص شدہ اکاؤنٹس پیش کرنا چاہوں گا۔

2018	2019	مالی جائزہ
806,693,758	1,497,289,968	خالص فروخت
(39,495,896)	404,279,518	خام نفع / (خسارہ)
(171,396,710)	278,399,270	قبل از ٹیکس نفع / (خسارہ)
(153,265,191)	210,246,917	بعد از ٹیکس نفع / (خسارہ)
(2.78)	3.82	فی حصص منافع - بنیادی

حالیہ مالی سال کے پہلے نو ماہ کے دوران، پلانٹ کی پیداوار اپنی کل استعداد کا %83 فیصد رہی جو گزشتہ مالی سال کے اسی عرصہ میں صرف %66 رہی تھی۔ کمپنی نے اس عرصے میں 1,497 ملین روپے کی خالص فروخت کی جو گزشتہ مدت میں 807 ملین روپے رہی تھی۔ اس طرح کمپنی کی خالص فروخت میں %86 فیصد اضافہ ہوا۔ جس کی وجہ سے زیادہ مقدار میں فروخت اور عالمی منڈی میں H2O2 کی قیمتوں میں اضافہ تھا۔ حالیہ نو ماہ کے دوران کمپنی نے 404 ملین روپے کا خام نفع اور 210 ملین روپے کا بعد از ٹیکس خالص نفع حاصل ہوا جبکہ گزشتہ مالی سال کے اسی مدت کے دوران 39 ملین روپے کا خام خسارہ اور 153 ملین روپے کا بعد از ٹیکس خالص خسارہ ہوا تھا۔ خالص نفع کا سبب عالمی منڈی میں قیمت میں اضافہ، پلانٹ کی پیداوار میں اضافہ اور آپریشنل معاملات میں بہتری تھی۔ حالیہ نو ماہ کے دوران فی حصص منافع 3.82 روپے رہا جبکہ گزشتہ مدت میں فی حصص خسارہ 2.78 روپے ہوا۔

حالیہ مالی سال کی تیسری سہ ماہی کے دوران کمپنی کی خالص فروخت 465 ملین روپے رہی جو گزشتہ مدت کے دوران 324 ملین روپے تھی۔ حالیہ سہ ماہی میں 88 ملین روپے کا خام نفع ہوا جبکہ گزشتہ مدت میں خام نفع 22 ملین روپے تھا۔ کمپنی نے اس سہ ماہی کے دوران 26 ملین کا بعد از ٹیکس خالص نفع اور 0.47 روپے کا فی حصص نفع حاصل کیا جبکہ گزشتہ سال اسی مدت میں 26 ملین روپے کا خالص خسارہ اور 0.47 روپے کا فی حصص خسارہ ہوا۔

حکومت کے برآمد کنندگان کیلئے مثبت اقدامات کے سبب ہم پر امید ہیں کہ مستقبل میں ٹیکسٹائل سیکٹر میں H2O2 کی کھپت میں اضافہ ہوگا۔ اس موقع سے مستفید ہونے کیلئے ہم تیار ہیں اور اپنے صارفین سے پراڈکٹ کے معیار، مسابقتی قیمت اور تقسیم نظام کے ذریعے اپنے تعلقات مزید مستحکم بنانے ہیں۔

اس موقع پر بورڈ تمام سٹیک ہولڈرز کا شکریہ ادا کرنا چاہتا ہے۔ ہم اللہ تعالیٰ سے دعا گو ہیں کہ وہ ہمیں مستقبل کے چیلنجز سے بزد آزما ہونے کی توفیق عطا فرمائے۔

ہم اللہ تعالیٰ سے دعا گو ہیں کہ وہ ہمیں مستقبل کے تمام چیلنجز کا سامنا کرنے کی استطاعت عطا فرمائے۔



عمران منظور
چیف ایگزیکٹو آفیسر

27 اپریل 2019
فیصل آباد

Condensed Interim Statement of Financial Position (Un-audited) as at March 31, 2019

		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- Rupees -----	-----
NON - CURRENT ASSETS			
Property, plant and equipment	4	2,569,722,348	2,730,109,461
Long term deposits		39,905,000	4,205,000
		<u>2,609,627,348</u>	<u>2,734,314,461</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		94,980,103	85,883,377
Stock-in-trade		580,887,000	485,788,968
Trade debts		132,533,865	105,041,642
Advances		221,808,506	211,413,806
Deposits and short term prepayments		95,844,333	38,714,472
Sales tax refundable		133,242,284	82,893,919
Cash and bank balances		3,422,210	1,634,358
		<u>1,262,718,301</u>	<u>1,011,370,542</u>
		<u>3,872,345,649</u>	<u>3,745,685,003</u>
SHARE CAPITAL AND RESERVES			
Share capital		551,000,000	551,000,000
Un-appropriated profit / (accumulated loss)		57,953,360	(223,264,696)
Surplus on revaluation of property, plant and equipment		1,352,152,647	1,423,123,786
		<u>1,961,106,007</u>	<u>1,750,859,090</u>
NON - CURRENT LIABILITIES			
Long-term financing	5	270,755,190	324,992,874
Deferred liabilities		536,227,939	516,481,942
Deferred mark-up		130,625,433	158,058,094
		<u>937,608,562</u>	<u>999,532,910</u>
CURRENT LIABILITIES			
Trade and other payables		407,511,960	376,134,502
Accrued markup		99,642,532	88,754,937
Running finance under markup arrangement		256,795,267	315,411,872
Current portion of long term financing	5	159,956,232	198,463,981
Provision for income tax		49,725,089	16,527,711
		<u>973,631,080</u>	<u>995,293,003</u>
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		<u>3,872,345,649</u>	<u>3,745,685,003</u>

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Statement of Profit and Loss Account (Un-audited) for the Nine Months Period Ended March 31, 2019

	Note	Nine months ended		Quarter ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
-----Rupees-----					
Sales - net	7	1,497,289,968	806,693,758	464,665,027	323,678,805
Cost of sales	8	1,093,010,450	846,189,654	376,930,921	301,743,458
Gross profit / (loss)		404,279,518	(39,495,896)	87,734,106	21,935,347
Other operating income / (loss)		60,921,214	1,665,868	(412,876)	461,901
		465,200,732	(37,830,028)	87,321,230	22,397,248
Distribution expenses		25,066,818	19,237,341	8,902,998	6,766,887
Administrative expenses		74,146,667	60,870,529	25,415,957	19,285,798
Other operating expenses		19,337,503	619,724	-	619,724
Finance cost		68,250,474	52,839,088	20,984,720	17,229,717
		186,801,462	133,566,682	55,303,675	43,902,126
Profit / (loss) before taxation		278,399,270	(171,396,710)	32,017,555	(21,504,878)
Provision for income tax		68,152,353	(18,131,519)	5,847,489	4,134,045
Profit / (loss) for the period		210,246,917	(153,265,191)	26,170,066	(25,638,923)
Other comprehensive income		-	-	-	-
Total comprehensive Income/ (loss) for the period		210,246,917	(153,265,191)	26,170,066	(25,638,923)
Earning per share - basic and diluted		3.82	(2.78)	0.47	(0.47)

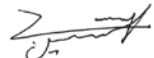
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CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Statement of Cash Flows (Un-audited) For The Nine Months Ended March 31, 2019

Note	Nine months ended	
	March 31, 2019	March 31, 2018
	----- Rupees -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	278,399,270	(171,396,710)
Adjustments for:		
Depreciation of property, plant and equipment	166,872,013	135,515,913
Gain on disposal of property, plant and equipment	(1,000,000)	-
Profit on bank deposits	(133,100)	(254,943)
Provision for deferred employee benefits	4,594,085	4,594,085
Finance cost	68,250,474	52,839,088
	<u>238,583,472</u>	<u>192,694,143</u>
	516,982,742	21,297,433
Working capital changes (Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(9,096,726)	(864,459)
Stock-in-trade	(95,098,032)	(48,045,547)
Trade debts	(27,492,223)	21,532,167
Advances	932,789	(13,881,542)
Deposits and prepayments	(57,129,861)	18,658,685
Other receivables	-	-
Increase / (decrease) in current liabilities:		
Trade and other payables	31,377,458	66,260,212
	<u>(156,506,595)</u>	<u>43,659,516</u>
Cash generated from operations	360,476,147	64,956,949
Finance cost paid	(84,795,540)	(54,267,882)
Sales tax (paid) / refunded	(50,348,366)	(19,429,298)
Employee benefits paid	(2,204,839)	(1,911,147)
Income tax paid	(28,925,713)	(14,602,936)
	<u>(166,274,458)</u>	<u>(90,211,263)</u>
Net cash generated from / (used in) operating activities	194,201,689	(25,254,314)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,064,899)	-
Proceeds from sale of property, plant and equipment	1,000,000	-
Proceeds from suppliers of capital work	8,580,000	-
Profit received on bank deposits	133,100	254,943
Increase in long term deposits	(35,700,000)	(500,000)
Net cash used in investing activities	<u>(41,051,799)</u>	<u>(245,057)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(92,745,433)	(47,495,629)
Net increase in short-term borrowings	(58,616,605)	78,540,181
Net cash (used in) / obtained from financing activities	<u>(151,362,038)</u>	<u>31,044,552</u>
Increase in cash and cash equivalents	1,787,852	5,545,181
Cash and cash equivalents at beginning of period	1,634,358	4,761,969
Cash and cash equivalents at end of period	<u>3,422,210</u>	<u>10,307,150</u>

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

**Condensed Interim Statement of Changes In Equity (Un-audited)
for the Nine Months Period Ended March 31, 2019**

	Share capital	Accumulated losses	Surplus on revaluation of property, plant and equipment	Total
----- Rupees -----				
Balance as at July 01, 2017	551,000,000	(213,606,545)	-	337,393,455
Total comprehensive income for the period ended March 31, 2018				
Loss for the period	-	(153,265,191)	-	(153,265,191)
Other comprehensive income	-	-	-	-
	-	(153,265,191)	-	(153,265,191)
Transfer to un-appropriated profit on account of incremental depreciation - net of tax	-	41,613,808	-	41,613,808
Balance as at March 31, 2018	551,000,000	(325,257,928)	-	225,742,072
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

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Selected Explanatory Notes to the Condensed Interim Financial Information - (Un-audited) For The Nine Months Ended March 31, 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 facilities are located at 26-KM Sheikhpura 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, 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 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 nine months ended on March 31, 2018.

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 2018.

(Un-Audited) March 31, 2019	(Audited) June 30, 2018
----- Rupees -----	

4 PROPERTY PLANT AND EQUIPMENT**Operating assets**

Written down value at beginning of the period / year	2,722,609,461	1,989,257,614
Additions during the period / year	5,404,900	114,035
	2,728,014,361	1,989,371,649
Deletions at WDV during the period / year	-	-
Less: depreciation charged during the period / year	(166,872,013)	(180,323,961)
	2,561,142,348	1,809,047,688
Effect of revaluation of property, plant and equipment	-	913,561,773
Capital work-in-progress	8,580,000	-
Written down value at the end of the period / year	2,569,722,348	2,722,609,461

5. LONG TERM FINANCING

Secured - from financial institutions		
Under Sukuk arrangements		
Sukuk arrangement - syndicated	430,711,422	504,790,184
Term finance loan	-	18,666,671
	430,711,422	523,456,855
Less: Current maturity of long term loan	159,956,232	198,463,981
	270,755,190	324,992,874

6. CONTINGENCIES AND COMMITMENTS**6.1 Contingencies**

6.1.1 Guarantees issued by banks on behalf of the Company

	99,270,835	54,640,000
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6.2 Commitments

Irrevocable letters of credit

	36,333,585	48,433,880
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Notes to the Financial Statements

2019

	Nine months ended		Three months ended	
	March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)	March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)
----- Rupees -----				
7. SALES - NET				
Sales	1,529,830,019	825,610,677	479,653,534	330,725,094
Less: Commission and discount	32,540,051	18,916,919	14,988,507	7,046,289
	<u>1,497,289,968</u>	<u>806,693,758</u>	<u>464,665,027</u>	<u>323,678,805</u>
8. COST OF SALES				
Raw material consumed	200,690,105	207,490,259	31,616,237	149,100,856
Fuel and power	525,345,079	335,042,601	184,563,554	135,740,494
Packing material consumed	158,537,948	113,333,110	55,790,702	42,608,311
Stores, spare parts and loose tools consumed	12,188,970	11,898,441	4,667,917	3,453,505
Salaries wages and benefits	74,702,212	60,406,688	29,308,709	19,294,770
Repairs and maintenance	34,745,036	27,235,760	13,767,679	9,371,152
Insurance	3,989,641	4,344,527	1,280,293	1,448,176
Depreciation	165,964,522	134,423,226	55,367,167	44,807,744
Traveling and conveyance	2,272,304	1,889,341	464,811	281,998
Vehicle running and maintenance	345,846	366,381	63,771	177,315
Others	1,170,483	850,503	383,768	159,366
	<u>1,179,952,146</u>	<u>897,280,837</u>	<u>377,274,608</u>	<u>406,443,687</u>
Work-in-process				
Balance at beginning of period	459,183,873	411,376,825	524,467,544	375,858,549
Balance at end of period	517,564,171	480,585,124	517,564,171	480,585,124
	<u>(58,380,298)</u>	<u>(69,208,299)</u>	<u>6,903,373</u>	<u>(104,726,575)</u>
Cost of goods manufactured	<u>1,121,571,848</u>	<u>828,072,538</u>	<u>384,177,981</u>	<u>301,717,112</u>
Finished goods				
Balance at beginning of period	2,679,001	21,801,453	23,993,339	3,710,683
Balance at end of period	31,240,399	3,684,337	31,240,399	3,684,337
	<u>(28,561,398)</u>	<u>18,117,116</u>	<u>(7,247,060)</u>	<u>26,346</u>
Cost of goods sold	<u>1,093,010,450</u>	<u>846,189,654</u>	<u>376,930,921</u>	<u>301,743,458</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 follows:

Relationship	Nature of transaction	Nine months ended	
		March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)
		----- Rupees -----	
Associated companies			
	Organizational expenses charged	6,856,333	6,856,333
Key management personnel			
	Remuneration and other benefits	38,843,985	36,994,271
Employee benefit plan			
	Provision for the period	4,594,085	4,594,085
	Payment during the period	2,204,839	1,911,147

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 27, 2019.

11. GENERAL


Figures have been rounded off to the nearest Rupee.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR



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