

Annual Report  
2019



Sitara Peroxide  
Limited

## Corporate Overview

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## **Vision Statement**

Strive to develop and employ innovative technological solutions to add value to business with progressive and proactive approach. The Leading Chemical Company. Commitment towards uncompromised Reliability, Quality, Services and Safety. Assure customer the most complete value package to become chosen partner in customer's view. High return generation for sustainable growth. View change as rule of life. Together with the employees, to ensure success.

## **Mission Statement**

Better bottom line results with well contained risks through continuing growth and diversification. Create opportunities for success through trusted and reliable partnership.



## Company Information

<b>Board of Directors</b>	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
<b>Chief Financial Officer</b>	Mr. Kamran Zahoor	
<b>Company Secretary</b>	Mr. Mazhar Ali Khan	
<b>Head of Internal Audit</b>	Mr. Zia-ul-Mustafa	
<b>Audit Committee</b>	Mr. Saim Bin Saeed Mrs. Sharmeen Imran Mr. Waleed Asif Mr. Zia-ul-Mustafa	Chairman Member Member Secretary
<b>Human Resource and Remuneration Committee</b>	Mr. Saim Bin Saeed Mr. Ejaz Hussain Mr. Waleed Asif	Chairman Member Member
<b>External Auditors</b>	M/s. Deloitte Yousuf Adil, Chartered Accountants	
<b>Legal Advisor</b>	Sahibzada Waqar Arif	
<b>Registered Office</b>	601-602 Business Centre, Mumtaz Hassan Road, Off. I.I. Chundrigar Road, Karachi-74000. Ph: 021 32401373, 32413944	
<b>Company Website</b>	www.sitaraperoxide.com	
<b>Bankers</b>	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	
<b>Share Registrar</b>	<b>THK Associates (Private) Limited</b> 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	
<b>Head Office &amp; Project Location</b>	26 - KM Sheikhpura Road, Faisalabad. Ph : (92 41) 2400900-2, 2400904-5	

# Notice of Annual General Meeting

Notice is hereby given that the 16th Annual General Meeting of Sitara Peroxide Limited will be held at The Institute of Chartered Accountants of Pakistan (ICAP) Auditorium Hall, Chartered Accountants Avenue, Clifton, Karachi, on Saturday, October 19, 2019 at 3:30 p.m. to transact the following business:

## ORDINARY BUSINESS:

1. To confirm the minutes of Annual General Meeting held on October 24, 2018.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2019 together with the Reports of Auditors and Directors thereon.
3. To appoint auditors and to fix their remuneration for the year ending June 30, 2020. The present auditors M/s. Deloitte Yousuf Adil, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
4. To elect Seven (07) Directors of the Company as fixed by the Board of Directors of the Company under Section 159 of the Companies Act, 2017 for the term of three (03) years.
  - Pursuant to section 159(1) and 2(a) of the Companies Act, 2017 the Directors through a resolution passed in the Board of Directors meeting held on April 27, 2019 have fixed the number of Directors as (07) seven.
  - Pursuant to section 159(2)(b) of the Companies Act, 2017, names of the retiring Directors are:
    1. Mr. Imran Ghafoor
    2. Mrs. Sharmeen Imran
    3. Mr. Muhammad Asif Pasha
    4. Mr. Saim Bin Saeed
    5. Mr. Waleed Asif
    6. Mr. Ejaz Hussain
    7. Mr. Yasir Ahmad Awan
5. To transact any other business of the Company with the permission of the Chair.

By order of the Board



Karachi:  
Dated: September 23, 2019

**MAZHAR ALI KHAN**  
Company Secretary

## NOTES:

1. The share transfer books of the Company shall remain closed from October 13, 2019 to October 19, 2019 (both days inclusive). Transfers received in order at the office of the Company's shares registrar at the close of business on October 11, 2019 will be treated in time for the purpose to attend and vote at the Annual General Meeting of the Company.



# Notice of Annual General Meeting

2. A member eligible to attend and vote at this meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her and shall produce his/her original Computerized National Identity Card (CNIC) or passport at the time of meeting. Proxies in order to be effective must be received at the registered office of the Company not later than forty-eight (48) hours before the time of holding the meeting.
3. If a member appoints more than one proxy or more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. The corporate shareholders shall nominate someone to represent them at the AGM. The nominations, in order to be effective must be received by the Company not later than forty-eight (48) hours before time of holding the meeting. Representatives of corporate members should bring the board resolution/power of attorney with specimen signature (unless it had been provided earlier) along with the proxy form to the Company.
5. All Shareholders of the Company who holds shares in scrip-less form on CDC are requested to submit/send valid copies of CNIC and NTN Certificate(s) directly to their CDC participant (brokers)/CDC Investor Account Services. Physical Shareholders who had not yet submitted the valid copies of CNIC and NTN Certificate(s) are requested to send the copies of the same to the Company's Shares Registrar.
6. All CDC Shareholders are requested to immediately notify change in address, if any directly to their CDC participant (brokers)/CDC Investor Account Services. Physical Shareholders are requested to immediately notify change in address, if any, to the Company's Share Registrar, at the following address:

M/s THK Associates (Pvt.) Limited  
1st Floor, 40-C, Block-6, P.E.CH.S., Karachi.  
Tel: 111-000-322 Fax: 021-34168271  
www.secretariat@thk.com.pk

## 7. Submission of CNIC - (Mandatory)

With reference to the notification of Securities and Exchange Commission of Pakistan (SECP), SRO 779(I)/2011, dated August 18, 2011, the Members/Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company are required to send the same at the earliest directly to the Company's Share Registrar, M/s THK Associates (Pvt) Limited.

## 8. Video Conference Facility

Pursuant to the provisions of the Section 132(2) of Companies Act, 2017 the shareholders residing in other cities and holding at least 10% of the total paid up capital may demand the Company to provide the facility of video link for participation in the meeting. The demand for video-link facility shall be received at Shares Registrar address given hereinabove at least (ten) 10 days prior to the date of AGM.

## 9. Requirement of Companies (Postal Ballot) Regulations 2018

Pursuant to Companies (Postal Ballot) Regulations, 2018 for the purpose of election of Directors, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode in accordance with requirements and procedure contained in the aforesaid regulations.

## 10. Placement of AGM Notice on the website

The notice of AGM has been placed on Company's website: [www.sitaraperoxide.com](http://www.sitaraperoxide.com).

# Notice of Annual General Meeting

## ELECTION OF DIRECTORS:

In terms of Section 159 (1) of the Companies Act, 2017 (the "Act"), the directors have fixed the number of directors at seven (7) to be elected in the AGM for the next term of three years.

Any person who seeks to contest the election to the office of directors shall, whether he is a retiring director or otherwise, file with the Company at its registered office the following documents and information, not later than 14 days before the date of AGM:

- a) His/her Folio No./CDC Investors Account No./CDC Participant No./Sub-Account No.;
- b) Notice of his/her intention to offer himself/herself for the election of directors in terms of Section 159(3) of the Companies Act, 2017;
- c) Consent to act as director on Form 28 under the Companies Act, 2017;
- d) A detailed profile along with his/her office address as required under SECP's SRO 634(1)/2014 dated July 10, 2014;
- e) An attested copy of valid Computerized National Identity Card (CNIC) / Passport and National Tax Number;
- f) Declaration by Independent Director under Clause 6(2) of the Regulations;
- g) Declaration that he/she is not ineligible to become a director in terms of Section 153 of the Act or any other applicable provisions of the Act, Rules, Regulations, Circular or directive issued by the SECP, in this regard.

Independent directors will be elected through the process of election of directors in terms of Section 159 of the Act and they shall meet the criteria laid down under Section 166 (2) of the Act.

The candidates for election are requested to read the relevant provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2017 and ensure compliance with the requirements in letter and spirit.

Statement made under Section 166(3) of The Companies Act, 2017 In Respect of Appointment of Independent Directors

Any person who is eligible under section 153 and meet the criteria under section 166(2) of the Companies Act, 2017, may submit nomination to be elected as independent directors. However, it is noteworthy to mention here that independent director shall be elected in the same manner as other directors are elected in terms of section 159 of the Companies Act, 2017. Final list of contesting directors will be published in Newspapers not later than seven days before the date of the said meeting in terms of section 159(4). Further, website of the company will also be updated with the required information for each Director.

No director has direct or indirect interest in the above said business except he/she may consent for election of directors accordingly.

# Notice of Annual General Meeting

## نوٹس:

- 1- 13 اکتوبر 2019ء تا 19 اکتوبر 2019ء (بشمول دونوں ایام)، کمپنی کی شیئر ٹرانسفر بکس بند رہے گی۔ اس ضمن میں، 11 اکتوبر 2019ء کو کاروبار کے اختتام پر کمپنی کے شیئر رجسٹرار کے دفتر میں موصول شدہ ٹرانسفرز، کمپنی کے سالانہ اجلاس عام میں شرکت اور ووٹ دینے کے مقصد کیلئے بروقت تصور کئے جائیں گے۔
- 2- اجلاس ہذا میں شرکت اور ووٹ دینے کیلئے اہل ایک ممبر پر کسی کے طور پر اپنی جگہ کسی دیگر شخص کو تقرر کرنے کا حقدار ہے اور وہ اجلاس کے وقت اپنا اصل کمپیوٹر انزومی شناختی کارڈ یا پاسپورٹ پیش کریگا۔ پراسیز کے موثر کرنے کی غرض سے اجلاس کے انعقاد کے وقت سے آڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں لازماً موصول ہو جائیں۔
- 3- کمپنی میں ایک ممبر کی جانب سے ایک سے زائد پراکسی یا پراکسی کے ایک سے زائد انسٹرومنٹس تقرر کئے جانے کی صورت میں، پراکسی کے تمام ایسے انسٹرومنٹس غیر موثر تصور کئے جائیں گے۔
- 4- کارپوریٹ شیئر ہولڈرز، سالانہ اجلاس عام میں ان کی نمائندگی کرنے کیلئے کسی کو نامزد کریں گے۔ نامزدگیاں موثر بنانے کیلئے اجلاس کے انعقاد کے وقت سے آڑتالیس (48) گھنٹے قبل کمپنی کی جانب سے لازماً موصول ہو جانے چاہئیں۔ کارپوریٹ ممبرز کے نمائندگان، کمپنی کے پراکسی فارم کیساتھ (اگر یہ پہلے فراہم نہ کئے گئے ہوں) دستخط کے نمونے کیساتھ بورڈ کی قرارداد/پاور آف اٹارنی اپنے ہمراہ لائیں۔
- 5- کمپنی کے ایسے تمام شیئر ہولڈرز جو CDC پراسکرپ لیس فارم شیئر رکھتے ہوں، سے CNIC اور NTN سرٹیفکیٹس کی قابل میعاد نقول براہ راست اپنے CDC شرکت کنندہ (بروکرز) CDC/انویسٹراکازڈ سروسز کو جمع کرانے کی درخواست کی جاتی ہے۔ ایسے فزیکل شیئر ہولڈرز جنہوں نے اب تک CNIC اور NTN سرٹیفکیٹس کی قابل میعاد نقول جمع نہیں کرائی ہیں، سے درخواست کی جاتی ہے کہ وہ ان کی نقول کمپنی کے شیئر رجسٹرار کو بھیجیں۔
- 6- تمام CDC شیئر ہولڈرز سے درخواست کی جاتی ہے کہ اپنے پتوں میں تبدیلی، اگر کوئی ہے، سے متعلق فوری طور پر اپنے CDC شرکت کنندہ (بروکرز) CDC/انویسٹراکازڈ سروسز کو براہ راست مطلع کریں۔ فزیکل شیئر ہولڈرز سے درخواست کی جاتی ہے کہ اپنے پتوں میں تبدیلی، اگر کوئی ہو، سے متعلق مندرجہ ذیل پتہ پر کمپنی کے شیئر رجسٹرار کو مطلع کریں:  
میسرز THK ایسوسی ایٹس (پرائیوٹ) لمیٹڈ  
پہلی منزل، C-40 بلاک-6، PECHS، کراچی  
فون: 021-34168271 فیکس: 111-000-332  
www.secretariat@thk.com.pk
- 7- CNIC کا جمع کرانا (لازمی)  
بحوالہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)، 2011/1(1) SRO779، مورخہ 18 اگست 2011ء، ایسے ممبرز/شیئر ہولڈرز جنہوں نے اب تک کمپنی کو اپنے قابل میعاد کمپیوٹر انزومی شناختی کارڈ (CNIC) کی نقل جمع نہیں کرائی ہے، کو یہ جلد از جلد کمپنی کے شیئر رجسٹرار، میسز THK ایسوسی ایٹس (پرائیوٹ) لمیٹڈ کو براہ راست ارسال کرنا درکار ہیں۔
- 8- ویڈیو کانفرنس سہولت کیلئے رضامندی:  
کمپنیز ایکٹ 2017ء کے سیکشن 132(2) کی شقوں کی پیروی کرتے ہوئے، دیگر شہروں میں رہنے والے شیئر ہولڈرز اور کل پیڈ اپ کیپٹل کے کم از کم 10% کے حاملین، اجلاس میں شرکت کیلئے ویڈیو لنک کی سہولت فراہم کرنے کیلئے کمپنی سے مطالبہ کر سکتے ہیں۔ ویڈیو لنک کی سہولت کیلئے ذیما، سالانہ اجلاس عام کی تاریخ سے کم از کم دس (10) یوم قبل بالا دیئے گئے شیئر رجسٹرار کے پتہ پر موصول ہو۔

I/We being a member of Sitara Peroxide Limited holder of \_\_\_\_\_ Ordinary Shares as per Registered Folio/CDC A/C No. \_\_\_\_\_, hereby opt for video conference facility at \_\_\_\_\_  
(Please insert Name of the City)  
Signature of Member \_\_\_\_\_

- 9- شرائط بائہ کمپنیز (پوسٹل بیلت) ریگولیشنز 2018ء کی پیروی کرتے ہوئے، ڈائریکٹرز کے انتخاب کے مقصد کیلئے، ممبرز کو بذریعہ پوسٹل بیلت ووٹ کے اپنے حق رائے دہی کے استعمال کرنے، یعنی کہ متدکرہ ریگولیشنز میں درج کردہ شرائط اور طریقہ کار کی مطابقت میں بذریعہ ڈاک یا کسی الیکٹرونک طریقے کے ذریعے ووٹنگ کی اجازت ہوگی۔
- 10- سالانہ اجلاس عام کے نوٹس کا ویب سائٹ پر رکھنا  
سالانہ اجلاس عام کا نوٹس کمپنی کی ویب سائٹ www.sitaraperoxide.com پر رکھ دیا گیا ہے۔



## Notice of Annual General Meeting

### سالانہ اجلاس عام کانوٹس

بذریعہ ہذا نوٹس دیا جاتا ہے کہ درج ذیل کاروباری امور کی انجام دہی کیلئے ستارہ پراکسائیڈ لمیٹڈ کا 16 واں سالانہ اجلاس عام بروز ہفتہ، 19 اکتوبر 2019 کو بوقت سہ پہر 03:30 بجے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) آڈیٹوریم ہال، چارٹرڈ اکاؤنٹنٹس ایونیو، کلفٹن کراچی میں منعقد کیا جائیگا۔  
عمومی امور:

- 1- 24 اکتوبر 2018 کو منعقدہ سالانہ اجلاس عام کے منٹس کی توثیق کرنا۔
- 2- اس پراڈیٹرز اور ڈائریکٹرز کی رپورٹس کیساتھ 30 جون 2019 کو ختم ہونے والے سال کیلئے کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس کے وصول کرنا، غور کرنا اور اختیار کرنا۔
- 3- 30 جون 2020 کو ختم ہونے والے سال کیلئے آڈیٹرز کی تقرری اور ان کا مشاہرہ طے کرنا۔ موجود آڈیٹرز میسرز Deloitte یوسف عادل، چارٹرڈ اکاؤنٹنٹس نے ریٹائر اور اہل ہونے کے طور پر دوبارہ تقرری کیلئے خود کو پیش کیا ہے۔
- 4- تین سال کی مدت کیلئے کمپنیز ایکٹ، 2017 کی شق 159 کے تحت جیسا کہ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے مقرر کردہ ہے، کمپنی کے سات (07) ڈائریکٹرز کا انتخاب کرنا۔

کمپنیز ایکٹ، 2017 کی شق (1) 159 اور (a) 2 کی پیروی کرتے ہوئے، ڈائریکٹرز نے 27 اپریل 2019 کو منعقدہ بورڈ آف ڈائریکٹرز کے اجلاس میں منظور کردہ قرارداد کے ذریعے ڈائریکٹرز کی تعداد سات (7) مقرر کی گئی ہے۔  
کمپنیز ایکٹ 2017 کی شق (b) (2) 159 کی پیروی میں، ریٹائر ہونے والے ڈائریکٹرز کے نام ہیں:

- 1- جناب عمران غفور
- 2- محترمہ شرمین عمران
- 3- جناب محمد آصف پاشا
- 4- جناب صائم بن سعید
- 5- جناب ولید آصف
- 6- جناب اعجاز حسین
- 7- جناب یاسر احمد اعوان

5- صدر مجلس کی اجازت سے کمپنی کے کسی دیگر امور کی انجام دہی کرنا۔

حسب الحکم بورڈ  
مظہر علی خان  
کمپنی سیکریٹری

کراچی،

23 ستمبر 2019

It gives me great pleasure to present Annual Report of Sitara Peroxide Limited (the Company) for the financial year ended June 30, 2019.

Current financial year was another challenging year for the economy of country and local chemical industry. During the year, we faced number of challenges including rising fuel costs, steep rise in KIBOR, higher inflation, devaluation of Pak Rupee which continued to exert significant pressure on the overall economy in general and manufacturing industry in particular. Considering these challenges, your Company performed well. It proves sustainability and adaptability of management of the Company to face critical challenges.

Your Management has been able to end the accumulated losses during the current financial year by effectively improving every sphere of business of the Company to increase sales volume, control production costs, managing operational and financial costs and increasing its market share despite of highly challenging business environment. Demand and price of our product are very sensitive to international prices because our product was designed for import substitution.

We are driven by our vision to be the leading hydrogen peroxide manufacturing company of Pakistan. As we move forward, we have a clear priorities, direction and focus. I remain confident of the continued success in the coming years and see great opportunities ahead.

On behalf of the Board, I would like to acknowledge with thanks the contributions made by the management staff, employees, customers, suppliers, contractors, regulatory authorities and various government functionaries. I would also like to thank our bankers and shareholders for their continued support.

Faisalabad  
September 23, 2019

**Mrs. Sharmeen Imran**  
Chairperson

# Directors' Report

The Directors of Sitara Peroxide Limited are pleased to submit their annual report along with audited financial statements of the Company for the financial year ended June 30, 2019.

## Business Review

Current financial year was a challenging year for the economy of country and the local chemical industry. Severe balance of payment crises, devaluation of Pak Rupee, steep rise in KIBOR and rising cost of energy continued to exert significant pressure on the economy in general and manufacturing industry in particular. However, despite these ongoing challenges, the Company achieved growth and maintained its market share in local market. Current financial year saw improvement in manufacturing operations and selling volumes of the Company.

The Company achieved production capacity of 84% which is 14% higher than the capacity achieved during previous financial year. It demonstrates our efficiency of our production team. The continuous focus of the management to ensure safe and stable operations have shown material improvement and the managements' sharp focus in this area continues. Focused sales and market development strategies backed by stable production resulted in achieving healthy growth in sales volumes over previous year. The Company achieved increase of 18% in sales volume over the previous year.

## FINANCIAL OVERVIEW

	2019	2018
	----- Rupees -----	
Sales	2,036,215,629	1,322,216,897
Cost of sales	1,506,048,016	1,170,381,980
Gross profit	530,167,613	151,834,917
Profit/ (loss) before taxation	279,522,083	(32,802,081)
Profit/ (loss) after taxation	207,384,954	(65,402,801)
Earning per share – basic and diluted	3.76	(1.19)

The company registered annual sales of Rs. 2,036 million against Rs. 1,322 million in the corresponding financial year showing year on year increase of 54%. Prices of hydrogen peroxide remained comparatively higher but the company also recorded volumetric sales growth of 18% due to enhanced capacity utilization. Cost of sales of the company remained Rs. 1,506 million against Rs. 1,170 million during the last year showing an increase of 29%. Rise in cost of sales has been attributed to steep rise in tariff of RLNG and rise in costs of imported raw/ packing materials.

Owing to better prices and higher capacity utilization, gross profit of the company rose to Rs. 530 million in the current financial year as compared to Rs. 151 million in the corresponding year which depicts better operational performance.

Due to efficient monitoring and development of operating procedures, administration, distribution and other operating expenses are kept in check. However, rise in fuel prices resulted in higher freight costs.

Your company is continued to pay off its debt obligations along during this financial year. As a result debt equity ratio and current ratio of the company has improved considerably. However, finance costs increased by 25% as KIBOR almost doubled during the current financial year.

The company recorded post tax profit of Rs. 207 million during current year against loss of Rs. 65 million in the corresponding year showing a positive turnaround. Earning per share for the current year remained Rs. 3.76 per share against loss per share of Rs. 1.19 in last year.

The Company has entered into fourth supplemental agreement for restructuring and rescheduling of privately placed diminishing mushraka based SUKUK certificates. These certificates were issued by the Company during 2008 to a consortium of financial institutions amounting to Rs. 1,400 million. According to the amended terms, the

additional repayment of five million rupees per month shall be utilized to settle the principal and deferred rental payments in proportion of 90:10. Effective date of arrangement has been July 15, 2019.

## MARKETING OVERVIEW

Price of our product is very sensitive to international prices because our product was designed as import substitution. Considering convenient form of our product, pricing of our product is facing competition from international market.

Your company maintained the momentum of growth through strong marketing efforts and operational efficiencies despite of the highly challenging business environment. By the grace of Almighty Allah, we are successful in retaining our market share in the current year and now as the local economy in general and textile sector in particular is expected to recover, your management is confident to avail this opportunity fully.

## Board of Directors

During the year, four board meetings were held and attended as follows:

Director		Meetings held	Meetings attended
(i)	Mrs. Sharmeen Imran (Chairperson)	4	4
(ii)	Mr. Imran Ghafoor (CEO)	4	4
(iii)	Mr. Waleed Asif	4	4
(iv)	Mr. Saim Bin Saeed	4	4
(v)	Mr. Ejaz Hussain	4	4
(vi)	Mr. Yasir Ahmed Awan	4	4
(vii)	Mr. Muhammad Asif Pasha	4	4

The Board consists of seven (7) directors, effectively representing the interest of shareholders including minority stockholders. There are five non-executive directors, one independent director and only one executive director. The independent director has been representing the non-controlling/ minority interests, while two other non-executive directors are possessing relevant industry experience.

The status of directorship (independent, executive, nonexecutive) is indicated in the Statement of Compliance with the Code of Corporate Governance, issued by the Company.

To ensure effective, efficient and independent decision making, Board comprises of qualified professionals having knowledge, experience and expertise to run the affairs of the Company.

In order to effectively monitor the Company's performance and keep management accountable, the Board met at least once every quarter.

The Board held four meetings during the year, the notices / agendas of which were timely circulated in advance. Decisions made by the Board during the Board meetings were clearly stated in the minutes of the meetings maintained by the Company Secretary and were duly circulated to all the directors for endorsement and were duly approved in the subsequent Board meetings. All meetings of the Board held during the year fulfilled the minimum quorum requirements of attendance as prescribed by the applicable regulations and were also attended by the Chief Financial Officer and the Company Secretary.

The Audit Committee comprises of three non-executive directors with the Chairman being an independent non-executive director. One member is a Chartered Accountant lending significant financial and accounting expertise to the proceedings of the Committee. The Internal Audit Department, being a key component of the Company's internal control and risk governance framework, provides independent and objective evaluations on the effectiveness of governance, risk management and control processes reporting directly to the Audit Committee.

The Human Resource and Remuneration Committee comprise of three non-executive directors with the Chairman being an independent non-executive director and the CEO does not hold membership of the Committee.

# Directors' Report

The term of the Board of Directors elected in October 2016 is going to expire in October 2019 and fresh elections will be conducted to elect new Board in forthcoming annual general meeting of the shareholders. I would like to record my appreciation for the invaluable contributions rendered by all the retiring directors.

## Compliance with Corporate Governance

SPL's Board emphasizes on maintaining high governance standards across the Company. Being collectively responsible for the Company's vision and strategic direction and its values, the Board is accountable for business performance and long-term success of the Company.

Within a framework of internal controls, the Board provides leadership necessary for the Company to meet its performance objectives and achievement of core values. Generally accepted best practices have been implemented in addition to stipulated criteria and voluntary standards, with demonstration of highest levels of moral and ethical values, in addition to decision making based on honesty and responsibility in keeping with business sense, through a top-down approach, flowing downwards to all individuals either serving or closely associated with the Company.

Transparency in our operations and business decisions is prioritized with an equal importance to corporate accountability.

Corporate Governance exists at the very core of our policies for structuring, operating and controlling the Company with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and the suppliers. Adherence to the best ethical practices and compliance with applicable legal and regulatory requirements is ensured in a manner that is environment and people friendly and supports the local community needs.

Understanding that good corporate governance is an essential prerequisite for the integrity and credibility of any company, building confidence and trust by ensuring fairness and accountability; we surpass the minimum legal requirements for good corporate governance. Our Board has laid down solid foundations, which are reviewed and updated periodically, of oversight and management of the Company, through establishing a clear division of responsibilities between the Chairperson and the Board, recognizing respective roles of the Board and Management, and establishing an effective ethics and compliance framework.

As required under the Code of Corporate Governance, the Directors are pleased to state as follows:

- The financial statements of the Company, prepared by the management, present fairly its state of affairs, the results of its operations, cash flows and the changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and departures there from, if any, have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts on the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.

## Pattern of Shareholding

The pattern of shareholding of the company is annexed. No trading was made in shares of the Company by its Directors, CEO, CFO, Company Secretary, their spouses and minor Children, except as disclosed in pattern of shareholding.

## Employee Benefit Plan

The Company operates a non-funded defined benefit plan (gratuity scheme) for its permanent employees. The



latest actuarial valuation was carried out on June 30, 2019. The Company has fully paid all obligations against this scheme in 2018-19.

### Dividends

The Board of Directors of the Company has not announced any dividend during the current financial year.

### Auditors

The existing auditors M/S Deloitte Yousuf Adil, Chartered Accountants, shall retire on the conclusion of the 16th Annual General Meeting. Being eligible, they offered themselves for re-appointment as auditors of the Company for financial year ending June 30, 2020. The audit committee has recommended the appointment of aforesaid M/S Deloitte Yousuf Adil, Chartered Accountants as external auditors for the financial year ending June 30, 2020.

### Future Outlook

The demand for hydrogen peroxide in Pakistan is gradually rising, and we are striving to gain a stronger market presence by remaining committed to our goals. Going forward, our Company has been aggressively striving to enter in bulk supply agreements with local consumers. This would help us to reduce our packing cost and increase our share in local market.

Further, active research and development work has been continuously carried out to improve the capacity utilization, efficiency of production process and to reduce the input factors of our product.

Business environment of the country is expected to remain challenging in coming financial year. Continuous devaluation of Pak Rupee, increase in KIBOR, increase in tariff of RLNG and power and abolishment of zero-rating to export oriented sectors are factors expected to pose serious challenges to manufacturing sector in general and chemical sector in particular.

However, devaluation of Pak Rupee and commitment of federal government to timely pay refunds to exporters are expected to have positive impact on textile exports. As textile sector is major consumer of hydrogen peroxide; hence we are expecting positive impact on demand of hydrogen peroxide.

Our focus remains to reduce costs, maintain quality, and surpass output levels. As we look towards financial year 2019-20, we will continue to identify and implement sustainable ways of doing business to ensure profitability.

For and on behalf of the  
Board of Directors



**IMRAN GHAFOR**  
Chief Executive Officer

September 23, 2019  
Faisalabad

## حصص داران کا میزبان

حصص داران کا چارٹ الگ سے دیا گیا ہے۔ زیر نظر سال کے دوران کمپنی کے کسی ڈائریکٹر، سی ای او، سی ایف او، کمپنی سیکریٹری، ان کے شریک حیات یا نابالغ بچوں نے کمپنی کے حصص کی خرید و فروخت نہیں کی ماسوائے جسکا تذکرہ حصص کے چارٹ میں الگ سے کیا گیا ہے۔

## ایسپلائز بینیفٹ پلان

کمپنی اپنے مستقل ملازمین کے لئے ایک Non funded defined benifit plan (گر بنیفیٹ اسکیم) چلا رہی ہے۔ اس حوالے سے 30 جون 2019 کو Actural Valuation بھی کروائی گئی ہے۔ اس اسکیم کے حوالے سے 2018-19 کے تمام واجبات کمپنی نے ادا کر دیے ہیں۔

## ڈیویڈنڈ

کمپنی کے ڈائریکٹرز نے اس سال کسی ڈیویڈنڈ کا اعلان نہیں کیا۔

## آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز ڈیلاٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس کمپنی کے سولہویں سالانہ اجلاس عام کے بعد ریٹائرڈ ہو جائیں گے۔ چونکہ وہ دوبارہ تقرری کے اہل ہیں اس لئے انہوں نے خود کو 30 جون 2020 کو ختم ہونے والے مالی سال میں دوبارہ تعیناتی کے لئے پیش کیا ہے۔ کمپنی کی آڈٹ کمیٹی نے 30 جون 2020 کو ختم ہونے والے مالی سال کے لئے میسرز ڈیلاٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس کی بحیثیت آڈیٹرز تقرری سفارش کی ہے

## مستقبل کا جائزہ

پاکستان میں ہائیڈروجن پر آکسائیڈ کی طلب میں بتدریج اضافہ ہو رہا ہے۔ اور کمپنی اپنے اہداف کی تکمیل کیلئے منڈی میں اپنی حصہ داری بڑھانے کیلئے کوشاں ہے۔ ہماری کمپنی شدت سے اس امر کیلئے کوشاں ہے کہ مقامی منڈی میں خریداروں سے بڑی سپلائی کے معاہدے کئے جائیں۔ اس سے نہ صرف ہمیں پیکنگ لاگت کم کرنے میں مدد ملے گی بلکہ مقامی منڈی میں ہماری حصہ داری بھی بڑھے گی۔

علاوہ ازیں، پیداواری استعداد میں اضافے کیلئے ریسرچ اور تحقیق کا کام مسلسل جاری ہے۔ جس سے پیداواری لاگت کم کرنے میں بھی مدد ملے گی۔

آئندہ مالی سال کے دوران ملکی معاشی حالات چیلنجز سے بھرپور رہنے کی توقع ہے۔ پاکستانی روپے کی قدر میں گراوٹ، KIBOR میں اضافہ، RLNG کے ٹیرف میں اضافے، ہنگی بجلی اور برآمدی شعبوں میں زیور ٹینگ کے خاتمے کے باعث پیداواری شعبے بالخصوص کیمیکل کے پیداواری شعبے کو آزمائشوں کا سامنا رہے گا۔

تاہم پاک روپے کی قدر میں کمی اور حکومت کی جانب سے برآمد کنندگان کو بروقت ریفرنڈز کی ادائیگی کی یقین دہانی سے ٹیکسٹائل برآمد کنندگان پر مثبت اثرات متوقع ہیں۔ چونکہ ٹیکسٹائل سیکٹر ہائیڈروجن پر آکسائیڈ کا سب سے بڑا صارف ہے لہذا اہم ہائیڈروجن پر آکسائیڈ کی کھپت میں اضافہ کی توقع ہے۔

ہماری توجہ کا مرکز لاگت میں کمی، بلند معیار کو برقرار رکھنا اور پیداوار میں اضافہ پر ہے۔ آئندہ سال کیلئے ہم کاروبار کو منافع بخش رکھنے کیلئے پائیدار طریقہ کار اختیار کرنے کیلئے کوشاں رہیں گے۔



عمران غفور  
چیف ایگزیکٹو آفیسر

23 ستمبر 2019

فیصل آباد

بورڈ نے سال رواں میں چار میٹنگز کیں جن کے نوٹس اور ایجنڈا بروقت پہلے بھجوا دیے گئے تھے۔ بورڈ کے کئے گئے تمام فیصلے اجلاس کی تفصیلات میں واضح طور پر درج کئے جاتے ہیں۔ جنھیں کمپنی سیکریٹری سنبھالتے ہیں اور ہر اجلاس کی تفصیلات کو ڈائریکٹرز کو بھجوا دیا جاتا ہے اور ہر میٹنگ میں پچھلے اجلاس کی تفصیلات کی منظوری لی جاتی ہے۔ ڈائریکٹرز کے ہر اجلاس کے دوران کورم کا خیال رکھا جاتا ہے اور چیف فنانشل آفیسر اور کمپنی سیکریٹری ان اجلاسوں میں شرکت کرتے ہیں۔

آڈٹ کمیٹی تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے اور اسکے چیئرمین ایک انڈیپنڈنٹ ڈائریکٹر ہیں۔ کمیٹی کے ایک ممبر چارٹرڈ اکاؤنٹنٹ ہیں جو کمیٹی کو مالی اور اکاؤنٹنگ معاملات میں رہنمائی فراہم کرتے ہیں۔

اندرونی آڈٹ کا شعبہ کمپنی کے اندرونی انتظام اور خطرات کے سدباب کے نظام میں کلیدی حیثیت رکھتا ہے۔ اندرونی آڈٹ کا شعبہ گورننس، خطرات کے سدباب اور انتظامی کنٹرول کے حوالے سے آڈٹ کمیٹی کو براہ راست جوابدہ ہے۔

انسانی وسائل اور معاوضے کی کمیٹی تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے اور اسکے چیئرمین انڈیپنڈنٹ ڈائریکٹر ہیں جبکہ سی ای او اس کمیٹی کے ممبر نہیں ہیں۔

اکتوبر 2016 میں منتخب ہونے والے موجودہ بورڈ کی میعاد اکتوبر 2019 میں مکمل ہونے جارہی ہے۔ نئے بورڈ کے انتخاب کیلئے انتخابات کا انعقاد آئندہ سالانہ اجلاس عام میں ہوگا۔ میں ریٹائر ہونے والے تمام ڈائریکٹرز صاحبان کی گرام قدر خدمات کا شکریہ ادا کرنا چاہوں گا۔

## کارپوریٹ گورننس کی پاسداری

کمپنی کا بورڈ اعلیٰ گورننس کے معیارات کو برقرار رکھنے پر بھرپور توجہ دیتا ہے۔ بورڈ چونکہ اجتماعی طور پر کمپنی کے ویژن، سٹریٹجک سمت اور اس کی اقتدار کا ذمہ دار ہے اس لئے کمپنی کی مالیاتی کارکردگی اور طویل مدتی کامیابی کا جوابدہ بھی بورڈ ہے۔

اس امر پر یقین رکھتے ہوئے کہ کسی بھی کمپنی کی ساکھ اور معیار قائم کرنے کیلئے اور ایمانداری سے بھروسہ اور اعتماد قائم کرنے کیلئے اچھی کارپوریٹ گورننس پر عملدرآمد کلیدی اہمیت رکھتا ہے۔ کمپنی نے کارپوریٹ گورننس کی بنیادی ضروریات سے بڑھ کر اقدامات کئے ہیں۔ بورڈ نے کمپنی کی مینجمنٹ کے تعاون سے کارپوریٹ گورننس کی ٹھوس بنیاد رکھی ہے جس کا وقتاً فوقتاً جائزہ لیا جاتا ہے اور ضروری ترامیم بھی کی جاتی ہیں۔ بورڈ اور چیئرمین کی ذمہ داریوں، بورڈ اور مینجمنٹ کی ذمہ داریوں کو الگ الگ رکھا گیا ہے اور ایک موثر Ethics and Compliance framework قائم کیا گیا ہے۔

ڈائریکٹرز اس امر کی یقین دہانی کرتے ہیں کہ SECP کے Corporate and Financial Reporting Framework اور Code of Corporate Governance کے مندرجہ ذیل امور پر عمل درآمد کیا گیا ہے۔

- \* کمپنی مینجمنٹ کے پیش کردہ سالانہ حسابات کمپنی کے معاملات، اس کے تمام امور Cashflows اور changes in equity کو درست طور پر پیش کرتے ہیں۔
- \* کمپنی کے اکاؤنٹس کو درست طور پر محفوظ رکھا گیا ہے۔
- \* Financial Statements کی تیاری کے دوران درست اکاؤنٹنگ قواعد پر مستقل عملدرآمد کیا گیا ہے ماسوائے ان تبدیلیوں کے جو Accounting Standards پر پہلی بار عملدرآمد کی صورت میں کرنی پڑیں یا پہلے سے موجود Standards میں ترامیم یا نئی وضاحت کی صورت میں کرنا پڑیں۔
- \* Financial Statements کی تیاری کے دوران وہ تمام International Financial Reporting Standards جو پاکستان میں لاگو ہیں ان پر عملدرآمد کیا گیا ہے اور کسی بھی انحراف کی صورت میں اس کو نہ صرف مناسب طور پر بیان کیا گیا ہے بلکہ وضاحت بھی کی گئی ہے۔
- \* Internal Control کا نظام موثر ہے اور اسے درست پر نافذ کیا گیا اور اس کی نگرانی کی جاتی ہے۔
- \* اس میں قطعاً کوئی شک نہیں کہ کمپنی میں Going Concern کے طور پر چلنے کی پوری صلاحیت ہے۔
- \* Listing Regulations میں دی گئی Best Practices of Corporate Governance سے کوئی نمایاں انحراف نہیں کیا گیا۔



3.76 روپے رہا جبکہ گزشتہ مالی سال میں فی حصص 1.19 روپے کا خسارہ ہوا۔

رواں سال میں کمپنی نے اپنے جاری کردہ مشارکہ سکوک سرٹیفکیٹس کے حوالے سے چوتھا ضمیمہ معاہدہ کیا۔ کمپنی نے یہ سرٹیفکیٹ 2008 میں مالی اداروں کے ایک کنسورٹیم کو جاری کئے اور ان کی کل مالیت 1,400 ملین روپے تھی۔ ترمیم شدہ شرائط کے تحت ماہانہ پانچ ملین روپے کی اضافی ادائیگی کا 90% اصل رقم اور 10% ملتی کردہ ریٹنل ادائیگیوں میں صرف ہوگا۔ اس ضمیمہ معاہدہ کا اطلاق 15 جولائی 2019 سے ہوگا۔

## مارکیٹنگ جائزہ

ہماری پراڈکٹ عالمی قیمتوں کے حوالے سے انتہائی حساس ہے کیونکہ اسے درآمد کے نعم البدل کے طور پر تیار کیا جاتا ہے۔ اسی باعث ہماری پراڈکٹ کو سخت عالمی مسابقت کا سامنا کرنا پڑتا ہے۔

سال رواں میں مقابلے سے بھرپور کاروباری ماحول کے باوجود آپ کی کمپنی نے اپنی عمدہ مارکیٹنگ اور آپریشنل معاملات میں بہتری کے سبب آگے بڑھنے کا سفر جاری رکھا۔ بفضل اللہ تعالیٰ ہم منڈی میں اپنے حصہ داری برقرار رکھنے میں کامیاب رہے ہیں اور اب جبکہ مقامی صنعت بالعموم اور ٹیکسٹائل کے شعبے میں بالخصوص بہتری متوقع ہے اور آپ کی مینجمنٹ اس موقع سے فائدہ اٹھانے کے حوالے سے پراعتماد ہے۔

## بورڈ آف ڈائریکٹرز

حالیہ سال کے دوران بورڈ کے چار اجلاس ہوئے اور ان میں حاضری مندرجہ ذیل رہی۔

### اجلاس میں حاضری

### منعقدہ اجلاس

### ڈائریکٹر کا نام

4	4	محترمہ شرمین عمران (چیئر پرسن)	1
4	4	عمران غفور (سی ای او)	2
4	4	ولید آصف	3
4	4	صائم بن سعید	4
4	4	انجاز حسین	5
4	4	یاسر احمد اعوان	6
4	4	محمد آصف پاشا	7

بورڈ سات ڈائریکٹرز پر مشتمل ہے جو تمام حصص داران بشمول چھوٹے حصص داران کے مفادات کی نمائندگی کرتا ہے۔ بورڈ میں پانچ نان ایگزیکٹو، ایک انڈیپنڈنٹ اور ایک ایگزیکٹو ڈائریکٹر پر مشتمل ہے۔ انڈیپنڈنٹ ڈائریکٹر چھوٹے حصص داران کی نمائندگی کرتے ہیں جبکہ دو ایگزیکٹو ڈائریکٹر متعلقہ صنعتی تجربہ رکھتے ہیں۔

ڈائریکٹر شپ کا میزبان (انڈیپنڈنٹ، ایگزیکٹو اور نان ایگزیکٹو) کو Governance Statement of Compliance with the code of Corporate میں دیا گیا ہے۔

موثر، درست اور آزادانہ فیصلہ سازی کیلئے بورڈ تعلیم یافتہ پیشہ ور افراد پر مشتمل ہے جو کمپنی معاملات چلانے کیلئے درکار صلاحیت، علم اور تجربے سے مالا مال ہیں۔ کمپنی کی کارکردگی کا جائزہ لینے کیلئے اور انتظامی کارکردگی پر نظر رکھنے کیلئے ہر سامانی میں ایک میٹنگ کرتے ہیں۔

ستارہ پراکسائیڈ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے سالانہ رپورٹ اور 30 جون 2019 کو ختم ہونے والے مالی سال کے سالانہ اکاؤنٹس آپ کے پیش خدمت ہیں۔

## کاروباری جائزہ

رواں مالی سال ملکی معیشت اور کیمیکل کی صنعت کے لئے مقابلے سے بھرپور تھا۔ ادائیگیوں کے توازن کے بحران، پاکستانی روپے کی گراوٹ، KIBOR میں تیزی سے اضافے اور توانائی کی بڑھتی ہوئی قیمتوں کے باعث ملکی معیشت بالعموم اور پیداواری صنعت بالخصوص دباؤ کا شکار رہی۔ لیکن ان تمام چیلنجز کے باوجود کمپنی نے نمو حاصل کی اور منڈی میں اپنی حصہ داری میں اضافہ کیا۔ حالیہ مالی سال کے دوران کمپنی کی پیداوار اور فروخت کے حجم میں اضافہ دیکھنے میں آیا۔

سال رواں میں کمپنی نے اپنی پیداواری استعداد کا 84% فیصد ہدف حاصل کیا جو گزشتہ سال کے مقابلے میں 14% فیصد زائد رہا۔ اس سے پیداواری ٹیم کی کارکردگی کا اظہار ہوتا ہے۔ کمپنی انتظامیہ کی جانب سے مسلسل توجہ کے باعث کمپنی معاملات محفوظ اور تسلسل کے ساتھ بہتری کی جانب گامزن رہے۔ فروخت اور ترسیل کیلئے عمدہ حکمت عملی اور تسلسل سے پیداوار نے کمپنی کو گزشتہ سال کے مقابلے میں فروخت کے حجم کو بڑھانے کے قابل بنایا۔ گزشتہ سال کے مقابلے میں فروخت کے حجم میں 18% اضافہ ہوا۔

## مالی جائزہ

2019	2018	
روپے	روپے	
1,322,216,897	2,036,215,629	خالص فروخت
1,170,381,980	1,506,048,016	فروخت کی لاگت
151,834,917	530,167,613	خام نفع
(32,802,081)	279,522,083	بعد از ٹیکس خام خسارہ
(65,402,801)	207,384,954	بعد از ٹیکس خالص خسارہ
(1.19)	3.76	فی حصص خسارہ - بنیادی

کمپنی نے 2,036 ملین روپے کی سالانہ فروخت حاصل کی جو گزشتہ مالی سال کے دوران 1,322 ملین روپے تھی۔ اس طرح فروخت میں 54% فیصد اضافہ دیکھنے میں آیا۔ ہائیڈروجن پراکسائیڈ کے نرخ مقابلتا بلند سطح پر رہے لیکن بہتر پیداوار کے باعث فروخت کے حجم میں بھی 18% اضافہ دیکھنے میں آیا۔ سال رواں میں کمپنی کی پیداواری لاگت 1,506 ملین روپے رہی جو گزشتہ مالی سال کی پیداواری لاگت 1,170 ملین روپے سے 29% زائد تھی۔ پیداواری لاگت میں اضافہ کی وجہ RLNG کے نرخ میں بے تہاشا اضافہ اور درآمد کردہ خام اور پکیٹنگ کے سامان کی لاگت بڑھنا ہے۔

بہتر نرخ اور بلند پیداواری استعداد کے باعث سال رواں کے دوران خام نفع 530 ملین روپے رہا جو گزشتہ مالی سال کے دوران 151 ملین روپے تھا۔ خام نفع میں اضافہ عمدہ انتظامی کارکردگی کا عکاس ہے۔

موثر نگرانی اور بہترین انتظامی طریقہ کار کی تشکیل کے باعث کمپنی کے انتظامی، ترسیل اور دوسرے اخراجات کو کنٹرول کیا گیا۔ تاہم امید ضمن کے نرخ میں اضافے کے باعث ترسیل کے کرایوں میں اضافہ ہوا۔

رواں مالی سال کے دوران کمپنی نے قرض کی ادائیگیوں کا سلسلہ جاری رکھا۔ جس کے نتیجے میں کمپنی کا کرنٹ تناسب اور قرض سرمائے کا تناسب خاصا بہتر ہوا۔ تاہم KIBOR میں ہونے والے اضافے کے باعث کمپنی کے فنانس اخراجات میں 25% اضافہ ہوا۔

کمپنی نے رواں مالی سال کے دوران 207 ملین روپے کا نفع کمایا جبکہ گزشتہ مالی سال کے دوران 65 ملین روپے کے خسارے کا سامنا رہا تھا۔ رواں مالی سال میں فی حصص نفع



# Six Years Financial Summary

## Six Years Financial Summary

2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
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Rupees in "000"

### PROFIT AND LOSS ACCOUNT

Sales - net	2,036,216	1,322,217	1,059,689	1,310,036	1,325,024	1,426,464
Gross profit	530,168	151,835	45,572	190,436	112,503	287,237
Operating (loss) / profit	328,352	10,342	(56,969)	79,656	8,754	189,727
(Loss) / profit before tax	279,522	(32,802)	(128,090)	27,001	(70,087)	33,231
(Loss) / profit after tax	207,385	(65,403)	(87,191)	16,704	(51,180)	5,013

### BALANCE SHEET

Property, plant and equipment	2,580,126	2,730,109	1,989,258	2,146,157	2,327,432	2,490,671
Long term advances	4,205	4,205	3,705	3,705	3,905	3,905
Current assets	1,225	1,011	977,126	1,006,935	993,091	855,528
Current liabilities	960,928	995,293	1,168,518	982,180	953,516	718,817
Non-current liabilities	895,801	999,533	644,926	930,037	1,144,162	1,353,100
Share capital	551,000	551,000	551,000	551,000	551,000	551,000
Shareholders equity	1,952,788	1,750,859	1,156,644	1,244,579	1,226,750	1,278,188

### Financial Ratios

Gross Profit Ratio	(%)	26.04	11.48	4.30	14.54	8.49	20.14
Net Profit to Sales	(%)	10.18	(4.95)	(8.23)	1.28	(3.86)	0.35
Return on Equity	(%)	33.11	(19.96)	(25.84)	4.52	(17.21)	1.70
Return on Capital Employed	(%)	7.28	(2.38)	(4.84)	0.77	(2.16)	0.19
Current Ratio	times	1.28	1.02	0.84	1.03	1.04	1.19
Quick/Acid test ratio	times	0.73	0.53	0.44	0.59	0.51	0.47
Earnings per share - Basic	Rupees	3.76	(1.19)	(1.58)	0.30	(0.93)	0.09
Price Earning Ratio	times	6.49	(14.28)	(10.71)	55.89	(14.36)	146.63
Market Value per share (at year end)	Rupees	18.01	17.36	31.10	18.15	13.15	13.59
Market value per share (lowest)	Rupees	15.60	13.24	17.77	11.11	10.24	12.00
Market value per share (highest)	Rupees	41.68	31.23	38.23	22.78	16.05	20.13
Breakup value of share with revaluation surplus	Rupees	35.44	31.78	20.99	22.59	22.26	23.20

## Pattern of Shareholding

AS AT JUNE 30, 2019

NUMBER OF SHAREHOLDERS	SHAREHOLDINGS		TOTAL NUMBER OF SHARES
	FROM	TO	
618	1	100	8,784
4,778	101	500	2,372,349
758	501	1,000	750,008
997	1,001	5,000	2,756,835
238	5,001	10,000	1,939,834
74	10,001	15,000	971,756
63	15,001	20,000	1,177,401
32	20,001	25,000	731,000
21	25,001	30,000	592,250
9	30,001	35,000	302,000
1	35,001	40,000	39,500
7	40,001	45,000	304,500
15	45,001	50,000	740,000
2	50,001	55,000	106,500
5	55,001	60,000	295,900
3	60,001	65,000	191,000
3	65,001	70,000	207,000
4	70,001	75,000	298,500
1	75,001	80,000	77,000
3	85,001	90,000	266,000
3	90,001	95,000	277,500
6	95,001	100,000	597,500
1	100,001	105,000	102,000
1	110,001	115,000	115,000
1	120,000	125,000	125,000
1	125,001	130,000	130,000
1	135,001	140,000	140,000
1	145,001	150,000	150,000
1	155,001	160,000	160,000
1	160,001	165,000	161,500
1	170,001	175,000	175,000
1	205,001	210,000	210,000
2	215,001	220,000	438,500
2	220,001	225,000	445,717
1	225,001	230,000	227,000
2	240,001	245,000	484,500
1	245,001	250,000	245,500
1	250,001	255,000	251,000
1	255,001	260,000	259,500
1	280,001	285,000	285,000
1	295,001	300,000	297,000
1	300,001	305,000	300,500
1	320,001	325,000	324,500
2	335,001	340,000	680,000
1	415,001	420,000	416,666
1	470,001	475,000	473,000
1	480,001	485,000	484,000
1	505,001	510,000	510,000
1	705,001	710,000	709,500
1	1,015,001	1,020,000	1,017,000
1	1,195,001	1,200,000	1,200,000
1	1,525,001	1,530,000	1,530,000
1	1,995,001	2,000,000	2,000,000
1	2,620,001	2,625,000	2,624,435
2	2,995,001	3,000,000	6,000,000
1	17,425,001	17,430,000	17,425,065
<b>7,680</b>			<b>55,100,000</b>

# Pattern of Shareholding

AS AT JUNE 30, 2019

	Number	Share Held	Percentage
<b>Directors, CEO &amp; their Spouse and Minor Children</b>			
Mr. Imran Ghafoor	1	17,425,065	31.62
Mrs. Sharmeen Imran	2	2,634,435	4.78
Mr. Yasir Ahmed Awan	1	473,000	0.86
Mr. Muhammad Asif Pasha	1	1,000	0.00
Mr. Waleed Asif	1	1,000	0.00
Mr. Saim Bin Saeed	1	500	0.00
Mr. Ejaz Hussain	1	600	0.00
<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions</b>	2	2,500	0.00
Mudarabas	4	129,500	0.24
Foreign Companies	2	317,500	0.58
General Public (Local)	7,511	23,789,039	43.17
General Public (Foreign)	95	1,105,980	2.01
Joint Stock Companies	46	5,865,270	10.64
Associated Companies, Undertaking and Related Parties	-	-	-
Others	12	3,354,611	6.09
	7,680	55,100,000	100.00

Detail of purchase / sale of Company's shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Financial Officer and their spouses / minor children during 2018-2019.

NIL

Following persons have shareholding of 5% and above in the Company.

a.	Mr. Imran Ghafoor (Chief Executive Officer)	17,425,065
b.	Sitara Chemical Industries Limited	3,480,000
c.	Syed Ali Jafar Abidi	3,000,000

The Board has determined threshold in respect of trading of Company's shares by executives and employees who are drawing annual basic salary of Rs. 2.4 million or more.

None of the employee of the Company has made any trade of shares of the Company who falls beyond the threshold of Rs. 2.4 million annual basic salary.

# Salient Features of Code of Conduct

It is a fundamental policy of Sitara Peroxide Limited to conduct its business with honesty, integrity and in accordance with the highest professional, ethical and legal standards. The Company has adopted comprehensive Code of Conduct for members of the Board of Directors and Employees. The Code defines acceptable and unacceptable behaviors, provides guidance to directors / employees in specific situations that may arise and foster a culture of honesty, accountability and high standards of personal and professional integrity.

- Directors should take steps to ensure that the Company promotes ethical behavior; encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; encourages employees to report violations of laws, rules, regulations, Company policies and procedures or the Company's Code of Conduct to appropriate personnel; and informs employees that the Company will not allow retaliation for reports made in good faith.
- Directors and employees must maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company.
- Directors and employees must avoid any conflict of interest between them and the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly.
- Directors and employees must act honestly and fairly and exhibit high ethical standards in dealing with all stakeholders of the Company.
- Directors and employees shall comply with laws, rules and regulations applicable to the Company including but not limited to the Companies Ordinance, 1984, Listing Regulations of the Stock Exchanges and insider trading laws.
- Certain restrictions / reporting / requirements apply to trading by the Directors and employees in Company shares. They shall make sure that they remain compliant with these statutory requirements.
- All funds, assets, receipts and disbursements must be properly recorded in the books of the Company.
- The Company's activities and operations will be carried out in strict compliance with all applicable laws and the highest ethical standards. The directors and employees will ensure that the Company deals in all fairness with its customers, suppliers and competitors.
- Company's relations and dealings with suppliers, consultants, agents, intermediaries and other third parties should at all times be such that Company's integrity and its reputation should not be damaged if details of the relationship or dealings were to become public knowledge.
- Agreements with agents, sales representatives or consultants should state clearly the services to be performed for the Company, the amount to be paid and all other relevant terms and conditions.
- Company will support and respect the protection of international human rights within its sphere of influence, in particular the effective elimination of all sorts of compulsory labour and child labour, and it will make this a criterion in the choice and management of its suppliers and sub contractors.
- Every employee at work must take reasonable care for the health and safety of himself and others including visitors who may be affected by his acts or omissions at work; and cooperate in Company's efforts to protect the environment.
- Rumour mongering, persuasive allegations, accusations and exaggerations with the main purpose of negatively influencing and manipulating the minds and emotions of the fellow employees are strictly prohibited.
- In order to enhance good governance and transparency, Company has introduced a Whistle Blowing Policy. The Policy provides an avenue to employees, vendors and customers to raise concerns and report illegal and unethical issues like fraud, corruption or any other unlawful conduct or dangers to the public or the environment.
- Every employee must adhere to Company's rules of service and make sure that he is familiar with all of them.
- Any violation of this Code shall be promptly reported to the Human Resources Department by any employee having knowledge thereof or having reasonable belief that such a violation has occurred.

# Independent Auditor's Review Report

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SITARA PEROXIDE LIMITED REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Sitara Peroxide Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulation is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

*Deloitte Yousaf Adil*

**Chartered Accountants**

**Engagement Partner**

**Rana M. Usman Khan**

Lahore

Dated: September 23, 2019



## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

### SITARA PEROXIDE LIMITED FOR THE YEAR ENDED JUNE 30, 2019

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) contained in the following manner:

1. The total number of directors are seven as per the following:

Gender	Number
Male	6
Female	1

Category	Director Name
Independent Director	Mr. Saim Bin Saeed
Executive Director	Mr. Imran Ghafoor
Non-Executive Directors	Mrs. Sharmeen Imran Mr. Muhammad Asif Pasha Mr. Ejaz Hussain Mr. Waleed Asif Mr. Yasir Ahmed Awan

Further, as per the proviso to clause 6 of the Regulations, grace period has been prescribed in respect of transition phase for composition of the Board with respect to minimum number of independent directors as specified in the Regulations. Presently, it is lesser than the required number of Independent Directors. However, it will be complied with upon expiry of its current board of directors term which will end in October 2019.

3. The Directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations").
7. The meetings of the board were presided over by the Chairperson and, in her absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. In terms of clause 20 of the Regulations, the Companies are required to ensure that all the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2021. Presently, five (5) directors have already completed this program. The remaining two (2) directors shall obtain certification under the DTP in due course of time. The Board has arranged Directors' Training Program of Mr. Imran Ghafoor (Chief

# Statement of Compliance

Executive Officer) and Mr. Yasir Ahmad Awan (Director) of the Company during the year 2018-19.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

## a) Audit Committee

Name	Role
Mr. Saim Bin Saeed	Chairman
Mrs. Sharmeen Imran	Member
Mr. Waleed Asif	Member

## b) HR and Remuneration Committee

Name	Role
Mr. Saim Bin Saeed	Chairman
Mr. Ejaz Hussain	Member
Mr. Waleed Asif	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/ half yearly/ yearly) of the committee were as per following:

Committee	Frequency of meetings
Audit Committee	Quarterly
HR and Remuneration Committee	Quarterly

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan ("the ICAP") and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other material principles enshrined in the CCG have been complied with.

Faisalabad  
September 23, 2019

**Mrs. Sharmeen Imran**  
Chairperson

# Independent Auditors' Report

To the members of Sitara Peroxide Limited

## Draft Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of Sitara Peroxide Limited (the Company) which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

Key audit matters	How the matter was addressed in our audit
<p><b>Valuation of work in process</b></p> <p>The Company holds 'work in process' mainly comprising of working solutions and catalysts in the reaction chamber, which are valued at the weighted average cost (accounting policy in note 3.3). At the year end, the 'work in process' held by the Company comprised of chemicals, oils, catalysts, etc. aggregating to Rs. 494.93 million (note 8).</p> <p>In view of the monetary value and estimation involved in determining the value and quantity of 'work in process', we have considered it to be a Key Audit Matter.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"><li>• reviewing and testing the management procedures and controls for determining the closing quantities of the various components included in 'work in process';</li><li>• observing year end measurements of volume and concentration of various components of stock;</li><li>• evaluating calculations for determining of quantities of the various components in stock;</li><li>• recalculating weighted average rates for the various components in 'work in process' and aggregate values; and</li><li>• testing prices of components, on sample basis, with underlying invoices.</li></ul>

# Independent Auditors' Report

## Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance opinion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information when available, we are required to report that fact.

## Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# Independent Auditors' Report

We communicate with the board of directors regarding, among other matters, the planned scope and timing of audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.

## Chartered Accountants

Lahore

Dated: September 23, 2019





# Financial Statements



# Statement of Financial Position

## Statement of Financial Position

		2019	2018
	Note	Rupees	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,580,125,562	2,730,109,461
Long term advances and deposits	6	4,205,000	4,205,000
		2,584,330,562	2,734,314,461
<b>Current assets</b>			
Stores, spare parts and loose tools	7	94,793,290	85,883,377
Stock in trade	8	526,695,174	485,788,968
Trade debts	9	132,123,577	105,041,642
Loans and advances	10	233,675,393	211,413,806
Deposits and short term prepayments	11	79,454,828	38,714,472
Sales tax refundable	12	155,436,650	82,893,919
Cash and bank balances	13	3,008,439	1,634,358
		1,225,187,351	1,011,370,542
<b>Total assets</b>		<b>3,809,517,913</b>	<b>3,745,685,003</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.



CHIEF EXECUTIVE

# Statement of Financial Position

As at June 30, 2019

	Note	2019 ----- Rupees -----	2018
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	14	551,000,000	551,000,000
Accumulated profit / (loss)		75,417,761	(223,264,696)
Surplus on revaluation of property, plant and equipment		1,326,370,455	1,423,123,786
		1,952,788,216	1,750,859,090
<b>Non-current liabilities</b>			
Long term financing	15	249,222,984	324,992,874
Deferred liabilities	16	530,649,816	516,481,942
Deferred markup	17	115,928,401	158,058,094
		895,801,201	999,532,910
<b>Current liabilities</b>			
Trade and other payables	18	393,475,057	376,134,502
Accrued markup	19	105,421,503	88,754,937
Short term borrowings	20	242,227,178	315,411,872
Current portion of long term financing	15	160,672,238	198,463,981
Provision for taxation	29	59,132,520	16,527,711
		960,928,496	995,293,003
Contingencies and commitments	21	-	-
<b>Total equity and liabilities</b>		<b>3,809,517,913</b>	<b>3,745,685,003</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



DIRECTOR

# Statement of Profit or Loss

## Statement of Profit or Loss for the Year Ended June 30, 2019

	Note	2019 ----- Rupees -----	2018
Sales	22	2,036,215,629	1,322,216,897
Cost of sales	23	(1,506,048,016)	(1,170,381,980)
Gross profit		530,167,613	151,834,917
Distribution cost	24	78,675,023	52,837,263
Impairment losses on trade debts	9.2	1,376,900	-
Administrative expenses	25	99,693,195	86,690,237
Other expenses	26	22,070,610	1,965,224
Finance cost	27	89,770,954	71,669,692
		(291,586,682)	(213,162,416)
		238,580,931	(61,327,499)
Other income	28	40,941,152	28,525,418
Profit/ (Loss) before taxation		279,522,083	(32,802,081)
Provision for taxation	29	(72,137,129)	(32,600,720)
Profit / (Loss) after taxation		207,384,954	(65,402,801)
Earning per share - basic and diluted	30	3.76	(1.19)

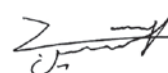
The annexed notes from 1 to 40 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



# Statement of Comprehensive Income

## Statement of Comprehensive Income for the Year Ended June 30, 2019

	2019	2018
	Rupees	
Profit / (Loss) for the year	207,384,954	(65,402,801)
<b>Items that will subsequently not be reclassified to profit or loss:</b>		
- Remeasurement of staff retirement benefits	441,917	370,815
- Income tax relating to remeasurement of staff retirement benefits	(128,156)	(111,245)
- Surplus on revaluation of property, plant and equipment adjustment due to change in tax rate	-	10,729,336
- Surplus on revaluation of property, plant and equipment	-	913,561,773
- Deferred tax impact of surplus on revaluation	-	(264,932,914)
	313,761	659,617,765
Total comprehensive income for the year	207,698,715	594,214,964

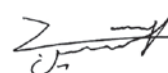
The annexed notes from 1 to 40 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# Statement of cash flows

## Statement of Cash Flows for the Year Ended June 30, 2019

	Note	2019	2018
		Rupees	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) before taxation		279,522,083	(32,802,081)
Adjustments for:			
Depreciation on property, plant and equipment	5.1	183,678,924	180,323,961
Impairment losses on trade debts	9.2	1,376,900	-
Provision for staff retirement benefits - gratuity	16.1	7,331,170	6,540,223
Finance cost	27	89,770,954	71,669,692
(Gain) on sale of fixed asset	28	(1,000,000)	-
Profit on bank deposits	28	(186,281)	(350,228)
Exchange (gain)	28	(1,810)	-
		560,491,940	225,381,567
Working capital changes			
(Increase) in current assets			
Stores, spare parts and loose tools		(8,909,913)	(899,066)
Stock in trade		(40,906,206)	(17,151,897)
Trade debts		(36,585,016)	(16,219,797)
Loans and advances		(6,671,092)	(14,022,833)
Deposits and short term prepayments		(40,740,356)	19,229,904
Sales tax refundable		(72,542,731)	8,490,317
Increase in current liabilities			
Trade and other payables		17,340,555	5,194,893
		(189,014,759)	(15,378,479)
Cash generated from operations		371,477,181	210,003,088
Finance cost paid		(115,234,081)	(88,785,192)
Staff retirement benefits - gratuity paid		(2,386,845)	(3,193,414)
Exchange gain receipt		1,810	-
Income taxes paid		(33,228,913)	(28,337,303)
		(150,848,029)	(120,315,909)
Net cash from operating activities		220,629,152	89,687,179
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(5,495,025)	(7,614,035)
Proceeds from disposal of property, plant and equipment		1,000,000	-
Advance against purchase of land		(28,200,000)	-
(Increase) in long term advances and deposits		-	(500,000)
Profit received on bank deposits		186,281	350,228
Net cash used in investing activities		(32,508,744)	(7,763,807)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing repaid	35	(113,561,633)	(69,555,643)
Short term borrowings- net		(73,184,694)	(15,495,341)
Net cash used in financing activities		(186,746,327)	(85,050,984)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		1,374,081	(3,127,612)
Cash and cash equivalents at beginning of the year		1,634,358	4,761,970
Cash and cash equivalents at end of the year	13	3,008,439	1,634,358

The annexed notes from 1 to 40 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# Statement of Changes in Equity

## Statement of Changes in Equity for the Year Ended June 30, 2019

	Share capital	Accumulated (loss)/profit	Surplus on revaluation of property, plant and equipment	Total
----- Rupees -----				
<b>Balance as at July 01, 2017</b>	551,000,000	(213,606,545)	819,250,671	1,156,644,126
Loss for the year	-	(65,402,801)	-	(65,402,801)
Other comprehensive income	-	259,570	659,358,195	659,617,765
	-	(65,143,231)	659,358,195	594,214,964
Transfer of incremental depreciation from surplus on revaluation of property, plant and equipment - net of deferred tax	-	55,485,080	(55,485,080)	-
<b>Balance as at June 30, 2018 (earlier reported)</b>	551,000,000	(223,264,696)	1,423,123,786	1,750,859,090
Impact of change in accounting policy - IFRS 9 (Note 4.2)	-	(5,769,589)	-	(5,769,589)
<b>Adjusted balance as at June 30, 2018</b>	551,000,000	(229,034,285)	1,423,123,786	1,745,089,501
Profit for the year	-	207,384,954	-	207,384,954
Other comprehensive income	-	313,761	-	313,761
	-	207,698,715	-	207,698,715
Transfer to unappropriated profit on account of incremental depreciation - net of tax (Note 14.5)	-	96,753,331	(96,753,331)	-
<b>Balance as at June 30, 2019</b>	551,000,000	75,417,761	1,326,370,455	1,952,788,216

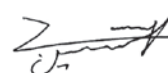
The annexed notes from 1 to 40 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# Notes to the Financial Statements

## Notes to the Financial Statements for the Year Ended June 30, 2019

### 1. GENERAL INFORMATION

- 1.1** Sitara Peroxide Limited ("the Company") is a public listed company, limited by shares, incorporated in Pakistan on March 08, 2004 under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017). 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 (H<sub>2</sub>O<sub>2</sub>).
- 1.2** The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

"These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS Standards) 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.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Act have been followed.

#### 2.2 Standards, interpretations and amendments adopted during the year

- 2.2.1** The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

#### Effective from accounting period beginning on or after:

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018

# Notes to the Financial Statements

IFRIC 22 'Foreign Currency Transactions and Advance Consideration':  
Provides guidance on transactions where consideration against  
non-monetary prepaid asset / deferred income is denominated in  
foreign currency.

January 01, 2018

Certain annual improvements have also been made to a number of IFRSs.

## 2.2.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

Amendments to IFRS 3 'Business Combinations' - Amendments  
regarding the definition of business

January 01, 2020

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding  
prepayment features with negative compensation and modifications  
of financial liabilities

January 01, 2019

Amendments to IFRS 10 'Consolidated Financial Statements' and  
IAS 28 'Investments in Associates and Joint Ventures' - Sale or  
contribution of assets between an investor and its associate  
or joint venture

Effective from accounting period  
beginning on or after a date to be  
determined. Earlier application  
is permitted.

IFRS 16 'Leases': This standard will supersede IAS 17 'Leases',  
IFRIC 4, SIC 15 and SIC 27 upon its effective date.

January 01, 2019

Amendments to References to the Conceptual Framework in  
IFRS Standards

January 01, 2020

Amendments to IAS 1 'Presentation of Financial Statements' and  
IAS 8 'Accounting Policies, Changes in Accounting Estimates and  
Errors' - Amendments regarding the definition of material

January 01, 2020

Amendments to IAS 19 'Employee Benefits' - Amendments regarding  
plan amendments, curtailments or settlements.

January 01, 2019

Amendments to IAS 28 'Investments in Associates and Joint Ventures'  
- Amendments regarding long-term interests in an associate or  
joint venture that form part of the net investment in the associate or  
joint venture but to which the equity method is not applied.

January 01, 2019

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the  
accounting treatment in relation to determination of taxable profit  
(tax loss), tax bases, unused tax losses, unused tax credits and  
tax rates, when there is uncertainty over income tax treatments  
under IAS 12 'Income Taxes'.

January 01, 2019

### Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts



# Notes to the Financial Statements

## 2.3 Accounting convention

These financial statements have been prepared under historical cost convention modified by:

- revaluation of certain classes of property, plant and equipment at fair value;
- financial instruments at fair value; and
- recognition of certain employee retirement benefits at present value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## 2.4 Significant estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS's requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, revaluation of land, building and plant and machinery, Expected credit losses on financial assets, slow moving inventory and measurement of defined benefit obligations. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are set out below:

### 3.1 Property, plant and equipment

Property, plant and equipment except laboratory equipment, office equipment, furniture and fittings, vehicles and capital work-in-progress are stated at revalued amounts less accumulated depreciation and impairment in value, if any. Land, buildings, plant and machinery, electric installation and factory equipment are stated at revalued amount. Laboratory equipment, office equipment, furniture and fittings and vehicles are stated at cost less accumulated depreciation and impairment in value, if any. Capital work-in-progress is stated at cost less impairment in value, if any.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate at each statement of financial position date. When significant parts of an item of property, plant and equipment have different useful lives, they are recognized as separate items of property, plant and equipment.

Subsequent costs are recognized as part of asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit/(loss) account during the period in which they are incurred.

# Notes to the Financial Statements

Depreciation is charged to profit and loss account applying the straight line method over its estimated useful life at the rates specified in note 5.1 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which property, plant and equipment is available for use while no depreciation is charged for the month in which property, plant and equipment is disposed off.

Surplus arising on revaluation of property, plant and equipment is recognized, net of tax, in other comprehensive income and accumulated in reserves is shown in equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of the assets does not differ materially from the fair value. Accumulated depreciation at the date of revaluation is eliminated against the cost of the asset and net amount is restated to the revalued amount of the asset. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related property, plant and equipment during the year is part of statement of changes in equity.

Gains or losses on disposal of assets, if any, are recognized as and when incurred in statement of profit or loss and the related asset is derecognized. Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment and other comprehensive income. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred by the Company to its un-appropriated profit.

All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

## 3.2 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value cost less allowance for the obsolete and slow moving items. Cost is determined using weighted moving average method. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

## 3.3 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Raw material	- weighted average cost.
Work in process	- weighted average cost.
Finished goods	- weighted average cost.

Average manufacturing cost in relation to work-in-process and finished goods include raw materials and appropriate production overheads including catalyst utilized, based on normal production capacity.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

Work in process includes working solution and catalyst issued to the production chambers.

## 3.4 Impairment

### Non Financial Assets

The Company assesses at each statement of financial position date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount

# Notes to the Financial Statements

is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount that would have been determined (net of depreciation and amortization) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

## Financial Assets

The Company recognises a loss allowance for expected credit losses on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

### 3.5 Trade debts

Trade debts are recognized initially at fair value and subsequently measured at amortized cost less provision for expected credit losses. A provision for expected credit losses is estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

### 3.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value and short term running finance under markup arrangement. Cash and bank are carried in the statement of financial position at cost.

### 3.7 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to the Company or not.

### 3.8 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

## 3.9 Staff retirement benefits - gratuity

The Company operates an unfunded gratuity scheme (defined benefit plan) for its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. The calculation requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and discount rate used to derive present value of defined benefit obligation. The assumptions are determined by independent actuaries.

The most recent Actuarial Valuation was carried out at June 30, 2019 using "Projected Unit Credit Method". The amount recognized in the statement of financial position represents the present value of defined benefit obligations using projected unit credit method.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned. Details of the scheme are given in note 16.1 to these financial statements.

## 3.10 Provisions

Provisions are recognized in the statement of financial position when the Company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

## 3.11 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

## 3.12 Revenue recognition

Revenue is measured based on the consideration to which company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue from local sales is recognized when control of goods is transferred.  
Revenue from export sales is recognized on shipment of goods to customers.

Profit on bank deposits is accrued on a time proportion basis taking into account principal outstanding and effective rate of return, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

## 3.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an

# Notes to the Financial Statements

unconditional right to defer settlement of liability for at least twelve months after the statement of financial position date.

## 3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss account for the year.

## 3.15 Taxation

### Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum taxation as per Income Tax Ordinance 2001, whichever is higher. The charge for tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessment made during the year. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

### Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the statement of financial position date between tax bases of assets and liabilities and their carrying amount for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan.

Deferred tax liability is recognized for all taxable temporary differences while deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity, in which case it is included in equity.

## 3.16 Foreign currencies transaction and translation

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities in that case, the rates contracted for are used.

Gains and losses arising on retranslation and settlement are included in profit or loss for the year.



## 3.17 Earning / Loss per share

The Company presents profit per share for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

## 3.18 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the Statement of financial position, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

## 4. CHANGE IN ACCOUNTING STANDARDS

The Company has initially applied IFRS 15 and IFRS 9 from 1 July 2018.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables.

The effect of initially applying these standards is mainly attributed to the following an increase in impairment losses recognised on financial assets.

### 4.1 IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has adopted IFRS 15 by applying modified retrospective approach according to which the company is not required to restate prior year results. However, the adoption of IFRS 15 does not have any material impact on the reported revenue of the company for the year ended June 30, 2019 and June 30, 2018.

### 4.2 IFRS 9 Financial instruments

IFRS 9 replaces the provisions of IAS 39 - Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Under IFRS 9 the financial instruments, excluding derivatives, are accounted for at amortised cost, fair value through other comprehensive income or fair value through profit or loss depending on the nature of the relevant contractual cash flows and the business model in which it is held.

The adoption of IFRS 9 from July 01, 2018 resulted in changes in relevant accounting policies and adjustment to the trade and other receivables amounts recognised in the financial statements. IFRS 9 requires implementation of a new impairment model based on expected credit losses, resulting in transition adjustment summarised below. In accordance with the transition provision of IFRS 9, the Company has followed modified retrospective transitional method, taking into consideration the exemption allowing it not to restate comparative information or prior periods

# Notes to the Financial Statements

Financial assets	Original measurement under IAS 39	New measurement under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
(Rupees in thousand)				
Trade debts	At amortized cost	At amortized cost	105,041,642	96,915,461
Cash and cash equivalents	At amortized cost	At amortized cost	1,188,762	1,188,762
Loans and advances	At amortized cost	At amortized cost	11,000,000	11,000,000
Deposits	At amortized cost	At amortized cost	15,179,613	15,179,613
Financial liabilities	Original measurement under IAS 39	New measurement under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
(Rupees in thousand)				
Trade and other payables	At amortized cost	At amortized cost	344,874,301	344,874,301
Finances under mark-up arrangements - secured	At amortized cost	At amortized cost	927,623,664	927,623,664
Staff retirement benefits - gratuity	At amortized cost	At amortized cost	26,607,536	26,607,536

As a result of adoption of IFRS 9, opening retained earnings of the Company as of July 1, 2018 are restated downward by Rs. 5.76 million, net of tax of Rs. 2.36 million due to recognition of allowance for expected credit losses using the modified retrospective method as disclosed in note 9.2. Had this policy not been changed, the profit after tax for the year would have been higher by 0.98 million and retained earnings would have been higher by Rs. 6.75 million.

## Notes to the Financial Statements

	2019	2018
Note		
		Rupees

## 5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	2,544,425,562	2,722,609,461
Advance against capital expenditure	35,700,000	7,500,000
	<u>2,580,125,562</u>	<u>2,730,109,461</u>

### 5.1 Operating fixed assets as at June 30, 2019

Description	Cost / revalued amount			Accumulated depreciation				Book value at June 30, 2019	Rate %	
	At July 01, 2018	Additions / (disposals)	Surplus / Adjustments	At June 30, 2019	At July 01, 2018	Charge for the year / (on disposals)	Transfer/ Adjustments			At June 30, 2019
Land - freehold	246,630,000	-	-	246,630,000	-	-	-	-	246,630,000	-
Building on freehold land	207,716,674	-	-	207,716,674	-	25,964,584	-	25,964,584	181,752,090	12.5
Plant and machinery	2,211,286,433	-	-	2,211,286,433	-	138,205,402	-	138,205,402	2,073,081,031	6.25
Electric installations	170,537,219	56,345	-	170,593,564	115,559,285	17,055,081	-	132,614,366	37,979,198	10
Laboratory equipment	3,702,720	-	-	3,702,720	3,454,049	248,671	-	3,702,720	-	10
Factory equipment	12,404,398	-	-	12,404,398	12,404,398	-	-	12,404,398	-	10
Office equipment	4,702,861	30,500	-	4,733,361	4,037,715	471,049	-	4,508,764	224,597	10
Furniture and fittings	3,866,433	-	-	3,866,433	3,470,702	386,643	-	3,857,345	9,088	10
Motor vehicles	11,484,321	5,408,180	-	15,809,377	10,795,449	1,347,494	-	11,059,819	4,749,558	20
		(1,083,124)				(1,083,124)				
	2,872,331,059	5,495,025	-	2,876,742,960	149,721,598	183,678,924	-	332,317,398	2,544,425,562	
	-	(1,083,124)	-	-	-	(1,083,124)	-	-	-	

# Notes to the Financial Statements

## 5.2 Operating fixed assets as at June 30, 2018

Description	Cost / revalued amount			Accumulated depreciation				Book value at June 30, 2018	Rate %	
	At July 01, 2017	Additions / (disposals)	Surplus / Adjustments	At June 30, 2018	At July 01, 2017	Charge for the year / (on disposals)	Transfer/ Adjustments			At June 30, 2018
----- Rupees -----										
Land - freehold	197,304,000	-	49,326,000	246,630,000	-	-	-	-	246,630,000	-
Building on freehold land	213,241,053	-	47,890,565 (53,414,944)	207,716,674	40,061,208	13,353,736	(53,414,944)	-	207,716,674	5
Plant and machinery	2,119,319,276	-	816,345,208 (724,378,051)	2,211,286,433	587,032,062	137,345,989	(724,378,051)	-	2,211,286,433	5
Electric installations	170,423,184	114,035	-	170,537,219	89,407,371	26,151,914	-	115,559,285	54,977,934	10
Laboratory equipment	3,702,720	-	-	3,702,720	3,083,777	370,272	-	3,454,049	248,671	10
Factory equipment	12,404,398	-	-	12,404,398	11,433,310	971,088	-	12,404,398	-	10
Office equipment	4,702,861	-	-	4,702,861	3,567,429	470,286	-	4,037,715	665,146	10
Furniture and fittings	3,866,433	-	-	3,866,433	3,084,059	386,643	-	3,470,702	395,731	10
Vehicles	11,484,321	-	-	11,484,321	9,521,416	1,274,033	-	10,795,449	688,872	20
	2,736,448,246	114,035	913,561,773	2,872,331,059	747,190,632	180,323,961	(777,792,995)	149,721,598	2,722,609,461	
	-	-	(777,792,995)	-	-	-	-	-	-	

## 5.3 Depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		----- Rupees -----	
Cost of sales	23	182,903,123	178,963,516
Distribution expenses	24	358,789	624,746
Administrative expenses	25	417,012	735,699
		183,678,924	180,323,961

# Notes to the Financial Statements

- 5.4** "Company revalued its land, building and plant and machinery at June 30, 2018. The valuation was carried out by an independent valuer MYK Associates Private Limited, an independent valuer not related to the Company and which is on the panel of Pakistan Banks Association as approved asset valuer. It possesses appropriate qualification and recent experience in fair value measurements. Basis of revaluation are as follows:

## **a) Land**

Revalued amount of land has been determined by reference to local market values of land. Revalued amount of land has been determined by reference to local market values of land taking into account prevailing fair market prices under the position and circumstances present on the date of revaluation and current market scenario for properties of similar nature in the immediate neighbourhood and adjoining areas (level 2).

## **b) Building**

Revalued amount of building has been determined by reference to present depreciated replacement values after taking into consideration covered area and type of construction, age of civil and ancillary structures, physical condition and level of preventive maintenance carried out by the Company (level 2).

## **c) Plant and machinery**

Revalued amount of plant and machinery and electric installation has been determined by reference to present depreciated replacement values after taking into consideration present physical condition, remaining useful economic lives, technological obsolescence and level of preventive maintenance carried out by the Company (level 2).

The different levels have been defined in IFRS 13 as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (level 3).

- 5.5** Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

<b>Location</b>	<b>Usage of Immovable property</b>	<b>Total Area (In Sq. ft.)</b>	<b>Covered Area (In Sq. ft.)</b>
26 - KM, Sheikhpura Road, Faisalabad	Manufacturing facility	115,551	93,168

- 5.6** Forced Sales Value (FSV) of the land and building was Rs. 386.19 million while that of the plant and machinery was Rs. 1,876.59 million as at June 30, 2018.

- 5.7** The revaluation surplus, net of deferred tax, has been credited to surplus on revaluation of property, plant and equipment.

- 5.8** Had there been no revaluation, the cost, accumulated depreciation and book value of revalued assets as at June 30, 2019 would have been as under:



# Notes to the Financial Statements

	Cost	Accumulated depreciation	Book value
	----- Rupees -----		
Freehold land	41,997,852	-	41,997,852
Buildings on freehold land	161,737,333	88,169,293	73,568,040
Plant and machinery	1,460,973,186	962,416,655	498,556,531
Electric installations	148,881,942	148,881,942	-
Factory equipment	10,414,714	10,414,714	-
<b>2019</b>	<b>1,824,005,027</b>	<b>1,209,882,604</b>	<b>614,122,423</b>
2018	1,824,005,027	1,128,747,077	695,257,950

## 6. LONG TERM ADVANCES AND DEPOSITS

These represents security and other deposits for electricity and sui gas connection, Central Depository Company etc.

	Note	2019 ----- Rupees -----	2018 ----- Rupees -----
<b>7. STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		86,299,036	78,486,396
Spare parts and loose tools		8,494,254	7,396,981
		<u>94,793,290</u>	<u>85,883,377</u>
<b>8. STOCK IN TRADE</b>			
Raw material	23.1	14,813,104	14,360,793
Work in process	8.1	494,933,303	459,183,873
Finished goods	23	4,751,033	2,679,001
Packing material		12,197,734	9,565,301
		<u>526,695,174</u>	<u>485,788,968</u>

**8.1** Work in process includes working solutions in the reaction and holding chambers mainly comprising various chemicals, oils, catalysts and peroxide solutions of varying concentrations.

	Note	2019 ----- Rupees -----	2018 ----- Rupees -----
<b>9. TRADE DEBTS</b>			
Unsecured-considered good:			
Via traders - Net of advances	9.1	26,384,932	22,569,619
Direct customers		115,241,726	82,472,023
		<u>141,626,658</u>	<u>105,041,642</u>
Allowance for expected credit losses	9.2	(9,503,081)	-
		<u>132,123,577</u>	<u>105,041,642</u>

**9.1** This includes debtors to whom sales are made through traders. These are secured against advances received from traders in respect of sales. The amount is presented net of advances received from these traders. The advances received from traders amount to Rs. 134.9 million as at June 30, 2019.

# Notes to the Financial Statements

		2019	2018
	Note	Rupees	
<b>9.2 Allowance for expected credit losses</b>			
Opening balance as at July 1		-	-
Effect of implementation of IFRS 9		8,126,181	-
Adjusted balance as at July 1		8,126,181	-
Impairment losses on trade debts		1,376,900	-
Closing balance as at June 30		9,503,081	-
<b>10. LOANS AND ADVANCES</b>			
Considered good			
Advances to:			
Employees against salary - secured		1,185,505	785,589
Employees for expenses - unsecured		1,764,492	828,332
Suppliers - unsecured (Local)		48,847,481	32,532,143
Suppliers - unsecured (Foreign)		682,065	662,387
Advance income tax		181,195,850	165,605,355
Others		-	11,000,000
		233,675,393	211,413,806
<b>11. DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Nazir of the Honorable Sindh High Court	11.1	18,809,059	18,809,059
Letter of credit		10,996,381	15,179,613
Prepayment insurance		292,723	-
Others	11.2	49,356,665	4,725,800
		79,454,828	38,714,472
<b>11.1</b>	This represents the amount deposited with Nazir of the Honorable Sindh High Court as required by the said court to file writ petition against the recovery notice issued by the Customs Department to deposit Government dues amounting to Rs. 18 million involved in the clearance of import shipments.		
<b>11.2</b>	It includes security deposits paid to SNGPL amounting to 44.6 million for the purpose of new gas connection, It also includes 3.5 million of security deposit to SNGPL against previous connection.		
<b>12. SALES TAX REFUNDABLE</b>			
This represents accumulated difference of input tax on purchases and output tax on sales.			
		2019	2018
		Rupees	
<b>13. CASH AND BANK BALANCES</b>			
Cash in hand		326,190	445,596
Cash at banks - current accounts		2,682,249	1,188,762
		3,008,439	1,634,358

# Notes to the Financial Statements

## 14. SHARE CAPITAL

2019	2018		2019	2018
----- Number of shares -----			----- Rupees -----	
		<b>Authorised</b>		
60,000,000	60,000,000	Ordinary shares of Rs. 10 each	600,000,000	600,000,000
		<b>Issued, subscribed and paid-up</b>		
55,100,000	55,100,000	Ordinary shares of Rs. 10 each	551,000,000	551,000,000

**14.1** The holder of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to vote at meetings of the Company. All shares rank equally with regard to Company's residual assets.

**14.2** The Company has no reserved shares for issue under option and sales contracts.

**14.3** No shares are held by any associated company or related party.

### 14.4 Rights and privileges of Board of Directors

The Board of Directors of the Company act by majority vote. The membership of the Board of Directors reflects as closely as possible the proportion in which the shares of the Company are held.

### 14.5 Surplus on revaluation of assets

	2019	2018
	----- Rupees -----	----- Rupees -----
Balance as at 1, July	1,998,924,727	1,164,627,354
Surplus arising on revaluation of carried out during the year	-	913,561,773
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(136,272,297)	(79,264,400)
	1,862,652,430	1,998,924,727
Related deferred tax liability at the beginning of the year	575,800,941	345,376,683
Related deferred tax liability on revaluation carried out as at 30, June	-	264,932,914
Related deferred tax liability of amount Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(39,518,966)	(23,779,320)
Effect of change in future tax rates	-	(10,729,336)
Balance of deferred tax liability as of year end	536,281,975	575,800,941
	1,326,370,455	1,423,123,786

# Notes to the Financial Statements

	Note	2019 ----- Rupees -----	2018 -----
<b>15. LONG TERM FINANCING</b>			
<b>From banking companies and other financial institutions - secured</b>			
Sukuk arrangement - syndicated	15.1	409,895,222	504,790,184
Term finance - Standard Chartered Bank (Pakistan) Limited	15.2	-	18,666,671
		409,895,222	523,456,855
Less: Current maturity of long term financing		160,672,238	198,463,981
		<u>249,222,984</u>	<u>324,992,874</u>

## 15.1 Sukuk arrangement - Syndicated

During 2008, the Company had issued privately placed diminishing Musharaka based Sukuk certificates arranged by consortium of financial institutions through trustee, amounting to Rs. 1,400 million. Due to financial difficulties in 2012, the Company negotiated with the investors to reschedule the repayment arrangements. Unscheduled plant shutdowns continued in subsequent periods and the Company was not able to comply with relevant covenants in respect of scheduled repayments. As a result, the Company entered into Third Supplemental Trust Deed, dated September 28, 2018, to modify the repayment arrangements. Effective date of the arrangement was April 19, 2018. According to the amended terms, repayments shall be utilized to settle accumulated accrued interest for previous period and the current month and then be utilized for payment of principle and deferred rental payments in proportion of 67:33. The Company entered into Fourth Supplemental Trust Deed in September 2019 to further modify the repayment arrangements. According to the amended terms, the said loan will expire on August 2022.

Effective rate of profit for the year ranges from 8.01% to 12.14% (2018: 7.26% to 8.03%) per annum.

This facility is secured by first joint pari passu charge on the fixed assets of the Company through equitable mortgage of land and buildings, hypothecation charge on plant and machinery with a margin of 25%, first exclusive charge over fixed assets of the Company for Rs. 1,866 million, pledge over 10 million shares of the Company in the name of sponsors and personal guarantees of Chief Executive Officer and three directors of the Company.

The Company has a call option, in accordance with terms and conditions, of the entire amount or partial amount in the event it has free cash flows available. The Company shall use at least 70% of its free cash flows, if available, in exercising the call option. The Company is required not to declare any dividend during the entire tenure of the Sukuk issue.

## 15.2 Term finance - Standard Chartered Bank (Pakistan) Limited

This facility was converted from short term running finance to long term finance by mutual agreement between the bank and the Company at August 01, 2013. This facility carried mark-up at the rate of one month KIBOR plus 1% per annum. Tenure of this facility was five years. Principal amount was repayable in 24 monthly installments of Rs. 0.958 million each and 36 monthly installments of Rs. 3.111 million each. This facility was secured against personal guarantees of an ex-director and Chief Executive Officer, mortgage of commercial property owned by Sitara Spinning Mills Limited and mortgage of property owned by a director and Chief Executive Officer situated at chak, 204 R.B. Faisalabad. This facility was to be matured on July 31, 2018.

The facility has been repaid on February 28, 2019 along with extra markup amounting to Rs. 1 million.

Effective rate of profit for the year ranges from 7.92% to 10.92% (2018: 7.26% to 7.92%) per annum.

# Notes to the Financial Statements

		2019	2018
	Note	Rupees	
<b>16. DEFERRED LIABILITIES</b>			
Staff retirement benefits - gratuity	16.1	31,109,944	26,607,536
Deferred taxation	16.2	499,539,872	489,874,406
		<u>530,649,816</u>	<u>516,481,942</u>

## 16.1 Staff retirement benefits - gratuity

The calculation requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and discount rate used to derive present value of defined benefit obligations. The assumptions are determined by independent actuaries. The results of the actuarial valuation carried out using "Projected Unit Credit Method" as at June 30, 2019 are as follows:

	2019	2018
	Rupees	
Present value of defined benefit obligation	31,109,944	26,607,536
<b>Movement in net liability recognized in statement of financial position:</b>		
Balance at beginning of the year	26,607,536	23,631,542
Charge for the year	7,331,170	6,540,223
Benefits paid during the year	(2,386,845)	(3,193,414)
Remeasurement (gain) / loss recognized in other comprehensive income	(441,917)	(370,815)
Balance at end of the year	<u>31,109,944</u>	<u>26,607,536</u>
<b>Charge for the year:</b>		
Current service cost	4,789,759	4,502,001
Interest cost	2,541,411	2,038,222
Expense recognized in the statement of profit or loss	<u>7,331,170</u>	<u>6,540,223</u>
<b>Actuarial remeasurement</b>		
Actuarial (gain) / loss recognized on remeasurement	<u>(441,917)</u>	<u>(370,815)</u>
<b>Principal actuarial assumptions:</b>		
Discount rate - per annum	14.50%	10.00%
Expected rate of growth per annum in future salaries	14.50%	10.00%
Average service (years)	7.36	6.50

## Sensitivity analysis:

The sensitivity of defined benefit obligation to changes in principal assumptions is:

		Impact on defined benefit obligation	
		Change in assumption	Increase in assumption
		Decrease in assumption	
		Rupees	
Discount rate	1%	3,649,746	4,385,630
Salary growth	1%	4,498,362	3,798,987

## Notes to the Financial Statements

### Maturity Profile Particulars

**Undiscounted Payments**  
**Rupees**

Year 1	586,749
Year 2	965,770
Year 3	1,531,762
Year 4	2,006,208
Year 5	1,842,427
Year 6 to Year 10	23,552,007
Year 11 and	420,561,165

**Risk associated with defined benefit plan:**

### a) Longevity risk

### b) Salary increase risk

This risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

### c) Withdrawal risk

This risk arises from withdrawals varying with the actuarial assumptions can impose a risk to defined benefit obligation.

## 2019

## 2018

Ruppes

## 16.2 Deferred taxation

**This comprises the following:**

Deferred tax liability on taxable temporary differences arising in respect of:

Deferred tax liability on account of surplus  
on revaluation of property, plant and equipment

Accelerated depreciation allowance

Deferred tax asset on deductible temporary differences arising in respect of:

Provision for employee benefits - unfunded

Allowance for expected credit losses

Unused tax losses

547,011,311	586,530,277
132,958,661	138,367,495
679,969,972	724,897,772
(9,021,884)	(7,716,185)
(5,112,485)	-
(166,295,731)	(227,307,181)
(180,430,100)	(235,023,366)
499,539,872	489,874,406



# Notes to the Financial Statements

## 16.3 Movement in temporary differences for the year

	Balance as at July 1, 2018	Recognized in equity	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2019
			(Rupees)		
<b>Taxable temporary difference</b>					
Deferred tax liability on account of surplus on revaluation of property, plant and equipment	586,530,277	-	(39,518,966)	-	547,011,311
Accelerated depreciation allowance	138,367,495	-	(5,408,833)	-	132,958,662
<b>Deductible temporary difference</b>					
Provision for employee benefits	(7,716,185)	-	(1,433,855)	128,156	(9,021,884)
Allowance for expected credit losses	-	(2,356,592)	(2,755,894)	-	(5,112,486)
Unused tax losses	(227,307,181)	-	61,011,450	-	(166,295,731)
	489,874,406	(2,356,592)	11,893,902	128,156	499,539,872

	Balance as at July 1, 2017	Recognized in equity	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2018
			(Rupees)		
<b>Taxable temporary difference</b>					
Deferred tax liability on account of surplus on revaluation of property, plant and equipment	321,880,075	-	(282,712)	264,932,914	586,530,277
Accelerated depreciation allowance	166,930,754	-	(28,563,259)	-	138,367,495
<b>Deductible temporary difference</b>					
Provision for employee benefits	(7,089,463)	-	(737,967)	111,245	(7,716,185)
Allowance for expected credit losses	-	-	-	-	-
Unused tax losses	(262,234,793)	(10,729,335)	45,656,947	-	(227,307,181)
	219,486,573	(10,729,335)	16,073,009	265,044,159	489,874,406

## 17. DEFERRED MARKUP

This represents deferred mark-up payable on Sukuk arrangement as mentioned in note 15.1.

	Balance as at June 30, 2018	Expense for the year	Paid during the period	Balance as at June 30, 2019
Deferred Mark-up	238,558,601	50,121,618	83,489,723	205,190,496
Less: Current portion of deferred markup				89,262,095
				115,928,401
	Balance as at June 30, 2017	Expense for the year	Paid during the period	Balance as at June 30, 2018
Deferred Mark-up	258,564,824	37,815,048	57,821,271	238,558,601
Less: Current portion of deferred markup				80,500,507
				158,058,094

# Notes to the Financial Statements

	Note	2019	2018
		Rupees	
<b>18. TRADE AND OTHER PAYABLES</b>			
Creditors	18.1	272,386,028	306,847,991
Advances from customers		13,958,924	30,839,960
Accrued liabilities		81,753,985	36,565,753
WPPF payable		13,914,400	-
Worker's welfare fund		9,327,989	-
Retention money		278,778	278,778
Withholding tax		1,844,040	420,241
Others		10,913	1,181,779
		<u>393,475,057</u>	<u>376,134,502</u>

**18.1** This includes Rs. 60 million (2018: Rs. 73 million ) payable to Sitara Spinning Mills Limited (associated undertaking) in ordinary course of business.

	Note	2019	2018
		Rupees	
<b>19. ACCRUED MARK-UP</b>			
Mark-up accrued on:			
Deferred mark up		89,262,095	80,500,507
Mark up on long term financing		-	794,793
Short term borrowings		16,159,408	7,459,637
		<u>105,421,503</u>	<u>88,754,937</u>
<b>20. SHORT TERM BORROWINGS</b>			
From banking companies - secured	20.1	228,265,862	232,861,708
Bank overdraft - unsecured		7,961,316	3,050,164
Others - unsecured	20.2	6,000,000	79,500,000
		<u>242,227,178</u>	<u>315,411,872</u>

**20.1** These fund based facilities have been obtained from various banks for working capital requirements, under mark-up arrangements against aggregate sanctioned limits. These facilities carry mark-up ranging from 8.68% to 17.98% (2018 : 7.89% to 10%) per annum on daily product payable quarterly.

The aggregate short term borrowings facilities are secured against:

- First pari passu charge of Rs. 336 million (2018: Rs. 543 million) over present and future assets of the Company.
- Ranking charge of Rs. 534 million (2018: Rs. 788 million) over present and future current assets of the Company.
- Personal guarantees from Chief Executive Officer and a director of the Company.

**20.2** This represented loan amounting Rs.73.5 million obtained from Sitara Spinning Mills Limited in the last year. The loan carried mark-up at the rate of one month KIBOR plus 4% per annum. Loan has been paid in full during the year. While the loan amounting to Rs. 6 million interest free.

# Notes to the Financial Statements

	Note	2019	2018
		Rupees	
<b>21. CONTINGENCIES AND COMMITMENTS</b>			
<b>Contingencies</b>			
Guarantees issued by banks on behalf of the Company		94,640,000	54,640,000
<b>Commitments</b>			
Irrevocable letters of credit		24,447,902	48,433,880
<b>22. SALES</b>			
Hydrogen Peroxide		2,098,935,086	1,357,946,886
Sales Tax		(54,751,403)	(35,719,489)
		2,044,183,683	1,322,227,397
Less: Trade discount		(7,968,054)	(10,500)
		2,036,215,629	1,322,216,897
<b>23. COST OF SALES</b>			
Raw material consumed	23.1	225,443,935	226,990,234
Fuel and power		743,541,417	480,092,732
Packing material consumed		225,544,273	171,929,415
Stores, spare parts and loose tools consumed		16,520,351	15,988,695
Salaries, wages and benefits	23.2	99,182,461	81,813,753
Repairs and maintenance		41,168,138	33,852,653
Insurance		5,243,688	5,956,833
Depreciation	5.3	182,903,123	178,963,516
Travelling and conveyance		2,346,016	1,950,325
Vehicle running and maintenance		441,876	494,674
Other expenses		1,534,200	1,033,746
		1,543,869,478	1,199,066,576
Work-in-process			
Balance at beginning of the year		459,183,873	411,376,825
Balance at end of the year	8	494,933,303	459,183,873
		(35,749,430)	(47,807,048)
Cost of goods manufactured		1,508,120,048	1,151,259,528
Finished goods			
Balance at beginning of the year		2,679,001	21,801,453
Balance at end of the year	8	4,751,033	2,679,001
		(2,072,032)	19,122,452
Cost of goods sold - own manufactured products		1,506,048,016	1,170,381,980
		1,506,048,016	1,170,381,980
<b>23.1 Raw material consumed</b>			
Balance at beginning of the year		14,360,793	19,108,448
Purchases		225,896,246	222,242,579
		240,257,039	241,351,027
Less: Balance at end of the year	8	(14,813,104)	(14,360,793)
		225,443,935	226,990,234

# Notes to the Financial Statements

**23.2** Salaries, wages and benefits include Rs. 5.8 million (2018: Rs. 5.2 million) in respect of employee benefits.

	Note	2019 ----- Rupees -----	2018 -----
<b>24. DISTRIBUTION COST</b>			
Commission to distributors		43,335,139	26,062,706
Salaries, wages and benefits		4,251,007	6,164,203
Printing and stationery		87,859	179,009
Travelling and conveyance		163,778	31,408
Vehicle running and maintenance		132,513	49,448
Freight and octroi		29,986,330	19,510,220
Depreciation	5.3	358,789	624,746
Other expenses		359,608	215,523
		<u>78,675,023</u>	<u>52,837,263</u>
<b>25. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits	25.1	49,092,601	46,215,298
Directors' remuneration	31	19,760,196	15,891,013
Printing and stationery		1,749,254	1,600,219
Insurance		429,640	697,833
Repairs and maintenance		844,535	446,742
Travelling and conveyance		9,521,467	8,497,517
Rent, rates and taxes		353,172	300,000
Vehicle running and maintenance		2,760,375	1,978,804
Telephone and postage		1,263,273	1,529,780
Advertisement		156,094	446,221
Fees, subscription and periodicals		4,254,756	2,887,410
Legal and professional charges		3,142,829	598,892
Auditors' remuneration	25.3	1,391,500	1,391,500
Depreciation	5.3	417,012	735,699
Charity and donation	25.2	1,443,537	-
Other expenses		3,112,954	3,473,309
		<u>99,693,195</u>	<u>86,690,237</u>

**25.1** Salaries and benefits include Rs. 1.5 million (2018: Rs. 1.3 million) in respect of employee benefits.

**25.2** It includes Rs. 625,000 donated to Diamer Bhasha dam, Rs. 175,000 (2018: nil) donated to Safia Ghafoor Trust, Faisalabad and Rs. 643,537 to Aziz Fatima Trust (AFT), Faisalabad which is primarily running a charitable hospital for needy and poor people. Mr. Imran Ghafoor, the CEO and director of the Company is also Trustee of the AFT.

	2019 ----- Rupees -----	2018 -----
<b>25.2 Auditors' remuneration</b>		
Annual statutory audit	885,500	885,500
Half yearly review	253,000	253,000
Compliance report on Code of Corporate Governance	158,125	158,125
Out of pocket expenses	94,875	94,875
	<u>1,391,500</u>	<u>1,391,500</u>

# Notes to the Financial Statements

	2019	2018
	Rupees	
<b>26. OTHER EXPENSES</b>		
Workers' welfare fund	8,156,210	1,805,972
Default surcharge	-	159,252
Workers' profit participation fund	13,914,400	-
	<u>22,070,610</u>	<u>1,965,224</u>
<b>27. FINANCE COST</b>		
Mark-up on:		
Deferred mark up	50,121,618	37,815,048
Mark up on long term financing	-	2,214,031
Short term borrowings	34,606,252	27,867,953
Bank charges and commission	5,043,084	3,772,660
	<u>89,770,954</u>	<u>71,669,692</u>
<b>28. OTHER INCOME</b>		
Profit on bank deposits	186,281	350,228
Scrap sales	487,267	1,410,925
Income from sale of catalyst	39,265,794	26,764,265
Gain on Sale of fixed assets	1,000,000	-
Exchange gain	1,810	-
	<u>40,941,152</u>	<u>28,525,418</u>
<b>29. PROVISION FOR TAXATION</b>		
Current		
- Provision for tax	60,243,227	16,527,711
Deferred	11,893,902	16,073,009
	<u>72,137,129</u>	<u>32,600,720</u>

## 29.1 Numerical reconciliation between the applicable and effective tax rate

	2019	2018
	%	%
Applicable tax rate	29.00	-
Impact due to revaluation surplus	14.00	-
Accelerated depreciation allowance	2.00	-
Provision for employee benefits	1.00	-
Unused losses	(22.00)	-
Income taxed at different rates	1.00	-
Others	1.00	-
Effective tax rate	<u>26.00</u>	<u>-</u>

**29.2** In previous year company incurred losses before tax of amounting Rs 32.8 million, and tax was subject to minimum tax.

# Notes to the Financial Statements

## 30. EARNINGS PER SHARE - BASIC AND DILUTED

The calculation of basic earnings per share is based on the following data:

		2019	2018
		Rupees	
Loss for the year	Rupees	207,384,954	(65,402,801)
Weighted average number of ordinary shares outstanding during the year	Number	55,100,000	55,100,000
Earnings per share - basic	Rupees	3.76	(1.19)

No figure for diluted earnings per share has been presented as the Company has not issued any instrument carrying options which would have an impact on earnings per share when exercised.

## 31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in accounts for remuneration including all benefits to Chief Executive Officer, directors and executives of the Company are as follows:

	2019			2018		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
	Rupees					
Remuneration	13,061,000	-	19,545,044	10,503,565	-	17,713,316
House rent	3,918,294	-	5,863,507	3,151,065	-	5,313,989
Utilities allowance	1,306,070	-	1,954,459	1,050,332	-	1,771,290
Medical allowance	1,306,116	-	1,954,524	1,050,369	-	1,771,349
Special allowance	168,716	-	252,466	135,680	-	228,806
	19,760,196	-	29,570,000	15,891,011	-	26,798,750
Number of persons	1	-	13	1	-	10

**31.1** Chief Executive Officer and four executives are also provided with Company maintained cars.

**31.2** No meeting fee was paid to the directors and Chief Executive Officer of the Company.

**31.3** No remuneration is paid to non executive directors.

## 33. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables and remuneration of Chief Executive Officer, directors and executives is disclosed in note 31 to these financial statements. Other significant transactions with related parties are as follows:



# Notes to the Financial Statements

Description	Nature of transaction	2019	2018
		Rupees	
Associated undertaking	Organizational expenses	12,423,245	11,545,080
	Short term borrowing	-	73,500,000
	Short term borrowing - repayment	73,500,000	-
Key management personnel	Remuneration and other benefits	42,689,762	42,689,762
Employee benefit plan	Paid during the year	2,386,845	3,193,414

**32.1** Sitara Spinning Mills Limited is an associated undertaking of the Company based on common directorship.

	2019	2018
	Tons	Tons
Production capacity	30,000	30,000
Actual production	25,324	21,006

**33.1** The average production during the year was 84% (2018: 70%). The main reason of increase in production is due to use of higher quality catalyst.

## 34. NUMBER OF EMPLOYEES

The total average number of employees during years ended June 30, 2019 and 2018 are as follows:

	2019	2018
	Number of Employees	
Average number of employees during the year	321	318
Total number of employees as at June 30	322	316

## 35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Balance as at June 30, 2018	Availed during the period	Repaid during the period	Balance as at June 30, 2019
	Rupees			
Long term financing	523,456,855	-	113,561,633	409,895,222
Short term borrowings	315,411,872	95,605,160	168,789,854	242,227,178
	838,868,727	95,605,160	282,351,487	652,122,400

	Balance as at June 30, 2017	Availed during the period	Repaid during the period	Balance as at June 30, 2018
	Rupees			
Long term financing	593,012,498	-	69,555,643	523,456,855
Short term borrowings	330,907,213	289,597,109	305,092,450	315,411,872
	923,919,711	289,597,109	374,648,093	838,868,727

## 36. FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:

Credit risk  
Liquidity risk  
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### 36.1 Credit risk and concentration of credit risk

#### 36.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating activities primarily for trade debts, loans and advances and other receivables.

The Company's credit risk exposures are categorized under the following headings:

##### 36.1.1.1 Counterparties

The Company conducts transactions with the following major types of counterparties:

##### 36.1.1.1.1 Trade debts

Trade debts are essentially due from local and foreign against sale of hydrogen peroxide and the Company does not expect these counterparties to fail to meet their obligations. Sales to the Company's customers are made on specific terms. Customer credit risk is managed subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and shipments to the foreign customers are generally covered by letters of credit or other form of credit insurance.

# Notes to the Financial Statements

## 36.1.1.1.2 Banks

The Company limits its exposure to credit risk by conducting transactions only with reputable banking entities that have minimum "A" credit rating. The table below shows bank balance held with counterparties at reporting date:

Bank	Rating		Rating agency	2019	2018
	Short term	Long term		Rupees	
MEEZAN BANK LIMITED	A-1+	AA+	JCR-VIS	163,972	447,572
BANK ALFALAH LIMITED	A-1+	AA+	PACRA	9,195	9,195
HABIB BANK LIMITED	A-1+	AAA	JCR-VIS	16,557	215,759
STANDARD CHARTERED BANK PAKISTAN LIMITED	A-1+	AAA	PACRA	9,036	153,787
ALBARAKA BANK LIMITED	A-1	A	PACRA	5,243	5,243
FAYSAL BANK LIMITED	A-1+	AA	PACRA	175,800	2,743
NATIONAL BANK OF PAKISTAN	A-1+	AAA	PACRA	11,121	237,831
MCB BANK LIMITED	A-1+	AAA	PACRA	549	549
UNITED BANK LIMITED	A-1+	AAA	JCR-VIS	72,201	101,926
ASKARI BANK LIMITED	A-1+	AA+	PACRA	8,881	8,881
SONERI BANK LIMITED	A-1+	AA-	PACRA	5,276	5,276
JS BANK LIMITED	A-1+	AA-	PACRA	24,069	-
FIRST WOMEN BANK LIMITED	A-2	A-	PACRA	1,864,372	-
SUMMIT BANK LIMITED	A-3	BBB-	JCR-VIS	315,977	-
				2,682,249	1,188,762

## 36.1.1.2 Exposure to credit risk

The carrying amounts of financial assets represent the maximum associated credit exposure. The maximum exposure to credit risk at the reporting date was:

	2019	2018
	Rupees	
<b>Financial assets</b>		
Trade debts- via traders	26,384,932	22,569,619
Trade debts - direct customers	115,241,726	82,472,023
Loans and advances	-	11,000,000
Letter of credit Deposits	10,996,381	15,179,613
Cash at Bank - current accounts	2,682,249	1,188,762
	155,305,288	132,410,017
<b>The aging of trade debts at the balance sheet date is as follows:</b>		
Past due 1 to 30 days	54,981,602	52,510,806
Past due 30 to 150 days	75,743,433	49,942,288
Past due 150 days	10,901,623	2,588,548
	141,626,658	105,041,642

## 36.1.1.3 Cash at bank

Total bank balance of Rs. 0.5 million (2018: 1.2 million) are placed with banks have a short term credit rating of at least A1 (2018: A1).

# Notes to the Financial Statements

## 36.2 Liquidity risk management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities under long term financing agreements based on the earliest date on which the Company can be required to pay. For effective mark up rate please see relevant notes to these financial statements.

Financial liabilities in accordance with their contractual maturities are presented below:

	2019				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
----- Rupees -----					
Long term financing	409,895,222	409,895,222	160,672,238	249,222,984	-
Staff retirement benefits - gratuity	31,109,944	31,109,944	-	31,109,944	-
Trade and other payables	345,380,016	345,380,016	345,380,016	-	-
Accrued mark-up	11,851,352	11,851,352	11,851,352	-	-
Short term borrowings	242,227,178	242,227,178	242,227,178	-	-
	1,040,463,712	1,040,463,712	760,130,784	280,332,928	-

# Notes to the Financial Statements

	2018				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	----- Rupees -----				
Long term financing	523,456,855	523,456,855	198,463,981	324,992,874	-
Staff retirement benefits - gratuity	26,607,536	26,607,536	-	26,607,536	-
Trade and other payables	344,874,301	344,874,301	344,874,301	-	-
Accrued mark-up	88,754,937	88,754,937	88,754,937	-	-
Short term borrowings	315,411,872	315,411,872	315,411,872	-	-
	1,299,105,501	1,299,105,501	947,505,091	351,600,410	-

## 36.3 Market risk

Market risk is the risk that changes with market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

## 36.4 Foreign currency risk management

Pak Rupee (PKR) is the functional currency of the Company and as a result currency exposure arises from transactions and balances in currencies other than PKR. The Company's potential currency exposure comprises;

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed on next page:

### Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

### Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure are incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

# Notes to the Financial Statements

## Exposure to currency risk

The Company is exposed to currency risk on import of raw materials, stores and spares and export of goods mainly denominated in US Dollar. The Company's exposure to foreign currency risk for US Dollar is as follows based on notional amounts:

	2019		2018	
	Rupees	US\$	Rupees	US\$
Letter of credit	24,447,902	155,620	15,179,613	124,832
<b>Balance sheet exposure</b>	<b>24,447,902</b>	<b>155,620</b>	<b>15,179,613</b>	<b>124,832</b>

	Average rate		Reporting date mid spot rate	
	2019	2018	2019	2018
	Rupees			

The following significant exchange rates have been applied:

Rupee to US \$	139.35	113.2	157.1	121.6
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## Sensitivity analysis

A 10 percent weakening of the Pak Rupee against the USD at June 30, 2019 would have increased loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2018.

	2019 Rupees	2018 Rupees
<b>Effect on loss for the year: US \$ to Rupee</b>		
Increase in loss for the year	2,444,790	1,517,961

A 10 percent strengthening of the Pak Rupee against the US dollar at June 30, 2019 would have had equal but opposite effect on foreign currency to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

## 36.5 Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

At the reporting date, the profit, interest and mark-up rate profile of the Company's significant financial assets and liabilities is as follows:

### Fixed rate financial instruments

At the reporting date, the Company does not have any fixed rate interest bearing financial instruments.

	2019 Percentage	2018 Percentage	2019 Rupees	2018 Rupees
<b>Variable rate financial instruments</b>				
<b>Financial liabilities</b>				
Long term financing	8.01% - 12.14%	7.26% - 8.03%	409,895,222	523,456,855
Short term borrowing	8.68% - 17.98%	7.87 % - 10%	242,227,178	315,411,872
			<b>652,122,400</b>	<b>838,868,727</b>



# Notes to the Financial Statements

## Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in mark-up / interest rates at the balance sheet date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the year 2018.

	Increase Rupees	Decrease Rupees
<b>At June 30, 2019</b>		
Cash flow sensitivity - variable rate financial liabilities	6,521,224	(6,521,224)
<b>At June 30, 2018</b>		
Cash flow sensitivity - variable rate financial liabilities	8,388,687	(8,388,687)

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and liabilities of the Company.

## 36.6 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. Gearing ratio of the Company is as follows:

	2019 Rupees	2018 Rupees
Total borrowings	652,122,400	838,868,727
Less: Cash and bank balance	3,046,222	1,634,358
Net debt	649,076,178	837,234,369
Total equity	2,078,149,204	1,750,859,090
Total capital	2,727,225,382	2,588,093,459
Gearing ratio	24%	32%

For the purpose of calculating the gearing ratio, the amount of total borrowings has been determined by including the effect of running finance under mark-up arrangement.

## 37. FAIR VALUE HIERARCHY

The fair value of property plant and equipment is based on revalued amount carried out by professional valuers.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

# Notes to the Financial Statements

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**37.1** The following table presents the Company's financial assets which are carried at fair value:

	2019			
	Carrying value	Fair value		
		Level 1	Level 2	Level 3
				Total
<b>Assets/measured at fair value:</b>				
Property, plant and equipment	2,501,463,121	2,501,463,121	-	2,501,463,121

	2018			
	Carrying value	Fair value		
		Level 1	Level 2	Level 3
				Total
<b>Assets measured at fair value:</b>				
Property, plant and equipment	2,665,633,107	-	2,665,633,107	-

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

## 38. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 23, 2019.

## 39. CORESPONDING FIGURES

Corresponding figures have been rearranged for better presentation where necessary. However, following significant reclassification has been made to reflect more appropriate presentation of events and transactions for the purpose of comparison:

Reclassified from	Reclassified to	Reason	Rupees
Sales	Distribution cost	Application of IFRS 15	26,062,706

## 40. GENERAL

Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# Ballot Paper for Voting Through Post

## Ballot Paper for Voting Through Post

For poll to be held at 3:30 pm on October 19, 2019 at The Institute of Chartered Accountants of Pakistan (ICAP) Auditorium Hall, Chartered Accountants Avenue, Clifton, Karachi

### SITARA PEROXIDE LIMITED

Registered Office: 601-602 Business Centre, Mumtaz Hasan Road, Karachi-74000, Pakistan.

Ph: +92 21 3241 3944, +92 21 3242 0620; Fax No. +9221 3241 5452

Email: corporate@sitaraperoxide.com; Website: <http://www.sitaraperoxide.com>

**Designated email address of the Company Secretary at which the duly filled in ballot paper may be sent: corporate@sitaraperoxide.com**

Name of shareholder/joint shareholders	
Registered Address	
Number of shares held (on October 11, 2019) and folio number	
CNIC No./Passport No (in case of foreigner) (copy to be attached)	
Additional Information and enclosures(In case of representative of body corporate, corporation and Federal Government)	

I/we hereby exercise my/our vote in respect of the following resolutions/election of Directors through postal ballot as follows:

Agenda No. 4: To elect Seven Directors of the Company, as fixed by the Board of Directors in accordance with the provisions of Section 159(1) of the Companies Act, 2017, for a period of three years commencing from the date of election.

Sr. No.	Name of Directors	No. of ordinary shares, used for voting in favor of the director	Number of votes (number of voting shares X number of directors to be elected i.e. 7)
1			
2			
3			
4			
5			
6			
7			
8			
Total			

Signature of shareholder(s) Place: \_\_\_\_\_, Date: \_\_\_\_\_

#### NOTES/PROCEDURE FOR SUBMISSION OF BALLOT PAPER:

1. Dully filled postal ballot should be sent to the Company Secretary Mr. Mazhar Ali Khan, SITARA PEROXIDE LIMITED, 601-602, Business Centre, Mumtaz Hasan Road, Karachi – 74000 Pakistan or at EMAIL: corporate@sitaraperoxide.com
2. Copy of CNIC/Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Postal ballot forms should reach Company Secretary of the meeting on or before October 15, 2019 during working hours. Any postal ballot received after this date, will not be considered for voting.
4. Signature on postal ballot should match with signature on CNIC/Passport (in case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.
6. In case of representative of body corporate, corporation and Federal Government, postal ballot must be accompanied with copy of CNIC of authorized person, attested copy of Board Resolution, Power of Attorney, Authorization Letter etc. in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In case of foreign body corporate etc. all documents must be attested from the Counsel General of Pakistan having jurisdiction over the member.
7. Ballot Paper has also been placed at the website of the Company <http://www.sitaraperoxide.com>. Members may download the ballot paper from the website.
8. A member shall have such number of votes as is equal to the product of the number of voting shares held by him and the number of directors to be elected.
9. A member may give all his votes to a single candidate or divide them between more than one of the candidates in such manner as he may choose. However, the number of votes cast must not exceed the number of votes available to the member.

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# FORM OF PROXY ANNUAL GENERAL MEETING

I/We \_\_\_\_\_ S/o/D/o/W/o \_\_\_\_\_  
of \_\_\_\_\_ being a member  
of **SITARA PEROXIDE LIMITED** and holder of \_\_\_\_\_ Ordinary Shares as per Share Register  
Folio No. \_\_\_\_\_ and/or CDC Participant ID No. \_\_\_\_\_ and Account / Sub-account \_\_\_\_\_  
No. \_\_\_\_\_ do hereby appoint Mr./Mrs./Miss \_\_\_\_\_  
\_\_\_\_\_ Folio No./CDC No. of \_\_\_\_\_ failing him/her,  
Mr./Mrs./Miss \_\_\_\_\_ Folio No./CDC No. \_\_\_\_\_ of  
\_\_\_\_\_ as my/our proxy to attend, act and vote for me/us on my/our behalf at Annual General  
Meeting of the Company to be held on Wednesday, October 19, 2019 at 3:30 pm at The Institute of Chartered  
Accountants of Pakistan (ICAP) Auditorium Hall, Chartered Accountants Avenue, Clifton, Karachi and at any  
adjournment thereof in the same manner as I/we myself/ourselves would vote if personally present at such  
meeting.

\_\_\_\_\_  
Signature of Shareholder  
Folio / CDC A/C No.

\_\_\_\_\_  
Signature of Proxy

Five Rupees  
Revenue Stamp

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

## Witness:

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
CNIC or \_\_\_\_\_  
Passport No. \_\_\_\_\_

## Witness:

2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
CNIC or \_\_\_\_\_  
Passport \_\_\_\_\_

## Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on member's behalf.
2. If a member is unable to attend the meeting. He/She may complete and sign this form and send it to the Company's Share Registrar M/s. THK Associates (Pvt) Limited, 1ST Floor, 40-C, Block-6, P.E.C.H.S., Karachi-75400 so as to reach not less than 48 hours before the time appointed for holding the Meeting.
3. For CDC Account Holders / Corporate Entities; in addition to the above, the following requirements have to be met:
  - (a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers be stated on the form.
  - (b) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
  - (c) The proxy shall produce his original CNIC or original passport at the time of the meeting. In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



# ستاره پرائکسائیڈ لمیٹڈ

پرائکسی فارم

اجلاس عام

میں / ہم

ستاره پرائکسائیڈ لمیٹڈ کے ممبر / ممبران رجسٹرڈ فوئیو نمبر / شرکاء کی آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر کے مطابق عمومی شیئرز

رکھتے ہیں بذریعہ ہذا کو تقرر کرتے ہیں۔ رجسٹرڈ فوئیو نمبر / شرکاء کی

آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر یا اس کے شرکت نہ کرنے کی صورت میں

رجسٹرڈ فوئیو نمبر / شرکاء کی آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر کو بطور پرائکسی 19 اکتوبر 2019 بوقت 03:30 بجے دوپہر

بمقام انسٹیٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان چارٹرڈ اکاؤنٹنٹس ایونیو، کلفٹن، کراچی کمپنی کے منعقد ہونے والے اجلاس عام اور اس کے کسی التواء تک میری / ہماری جانب سے ووٹ دینا اور اجلاس میں شرکت کے کا حق دیتا ہوں۔

ریونیو اسٹامپ

5/- روپے

دستخط پرائکسی

دستخط شیئر ہولڈر

تاریخ ۲۰۱۹ء

گواہان

گواہان

دستخط

دستخط

نام

نام

ایڈریس

ایڈریس

شناختی کارڈ

شناختی کارڈ

پاسپورٹ

پاسپورٹ

نوٹس:

(1) ایک رکن جو اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے اس کو حق حاصل ہے کہ وہ کسی دوسرے فرد کو بطور پرائکسی اپنی جانب سے شرکت کرنے اور ووٹ دینے کے لئے مقرر کرے۔

(2) اگر کوئی رکن اجلاس عام میں شرکت کرنے کے قابل نہیں ہے تو وہ یہ فارم مکمل اور تصدیق شدہ کمپنی کے شیئر رجسٹرار میسرز THK ایسوسی اٹس، پہلی منزل، C-40 بلاک 6، پی۔ای۔سی۔ایچ۔ایس کراچی کو اجلاس کے منعقد ہونے سے 48 گھنٹے قبل بھجوائیں۔

(3) CDC اکاؤنٹ ہولڈر / کارپوریٹ انٹیس مندرجہ بالا کے علاوہ مذکورہ شقوں پر عمل کریں۔

(a) پرائکسی فارم میں دو گواہان کے دستخط نیز ان کے پتے اور شناختی کارڈ نمبر کا اندراج بھی لازمی ہے۔

(b) رکن اور پرائکسی کی تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی نقول کی فراہمی۔

(c) پرائکسی کے لئے لازم ہے کہ وہ اجلاس کے وقت اصل قومی شناختی کارڈ یا پاسپورٹ تصدیق کے لئے فراہم کرے۔ Corporate Entity کی صورت میں بورڈ آف ڈائریکٹرز کی تصدیق شدہ قرارداد کی نقول بشمول Power of Attorney دستخط کے ساتھ (بجرا اگر پہلے ہی جمع کروادی گئی ہے) پرائکسی فارم کے ہمراہ کمپنی کے شیئر رجسٹرار کو جمع کروائے۔



601-602 Business Centre, Mumtaz Hassan Road,  
Off. I.I. Chundrigar Road, Karachi-74000.  
Ph: 021 32401373, 32413944