

2016

1st Quarter Report September



Company Information

Company Information

Board of Directors	Mrs. Sharmeen Imran Mr. Imran Ghafoor Mr. Muhammad Khalil Mr. Ejaz Hussain Mr. Saim Bin Saeed Mr. Waleed Asif Mr. Yasir Ahmed Awan	(Chairperson) (CEO)
Chief Financial Officer	Mr. Waqas Ashraf (FCA)	
Company Secretary	Mr. Mazhar Ali Khan	
Head of Internal Audit	Mr. Zia-ul-Mustafa	
Audit Committee	Mr. Saim Bin Saeed Mrs. Sharmeen Imran Mr. Waleed Asif Mr. Zia-ul-Mustafa	(Chairman) (Member) (Member) (Secretary)
Human Resource and Remuneration Committee	Mr. Ejaz Hussain Mr. Saim Bin Saeed Mr. Waleed Asif	(Chairman) (Member) (Member)
External Auditors	M/s. Deloitte Yousuf Adil, Chartered Accountants	
Legal Advisor	Sahibzada Waqar Arif	
Registered Office	601-602 Business Centre, Mumtaz Hassan Road, Off. I.I. Chundrigar Road, Karachi-74000. Ph: 021 32401373, 32413944	
Company Website	www.sitaraperoxide.com	
Bankers	Al Baraka Bank (Pakistan) Limited Askari Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited MCB Bank Limited Meezan Bank Limited National Bank Limited Silk Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited United Bank Limited	
Share Registrar	THK Associates (Private) Limited Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi, 75530 P.O. Box No. 8533 UAN : +92 (21) 111-000-322 Fax: +92 (21) 35655595	
Head Office & Project Location	26 - KM Sheikhupura Road, Faisalabad. Ph : (92 41) 2400900-2, 2400904-5	

DIRECTORS REVIEW

I, on the behalf of Board of Directors, would like to present the un-audited condensed interim financial statements of Sitara Peroxide Limited (the Company) for the first quarter ended September 30, 2016. The quarter under review has been very testing period for your Company. Management had decided to take shut down to carry out steps for production capacity enhancement. These jobs included import of chemicals and raw materials to raise the working solution levels and certain maintenance jobs. Production of Hydrogen peroxide is an extremely sensitive process and strict security measures are needed to be taken. Plant was initially operated at low production levels as per the instruction of technical consultants to closely monitor the key performance indicators of production process and then production capacities were gradually enhanced.

Management was again forced to take plant shut down due to technical complications occurred at plant. Necessary repair and maintenance jobs were performed at plant to address the above technical problems. Various steps had been taken to sort out the above technical issues and to restore production capacity to normal levels. The capacity utilization of plant is gradually on the rise now. Management is hopeful that plant will regain normal production level in second quarter of current financial year.

Net turnover of the Company remained Rs. 189 million during the first quarter of current financial year. Prices of product remained stable during the period under review and drop in revenue is due to decrease in sales volume which in turn occurred due to low production levels. Capacity utilization during the first quarter remained 49% of total installed capacity. The Company suffered loss after tax of Rs. 89 million and loss per share remained Rs. 1.62.

Previous Board members of the Company retired after completion of their term. New Board has been elected in annual general meeting held on October 29, 2016 which comprises Mrs. Sharmeen Imran, Mr. Imran Ghafoor, Mr. Muhammad Khalil, Mr. Ejaz Hussain, Mr. Waleed Asif, Mr. Saim Bin Saeed and Mr. Yasir Ahmed Awan. I welcome newly elected directors on our Board.

Despite all the above mentioned challenges, management of your Company is hopeful of positive outcome in longer run. We are hopeful that soon we will be able to achieve the optimum level production and financial performance of your Company will improve considerably in next quarter of the current financial year. I, on the behalf of the Board, would like to take this opportunity to express our appreciation for our employees, customers, dealers, bankers, shareholders and all other stakeholders for their continued support and cooperation.

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

On behalf of Board of Directors



IMRAN GHAFOOR
Chief Executive Officer

Faisalabad
October 31, 2016

ڈائریکٹرز رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے ستارہ پراکسائیڈ لمیٹڈ کی 30 ستمبر کو اختتام پذیر پہلی سہ ماہی کے مالی نتائج میں آپ کی خدمت میں پیش کرنا چاہا جائے گا۔ زیر نظر سہ ماہی کا عرصہ کمپنی کے لئے بہت مشکل عرصہ تھا۔ کمپنی کی مینجمنٹ نے پیداواری استعداد میں اضافے کیلئے اٹھائے جانے والے اقدامات کے پیش نظر پلانٹ کی بندش کی تھی۔ ان اقدامات میں ورکنگ سالوں میں اضافے کیلئے کیمیکلز اور خام مال کی درآمد اور چند ضروری مرمت کے مراحل شامل تھے۔ ہائیڈروجن پراکسائیڈ کی پیداوار ایک پیچیدہ عمل ہے جس کے دوران انتہائی احتیاط کی ضرورت ہوتی ہے۔ کیمیکلی ماہرین کی ہدایت کو مد نظر رکھتے ہوئے آغاز میں پلانٹ کو کم استعداد کار پر چلایا گیا تاکہ پیداواری عمل کے تمام اعشاریوں کو مد نظر رکھا جاسکے اور پھر پیداواری استعداد میں بتدریج اضافہ کیا جاسکے۔

مگر پلانٹ میں مزید کیمیکلی مسائل پیدا ہونے کی وجہ سے کمپنی کی مینجمنٹ کو دوبارہ پلانٹ مجبوراً بند کرنا پڑا۔ کیمیکلی مسائل پر قابو پانے کیلئے دوبارہ مرمت اور مینٹیننس انجام دینا پڑی۔ پلانٹ کی پیداواری استعداد کو معمول پر لانے کیلئے تمام ممکنہ اقدامات کئے گئے ہیں۔ اب پلانٹ کی پیداواری استعداد کے ساتھ ساتھ اضافہ ہو رہا ہے۔ کمپنی کی انتظامیہ پر اعتماد ہے کہ رواں مالی سال کی دوسری سہ ماہی میں پلانٹ اپنی معمول کی پیداواری استعداد کے مطابق کام کرنا شروع کر دے گا۔

رواں مالی سال کی پہلی سہ ماہی میں کمپنی کا نیٹ ریویو 189 ملین روپے رہا۔ زیر نظر عرصے میں پراڈکٹ کی قیمتیں مستحکم رہیں اور آمدن میں کمی کی وجہ پراڈکٹ کی کم مقدار میں فروخت تھی جس کا باعث حالیہ عرصے میں ہونے والی کم پیداوار تھی۔ پہلی سہ ماہی میں کمپنی اپنی پیداواری استعداد کے صرف 49 فیصد تک پیداوار حاصل کر پائی۔ کمپنی کو پہلی سہ ماہی کے دوران 89 ملین روپے کے بعد از ٹیکس خسارے کا سامنا کرنا پڑا جبکہ فی شیئر خسارہ 1.62 روپے رہا۔

کمپنی کا گذشتہ بورڈ اپنی مقررہ معیاد مکمل کرنے کے بعد ریٹائر ہو گیا۔ 29 اکتوبر 2016 کو ہونے والے کمپنی کے سالانہ اجلاس عام میں نئے کمپنی بورڈ کا انتخاب ہوا۔ نیا بورڈ محترمہ شریں عمران، عمران غفور، محمد خلیل، اعجاز حسین، ولید آصف، صائم بن سعید اور یاسر احمد اعوان پر مشتمل ہے۔ میں بورڈ کے منتخب ہونے والے تمام نئے ارکان کو خوش آمدید کہنا چاہوں گا۔

اوپر بیان کئے گئے تمام چیلنجز کے باوجود آپ کی کمپنی کی انتظامیہ پر اعتماد ہے کہ مستقبل میں حالات بہتر رہیں گے۔ ہم پر امید ہیں کہ جلد ہی کمپنی اپنی پوری استعداد کے مطابق پیداوار حاصل کرے گی جس کے باعث رواں مالی سال کی دوسری سہ ماہی میں مالی نتائج حوصلہ افزاء ہوں گے۔ میں اس موقع سے فائدہ اٹھاتے ہوئے کمپنی کے تمام بورڈ ممبران کی طرف سے کمپنی کے ملازمین، کسٹمرز، ڈیلرز، جنیکرز، حصص داران اور دوسرے تمام سٹیک ہولڈرز کا تہ دل سے شکر یہ ادا کرنا چاہوں گا جنہوں نے ہم سے تعاون جاری رکھا۔

اللہ ہمیں درپیش چیلنجز سے فروزا ماہونے کی ہمت عطا فرمائے۔ آمین

بورڈ ممبران کی جانب سے



عمران غفور
چیف ایگزیکٹو آفیسر

فیصل آباد

13 اکتوبر 2016

Balance Sheet

Condensed Interim Balance Sheet As At September 30, 2016

		September 30, 2016 (Un-Audited)	June 30, 2016 (Audited)
	Note	----- Rupees -----	
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,100,692,838	2,146,156,501
Long term advances and deposits		3,705,000	3,705,000
		<u>2,104,397,838</u>	<u>2,149,861,501</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		88,033,726	86,619,713
Stock-in-trade		430,917,796	430,789,976
Trade debts		48,486,951	47,636,412
Advances		150,389,259	161,045,552
Deposits and short term prepayments		43,371,383	55,463,500
Other receivables		21,520,274	21,520,274
Sales tax refundable		179,747,665	167,998,496
Cash and bank balances		28,479,931	35,860,754
		<u>990,946,985</u>	<u>1,006,934,677</u>
		<u>3,095,344,823</u>	<u>3,156,796,178</u>
SHARE CAPITAL AND RESERVES			
Authorized share capital 60,000,000 ordinary shares of Rs.10 each		<u>600,000,000</u>	<u>600,000,000</u>
Issued, subscribed and paid up share capital 55,100,000 ordinary shares of Rs. 10 each fully paid in cash		551,000,000	551,000,000
Accumulated losses		(256,973,557)	(181,156,913)
		<u>294,026,443</u>	<u>369,843,087</u>
Surplus on revaluation of property, plant and equipment		861,062,642	874,735,751
NON-CURRENT LIABILITIES			
Long-term financing	6	353,797,773	416,307,440
Deferred liabilities		291,538,570	291,065,230
Deferred markup		224,538,351	222,664,458
		<u>869,874,694</u>	<u>930,037,128</u>
CURRENT LIABILITIES			
Trade and other payables		429,298,950	388,312,573
Mark-up accrued on loans		21,613,131	12,650,909
Short-term borrowings		282,917,883	272,102,937
Current portion of long-term financing	6	334,617,411	295,829,966
Provision for taxation		1,933,669	13,283,827
		<u>1,070,381,044</u>	<u>982,180,212</u>
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		<u>3,095,344,823</u>	<u>3,156,796,178</u>

The annexed selected notes from 1 to 11 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

Profit and Loss Account

**Condensed Interim Profit and Loss Account (Un-audited)
for the 1st Quarter Ended September 30, 2016**

	Note	Quarter Ended September 30,	
		2016	2015
		----- Rupees -----	
Sales - net		189,284,156	331,200,992
Cost of sales	8	234,520,671	300,042,199
Gross (loss) / profit		(45,236,515)	31,158,793
Other income		294,018	35,388,991
		(44,942,497)	66,547,784
Distribution expenses		4,826,203	7,351,525
Administrative expenses		19,270,098	19,888,768
Finance cost		18,517,286	25,290,383
		42,613,587	52,530,676
Operating (loss) / profit		(87,556,084)	14,017,108
Provision for taxation		1,933,669	3,719,088
(Loss) / profit for the period		(89,489,753)	10,298,020
Other comprehensive income		-	-
Total comprehensive (loss) / income for the period		(89,489,753)	10,298,020
(Loss) / Earning per share - basic and diluted		(1.62)	0.19

The annexed selected notes from 1 to 11 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

Cash Flow Statement

Condensed Interim Cash Flow Statement (Un-audited) for the 1st Quarter Ended September 30, 2016

Quarter Ended September 30,
2016 2015
----- Rupees -----

CASH FLOWS FROM OPERATING ACTIVITIES

(Loss) / profit before taxation	(87,556,084)	14,017,108
Adjustments for:		
Depreciation on property, plant and equipment	45,556,856	43,296,125
Gain on sale of property, plant and equipment	-	(450,000)
Profit on bank deposits	(294,018)	(233,089)
Provision for deferred-employee benefits	1,416,794	1,438,120
Finance cost	18,517,286	25,290,383
	(22,359,166)	83,358,647
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(1,414,013)	(2,946,627)
Stock-in-trade	(127,820)	39,910,904
Trade debts	(850,539)	1,089,737
Advances	3,536,824	(6,690,326)
Deposits and prepayments	12,092,117	(9,670,312)
Increase / (decrease) in current liabilities:		
Trade and other payables	40,986,377	(18,072,892)
	54,222,946	3,620,484
Cash generated from operations	31,863,780	86,979,131
Finance cost paid	(7,681,171)	(20,760,918)
Markup paid on finance lease	-	(9,441)
Sales tax paid	(11,749,169)	(14,053,174)
Employee benefits paid	(943,454)	(418,305)
Income taxes paid	(6,164,358)	(9,304,593)
	(26,538,152)	(44,546,431)
Net cash (used in) / generated from operating activities	5,325,628	42,432,700
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(93,193)	(207,398)
Proceeds from sale of property, plant and equipment	-	450,000
Profit received on bank deposits	294,018	233,089
Net cash generated from investing activities	200,825	475,691
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(23,722,222)	(53,267,880)
Net increase in short-term borrowings	10,814,946	9,275,666
Lease rentals paid	-	(170,421)
Net cash used in financing activities	(12,907,276)	(44,162,635)
Decrease in cash and cash equivalents	(7,380,823)	(1,254,244)
Cash and cash equivalents at beginning of period	35,860,754	6,378,894
Cash and cash equivalents at end of period	28,479,931	5,124,650

The annexed selected notes from 1 to 11 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

Statement of Changes In Equity

**Condensed Interim Statement of Changes In Equity (Un-audited)
for the 1st Quarter Ended September 30, 2016**

	Share capital	Accumulated losses	Total
 Rupees		
Balance as at July 01, 2015	551,000,000	(253,678,095)	297,321,905
Total comprehensive income for the period ended September 30, 2015			
Profit for the period	-	10,298,020	10,298,020
Other comprehensive income	-	-	-
	-	10,298,020	10,298,020
Incremental depreciation for the period transferred to accumulated losses - net of deferred tax			
	-	13,474,948	13,474,948
Balance as at September 30, 2015	551,000,000	(229,905,127)	321,094,873
Balance as at July 01, 2016	551,000,000	(181,156,913)	369,843,087
Total comprehensive income for the period ended September 30, 2016			
Loss for the period	-	(89,489,753)	(89,489,753)
Other comprehensive income	-	-	-
	-	(89,489,753)	(89,489,753)
Incremental depreciation for the period transferred to accumulated losses - net of deferred tax			
	-	13,673,109	13,673,109
Balance as at September 30, 2016	551,000,000	(256,973,557)	294,026,443

The annexed selected notes from 1 to 11 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

Notes to the Condensed Interim Financial Information for the 1st Quarter Ended September 30, 2016

1. GENERAL INFORMATION

Sitara Peroxide Limited (the Company) is limited by shares, incorporated in Pakistan on March 08, 2004 as a public limited company under the Companies Ordinance, 1984. The Company is listed on Pakistan Stock Exchange since July 23, 2007. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hassan Road, Karachi in the province of Sindh and the manufacturing facility is located at 26-KM Sheikhpura Road, Faisalabad in the province of Punjab.

The principal object of the Company is manufacturing and sale of Hydrogen Peroxide (H₂O₂).

This condensed interim financial information is presented in Pak Rupee, which is the Company's functional and presentation currency.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information is un-audited and is being submitted to the shareholders as required by the Securities and Exchange Commission of Pakistan under section 245 of the Companies Ordinance, 1984.

This condensed interim financial information has been prepared in compliance with the requirements of IAS-34 - "Interim Financial Reporting". This condensed interim financial information does not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the company for the financial year ended June 30, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company for preparation of this condensed interim financial information are the same as those applied in the preparation of the last audited published financial statements for the financial year ended June 30, 2016.

4. ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company accounting policies and the key sources of estimation were same as those applied to the financial statements for the financial year ended June 30, 2016.

Notes to the Financial

September 30,
2016
(Un-Audited) June 30,
2016
(Audited)
----- Rupees -----

5. PROPERTY PLANT AND EQUIPMENT

Operating assets		
Opening carrying value	2,146,156,501	2,327,432,515
Additions during the period / year		
Electric installations	-	277,757
Vehicles	93,193	736,234
	93,193	1,013,991
	2,146,249,694	2,328,446,506
Deletions during the period / year (at carrying value)	-	-
	2,146,249,694	2,328,446,506
Depreciation charged during the period / year	(45,556,856)	(182,290,005)
	2,100,692,838	2,146,156,501

6. LONG TERM FINANCING

Secured - from financial institutions		
Sukuk arrangement - syndicated	616,859,626	634,359,626
Term finance	71,555,558	77,777,780
	688,415,184	712,137,406
Less: current maturity of long term loan	334,617,411	295,829,966
	353,797,773	416,307,440

7. CONTINGENCIES AND COMMITMENTS**7.1 Contingencies**

Bank guarantee issued in favor of SNGPL for supply of gas	53,538,000	53,538,000
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7.2 Commitments

Irrevocable letters of credit	17,788,890	30,848,717
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