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1st Quarter Report
September



Sitara Peroxide
Limited

Company Information

Mr. Imran Ghafoor (CEO) Mr. Muhammad Adrees Mrs. Sharmeen Imran Mr. Muhammad Asif Pasha Mr. Muhammad Khalil Mr. Saim Bin Saeed Mr. Waleed Asif	Board of Directors
Mr. Waqas Ashraf (FCA)	Chief Financial Officer
Mr. Mazhar Ali Khan	Company Secretary
Mr. Zia-ul-Mustafa	Head of Internal Audit
Mr. Saim Bin Saeed (Chairman) Mrs. Sharmeen Imran (Member) Mr. Waleed Asif (Member) Mr. Zia-ul-Mustafa (Secretary)	Audit Committee
Mr. Muhammad Asif Pasha (Chairman) Mr. Saim Bin Saeed (Member) Mr. Waleed Asif (Member)	Human Resource and Remuneration Committee
M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants	External Auditors
Sahibzada Waqar Arif	Legal Advisor
601-602 Business Centre, Mumtaz Hassan Road, Off. I.I. Chundrigar Road, Karachi-74000. Ph: 021 32401373, 32413944	Registered Office
www.sitaraperoxide.com	Company Website
Askari Bank Limited Al-Baraka Islamic 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	Bankers
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,	Share Registrar
26 - KM Sheikhpura Road, Faisalabad. Ph : (92 41) 2400900 - 5	Head Office & Project Location

Directors' Review

Dear Shareholders,

On behalf of Board of Directors of Sitara Peroxide Limited, we would like to present the un-audited financial information of the Company for the first quarter ended September 30, 2013.

OBITUARY

Haji Bashir Ahmad, founder of Sitara Group of Industries and Chairman of Board of Directors of the Company, passed away on October 04, 2013 **انا لله وانا اليه راجعون**. May Allah rest his soul in eternal peace. It was under his leadership that Sitara Group developed into one of the leading industrial groups of Pakistan. For his contributions to the economy of country and industry, he had been conferred with "Sitara-i-Imtiaz", Pakistan's highest civilian award. Besides his industrial ventures, Haji Bashir Ahmed remained active in social activities and had established hospitals and educational institutions for the deprived.

BUSINESS REVIEW

I am pleased to report quarterly net profit of Rs. 18 million during the first quarter which translates into earning per share of Rs. 0.33 per share.

The Company achieved sales turnover of Rs. 339 million as against Rs. 223 million in the corresponding period; hence showing an increase of 52%. Increase in turnover is attributed to 23% rise in quantity of hydrogen peroxide sold. Gross profit ratio increased to 23% as compared to just 9% in the comparative period. Increase in margin is attributed to higher capacity utilization in the period under review. Capacity utilization remained 86% as compared to 58% in the corresponding period of last year.

Without impacting the selling price, the management of your company has chalked out a strategy to encourage customers to buy hydrogen peroxide in bulk quantity which has a positive impact on the packaging cost hence favorably impacting contribution margin. The proportion of bulk sales will continue to increase in the coming days.

FUTURE OUTLOOK

Management of your Company stand committed to keep pace and deliver operating results by focusing on key growth parameters, cost curtailment measures and new business development in regional and international markets for value addition to our stakeholders. Unless energy shortages in the country adversely effect our production capability, we foresee a profitable year for the Company.

Please join us in praying Almighty Allah to give us the courage and wisdom to overcome the future challenges. A'meen.

On behalf of Board of Directors



IMRAN GHAFLOOR
Chief Executive Officer

Faisalabad
October 31, 2013

Condensed Interim Balance Sheet (Un-audited) As At September 30, 2013

Note	September 30, 2013 (Un-Audited) ----- Rupees -----	June 30, 2013 (Audited) -----
NON-CURRENT ASSETS		
Property, plant and equipment	5 1,783,872,872	1,832,861,429
Long term advances and deposits	44,905,000	46,205,000
	<u>1,828,777,872</u>	<u>1,879,066,429</u>
CURRENT ASSETS		
Stores, spare parts and loose tools	71,770,788	70,054,497
Stock-in-trade	433,493,414	438,579,847
Trade debts	57,342,120	35,557,733
Advances	48,430,612	62,212,816
Deposits and short term prepayments	54,143,398	22,792,839
Sales tax refundable	49,592,668	64,808,319
Cash and bank balances	18,976,504	15,972,007
	<u>733,749,504</u>	<u>709,978,058</u>
	<u>2,562,527,376</u>	<u>2,589,044,487</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	551,000,000	551,000,000
55,100,000 ordinary shares of Rs. 10 each fully paid in cash		
Accumulated losses	<u>(264,291,443)</u>	<u>(289,753,009)</u>
	286,708,557	261,246,991
Surplus on revaluation of property, plant and equipment	6 420,248,048	427,709,455
NON-CURRENT LIABILITIES		
Long-term financing	7 949,820,673	987,829,376
Liabilities against assets subject to finance lease	1,276,456	6,255,827
Deferred liabilities	27,852,829	27,042,661
Deferred markup	76,460,061	73,544,266
	<u>1,055,410,019</u>	<u>1,094,672,130</u>
CURRENT LIABILITIES		
Trade and other payables	158,730,683	126,249,012
Mark-up accrued on loans	30,288,897	33,005,516
Short-term borrowings	398,871,031	415,612,810
Current portion of long-term financing	208,416,301	220,291,677
Current portion of liabilities against assets subject to finance lease	378,626	4,540,246
Provision for taxation	3,475,214	5,716,650
	<u>800,160,752</u>	<u>805,415,911</u>
CONTINGENCIES AND COMMITMENTS		
	8 -	-
	<u>2,562,527,376</u>	<u>2,589,044,487</u>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information



CHIEF EXECUTIVE OFFICER



DIRECTOR

Condensed Interim Profit and Loss Account (Un-audited) for the 1st Quarter Ended September 30, 2013

	Note	Quarter Ended September 30,	
		2013	2012
		----- Rupees -----	
Sales		338,558,278	223,249,595
Cost of sales	9	249,142,027	203,952,652
Gross profit		89,416,251	19,296,943
Other income		1,596,189	-
		91,012,440	19,296,943
Distribution expenses		7,523,197	6,350,905
Administrative expenses		16,628,635	12,632,375
Other operating expenses		1,885,884	819,222
Finance cost		43,499,351	55,523,624
		69,537,067	75,326,126
Operating profit / (loss)		21,475,373	(56,029,183)
Provision for taxation		3,475,214	1,184,740
Profit / (loss) for the period		18,000,159	(57,213,923)
Earning / (loss) per share - basic and diluted		0.33	(1.04)

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information



CHIEF EXECUTIVE OFFICER



DIRECTOR

Condensed Interim Cash Flow Statement (Un-audited) for the 1st Quarter Ended September 30, 2013

	Quarter Ended September 30, 2013	
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	21,475,373	(56,029,183)
Adjustments for:		
Depreciation on property, plant and equipment	42,689,408	42,514,867
Gain on sale of property, plant and equipment	(766,667)	-
Profit on bank deposits	(289,522)	(327,549)
Provision for deferred-employee benefits	984,742	581,362
Finance cost	43,499,351	55,523,624
	107,592,685	42,263,121
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(1,716,291)	586,007
Stock-in-trade	5,086,433	4,244,776
Trade debts	(21,784,387)	768,244
Advances	6,491,511	15,865,215
Deposits and prepayments	(31,350,559)	(14,547,386)
Increase in current liabilities:		
Trade and other payables	32,481,970	24,853,232
	(10,791,323)	31,770,088
Cash generated from operations	96,801,362	74,033,209
Finance cost paid	(42,732,119)	(25,151,026)
Markup paid on finance lease	(568,356)	-
Sales tax refunded	15,215,651	373,881
Employee benefits paid	(174,574)	(76,680)
Income taxes refunded / (paid)	1,574,042	(4,451,769)
	(26,685,356)	(29,305,594)
Net cash generated from operating activities	70,116,006	44,727,615
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,234,184)	(3,703,912)
Proceeds from sale of property, plant and equipment	10,300,000	-
Profit received on bank deposits	289,522	327,549
Decrease in long term deposits	1,300,000	-
Net cash generated from / (used in) investing activities	8,655,338	(3,376,363)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term financing	-	17,100,000
Repayment of long-term financing	(49,884,077)	(20,347,762)
Net (decrease) / increase in short-term borrowings	(16,741,779)	7,419,859
Lease rentals paid	(9,140,991)	(807,585)
Net cash (used in) / generated from financing activities	(75,766,847)	3,364,512
Increase / (Decrease) in cash and cash equivalents	3,004,497	44,715,764
Cash and cash equivalents at beginning of period	15,972,007	10,953,312
Cash and cash equivalents at end of period	18,976,504	55,669,076

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information



CHIEF EXECUTIVE OFFICER



DIRECTOR

Condensed Interim Statement of Changes In Equity (Un-audited) for the 1st Quarter Ended September 30, 2013

	Share capital	Accumulated losses	Total
 Rupees		
Balance as at July 01, 2012	551,000,000	(302,450,712)	248,549,288
Total comprehensive loss for the period ended September 30, 2012			
Loss for the period	-	89,416,251	89,416,251
Other comprehensive income	-	-	-
	-	89,416,251	89,416,251
Incremental depreciation for the period transferred to accumulated losses - net of deferred tax	-	7,348,355	7,348,355
Balance as at September 30, 2012	551,000,000	(205,686,106)	345,313,894
Balance as at July 01, 2013	551,000,000	(289,753,009)	261,246,991
Total comprehensive loss for the period ended September 30, 2012			
Profit for the period	-	18,000,159	18,000,159
Other comprehensive income	-	-	-
	-	18,000,159	18,000,159
Incremental depreciation for the period transferred to accumulated losses - net of deferred tax	-	7,461,407	7,461,407
Balance as at September 30, 2013	551,000,000	(264,291,443)	286,708,557

The annexed notes from 1 to 12 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, 2013

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 Karachi 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, 2013.

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, 2013.

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, 2013.

Notes to the Condensed Interim Financial Information for the 1st Quarter Ended September 30, 2013

	September 30, 2013 (Un-Audited)	June 30, 2013 (Audited)
	----- Rupees -----	
5. PROPERTY PLANT AND EQUIPMENT		
Operating assets	1,777,381,616	1,826,370,173
Capital work in progress	6,491,256	6,491,256
	<u>1,783,872,872</u>	<u>1,832,861,429</u>
5.1 Operating assets		
Opening carrying value	1,826,370,173	1,971,872,231
Additions during the period / year		
Plant and machinery	-	22,732,927
Electric installations	114,600	424,655
Office equipment	-	154,243
Furniture and fixtures	47,256	74,270
Vehicles	3,072,328	2,288,625
	<u>3,234,184</u>	<u>25,674,720</u>
Disposals during the period / year		
Vehicles	(9,533,332)	-
	<u>1,820,071,025</u>	<u>1,997,546,951</u>
Depreciation charged during the period / year	(42,689,409)	(171,176,778)
	<u>1,777,381,616</u>	<u>1,826,370,173</u>
6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Balance at beginning of the period / year	427,709,455	459,635,233
Transfer to accumulated losses in respect of incremental depreciation charged during the period / year - net of deferred tax	7,461,407	31,925,778
	<u>420,248,048</u>	<u>427,709,455</u>
6.1 Incremental depreciation charged during the period / year		
Charge for the period / year	11,305,162	45,220,651
Less: deferred tax liability relating to incremental depreciation	3,843,755	13,294,873
	<u>7,461,407</u>	<u>31,925,778</u>

Notes to the Condensed Interim Financial Information for the 1st Quarter Ended September 30, 2013

	September 30, 2013 (Un-Audited)	June 30, 2013 (Audited)
	----- Rupees -----	

7. LONG TERM FINANCING

From banking companies - secured

7.1 Under mark-up arrangements

Balance at beginning of period / year	1,178,921,051	1,243,421,053
Less: current portion	201,216,301	213,091,677
Less: paid during the period / year	49,884,077	64,500,000
	927,820,673	965,829,376

7.2 Under diminishing musharakah arrangement

Balance at beginning of period / year	-	20,347,762
Less: paid during the period / year	-	20,347,762
	-	-

7.3 Others - unsecured

Balance at beginning of period / year	29,200,000	29,200,000
	7,200,000	7,200,000
	22,000,000	22,000,000
	949,820,673	987,829,376

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 Bank guarantee issued in favor of SNGPL for supply of gas	53,538,000	53,538,000
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8.1.2 Workers' welfare fund

The management of the Company has not recorded the provision of WWF according to the judgement of Lahore High Court in 2011. The aggregate un-recognised amount of WWF as at September 30, 2013 amounts to Rs. 5.988 million (June 30, 2013: Rs. 5.988 million).

8.1.3 Gas Infrastructure Development Cess (GIDC)

Ministry of Petroleum and Natural Resources had imposed GIDC in pursuance of Gas Infrastructure Development Cess Act, 2011. Due to pending case in Honorable Islamabad High Court, management of the Company has not recorded provision of GIDC. Un-recognized GIDC on September 30, 2013 amounts to Rs. 8.223 million.

8.2 Commitments

Irrevocable letters of credit	68,920,785	41,614,000
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Notes to the Condensed Interim Financial Information for the 1st Quarter Ended September 30, 2013

Quarter Ended September 30,
2013
(Un-Audited) **(Un-Audited)**
----- Rupees -----

9. COST OF SALES

Opening stock of finished goods	11,545,648	25,103,496
Cost of goods manufactured	238,553,956	186,338,232
Purchase of finished goods	17,111,820	-
	267,211,424	211,441,728
Less: closing stock of finished goods	18,069,397	7,489,076
Cost of goods sold	249,142,027	203,952,652

10. Relationship with the company Associated companies

Nature of transaction

	Organizational expenses charged	49,990	80,024
	Purchases	4,798,850	6,044,976
Key management personnel	Loan obtained from Chief Executive Officer	7,950,000	-
	Remuneration and other benefits	5,050,949	4,239,886
Employee benefit plan	Paid during the quarter	174,574	76,680

11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information have been authorised for issue on October 31, 2013 by the Board of Directors of the Company.

12. GENERAL

Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR



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