

1ST QUARTER
REPORT SEPTEMBER

2015





Company Information

Board of Directors	Mrs. Sharmeen Imran Mr. Imran Ghafoor Mr. Muhammad Asif Pasha Mr. Muhammad Khalil Mr. Saim Bin Saeed Mr. Waleed Asif Mr. Abdullah Javed	(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. Muhammad Asif Pasha 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 2nd 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 Sheikhpura Road, Faisalabad. Ph : (92 41) 2400900-2, 2400904-5	



DIRECTORS REVIEW

On behalf of the Board of Directors of Sitara Peroxide Limited, I would like to present the un-audited financial Information of the Company for the first quarter ended September 30, 2015.

Our Company achieved capacity utilization of 83.47% of the total installed capacity in first quarter under review as against 81.26% in the same period of corresponding financial year. Net sales in the first quarter rose by 3%. Rise in sales is result of higher sales volume. Cost of sales rose by 6% as compared to same quarter in last financial year. Cost of production rose due to 23% rise in tariff of natural gas which is used as raw material in hydrogen peroxide manufacturing. In addition to rise in tariff, imposition of Gas Infrastructure Development Cess (GIDC) has also put further pressure on already struggling domestic manufacturing industry.

There has been a substantial reduction in finance cost of your Company due to principle repayments of long term loans and decrease in borrowing cost. Net profit for the quarter remained Rs. 10.3 million as against net loss of Rs. 23.2 million in corresponding period. EPS remained Rs. 0.19 per share as compared to loss per share of Rs. (0.42).

Hectic efforts of management of your Company for imposition of Anti-dumping duty on hydrogen peroxide being dumped in Pakistan became successful. National Tariff Commission (NTC) imposed provisional anti-dumping duties on import of hydrogen peroxide in Pakistan for a period of four months. We are expecting that imposition of anti-dumping duty will provide level playing field to local hydrogen peroxide. We are expecting rise in prices of our product in coming quarter. We are hopeful for continuous and un-interrupted supply of natural gas to hydrogen peroxide industry during upcoming winter season; which will help us to achieve optimal capacity utilization.

The Board would like to take this opportunity to express its appreciation for all stakeholders for their dedication, support and cooperation throughout the period.

On behalf of Board of Directors

IMRAN GHAFUOR
Chief Executive Officer

Faisalabad
October 28, 2015



Condensed Interim Balance Sheet As At September 30, 2015

		September 30, 2015 (Un-Audited)	June 30, 2015 (Audited)
	Note	Rupees -----	
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,284,343,787	2,327,432,515
Long term advances and deposits		3,905,000	3,905,000
		<u>2,288,248,787</u>	<u>2,331,337,515</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		91,055,123	88,108,495
Stock-in-trade		474,362,187	509,269,141
Trade debts		50,834,497	51,924,234
Advances		128,437,425	126,332,952
Deposits and short term prepayments		47,116,387	37,446,075
Sales tax refundable		187,684,149	173,630,975
Cash and bank balances		5,124,650	6,378,894
		984,614,418	993,090,766
		<u>3,272,863,205</u>	<u>3,324,428,281</u>
SHARE CAPITAL AND RESERVES			
Authorized share capital			
60,000,000 ordinary shares of Rs.10 each		600,000,000	600,000,000
Issued, subscribed and paid up share capital			
55,100,000 ordinary shares of		551,000,000	551,000,000
Rs. 10 each fully paid in cash			
Accumulated losses		(229,905,127)	(253,678,095)
		321,094,873	297,321,905
Surplus on revaluation of property, plant and equipment		915,953,239	929,428,187
NON-CURRENT LIABILITIES			
Long-term financing	6	602,888,825	662,164,533
Deferred liabilities		292,219,993	291,200,178
Deferred markup		199,112,066	190,797,488
		1,094,220,884	1,144,162,199
CURRENT LIABILITIES			
Trade and other payables		295,653,365	308,722,308
Mark-up accrued on loans		15,579,297	19,373,851
Short-term borrowings		342,953,363	333,677,696
Current portion of long-term financing	6	283,665,912	277,658,084
Current portion of liabilities against assets subject to finance lease		434,930	605,351
Provision for taxation		3,307,342	13,478,700
		941,594,209	953,515,990
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		<u>3,272,863,205</u>	<u>3,324,428,281</u>

The annexed selected notes from 1 to 11 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, 2015

	Note	Quarter Ended September 30,	
		2015	2014
		----- Rupees -----	
Sales - net		331,200,992	322,553,573
Cost of sales	8	300,042,199	282,345,669
Gross profit		31,158,793	40,207,904
Other income		35,388,991	489,649
		66,547,784	40,697,553
Distribution expenses		7,351,525	6,354,959
Administrative expenses		19,888,768	15,196,465
Other operating expenses		-	353,710
Finance cost		25,290,383	38,796,411
		52,530,676	60,701,545
Operating profit / (loss)		14,017,108	(20,003,992)
Provision for taxation		3,719,088	3,234,201
Profit / (loss) for the period		10,298,020	(23,238,193)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period		10,298,020	(23,238,193)
Earning / (loss) per share - basic and diluted		0.19	(0.42)

The annexed selected notes from 1 to 11 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, 2015

Note	Quarter Ended September 30,	
	2015	2014
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	14,017,108	(20,003,992)
Adjustments for:		
Depreciation on property, plant and equipment	43,296,125	42,722,034
Gain on sale of property, plant and equipment	(450,000)	-
Profit on bank deposits	(233,089)	(393,644)
Provision for deferred-employee benefits	1,438,120	1,071,208
Finance cost	25,290,383	38,796,411
	83,358,647	62,192,017
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(2,946,627)	(3,702,085)
Stock-in-trade	39,910,904	(2,555,980)
Trade debts	1,089,737	(16,150,192)
Advances	(6,690,326)	(2,891,195)
Deposits and prepayments	(9,670,312)	(9,905,890)
(Decrease) / Increase in current liabilities:		
Trade and other payables	(18,072,892)	32,979,530
	3,620,484	(2,225,812)
Cash generated from operations	86,979,131	59,966,205
Finance cost paid	(20,760,918)	(27,894,848)
Markup paid on finance lease	(9,441)	(32,746)
Sales tax paid	(14,053,174)	(25,068,715)
Employee benefits paid	(418,305)	(489,340)
Income taxes paid	(9,304,593)	(9,482,310)
	(44,546,431)	(62,967,959)
Net cash generated from / (used in) operating activities	42,432,700	(3,001,754)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(207,398)	(161,592)
Proceeds from sale of property, plant and equipment	450,000	-
Profit received on bank deposits	233,089	393,644
Net cash generated from investing activities	475,691	232,052
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(53,267,880)	(27,802,869)
Net increase in short-term borrowings	9,275,666	30,624,072
Lease rentals paid	(170,421)	(148,820)
Net cash (used in) / generated from financing activities	(44,162,635)	2,672,383
Decrease in cash and cash equivalents	(1,254,244)	(97,319)
Cash and cash equivalents at beginning of period	6,378,894	847,908
Cash and cash equivalents at end of period	5,124,650	750,589

The annexed selected notes from 1 to 11 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, 2015

	Share capital	Accumulated losses	Total
	----- Rupees -----		
Balance as at July 01, 2014	551,000,000	(256,140,395)	294,859,605
Total comprehensive income for the period ended September 30, 2014			
Loss for the period	-	(23,238,193)	(23,238,193)
Other comprehensive income	-	-	-
	-	(23,238,193)	(23,238,193)
Incremental depreciation for the period transferred to accumulated losses - net of deferred tax	-	7,751,246	7,751,246
Balance as at September 30, 2014	551,000,000	(271,627,342)	279,372,658
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

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, 2015

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, 2015.

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, 2015.

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, 2015.



	September 30, 2015 (Un-Audited)	June 30, 2015 (Audited)
	----- Rupees -----	
5. PROPERTY PLANT AND EQUIPMENT		
Operating assets		
Opening carrying value	2,327,432,515	2,490,671,198
Additions during the period / year		
Plant and machinery	-	3,156,077
Electric installations	161,257	179,895
Office equipment	-	52,884
Furniture and fixtures	-	46,476
Vehicles	46,141	14,745,500
	<u>207,398</u>	<u>18,180,832</u>
	2,327,639,913	2,508,852,030
Depreciation charged during the period / year	(43,296,126)	(181,419,515)
	<u>2,284,343,787</u>	<u>2,327,432,515</u>
6. LONG TERM FINANCING		
From banking companies - secured		
6.1 Under sukuk arrangements		
Balance at beginning of period / year	826,864,283	990,667,494
Less: paid during the period / year	(46,087,325)	(163,803,211)
Less: current portion	(246,332,577)	(242,477,526)
	<u>534,444,381</u>	<u>584,386,757</u>
6.2 Others		
Balance at beginning of period / year	112,958,334	124,458,329
Less: paid during the period / year	(7,180,555)	(11,499,995)
Less: current portion	(37,333,335)	(35,180,558)
Balance at end of period / year	<u>68,444,444</u>	<u>7,777,776</u>
	<u>602,888,825</u>	<u>662,164,533</u>
7. CONTINGENCIES AND COMMITMENTS		
7.1 Contingencies		
Bank guarantee issued in favor of SNGPL for supply of gas	53,538,000	53,538,000
7.2 Commitments		
Irrevocable letters of credit	32,859,474	23,850,456



	September 30, 2015 (Un-Audited)	June 30, 2015 (Un-Audited)
	----- Rupees -----	
8. COST OF SALES		
Opening stock of finished goods	6,120,813	19,471,146
Cost of goods manufactured	266,532,877	263,504,312
Purchase of finished goods	34,335,000	14,355,000
	<u>306,988,690</u>	<u>297,330,458</u>
Less: closing stock of finished goods	6,946,491	14,984,789
Cost of goods sold	<u>300,042,199</u>	<u>282,345,669</u>

9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follow:

	September 30, 2015 (Un-Audited)	June 30, 2015 (Un-Audited)
	----- Rupees -----	
Relationship with the company		
Associated companies		
Organizational expenses charged	69,025	91,590
Purchases	3,600,847	4,122,896
Key management personnel		
Remuneration and other benefits	8,832,903	7,068,794
Employee benefit plan		
Paid during the period	418,305	489,340

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue on October 28, 2015 by the Board of Directors of the Company.

11. GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR



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Off. I.I. Chundrigar Road, Karachi-74000.
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