Annual Report 2017

Sitara Peroxide Limited

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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.

Board of Directors	Mrs. Sharmeen Imran	Chairperson
	Mr. Imran Ghafoor	Chief Executive Officer
	Mr. Ejaz Hussain	Non-executive Director
	Mr. Muhammad Asif Pasha	Non-executive Director
	Mr. Waleed Asif	Non-executive Director
	Mr. Yasir Ahmed Awan	Non-executive Director
	Mr. Saim Bin Saeed	Independent Director
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	Chairman
	Mrs. Sharmeen Imran	Member
	Mr. Waleed Asif	Member
	Mr. Zia-ul-Mustafa	Secretary
Human Resource and Remuneration Committee	Mr. Ejaz Hussain	Chairman
	Mr. Saim Bin Saeed	Member
	Mr. Waleed Asif	Member
External Auditors	M/s. Deloitte Yousuf Adil, Chartered Accountants	
Legal Advisor	Sahibzada Waqar Arif	
Registered Office	601-602 Business Centre, Mumtaz Hassan Road, Off. I.I. Chundrigar Road, Karachi-74000. Ph: 021 32401373, 32413944	
Company Website	www.sitaraperoxide.com	
Bankers	Al Baraka Bank (Pakistan) Limited Askari Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited MCB Bank Limited Meezan Bank Limited National Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited United Bank Limited	
Share Registrar	**THK Associates (Private) Limited** 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi - 75400. UAN: (92 21) 111-000-322 Ph: (92 21) 34168270 Fax: (92 21) 34168271	
Head Office & Project Location	26 - KM Sheikhupura Road, Faisalabad. Ph : (92 41) 2400900-2, 2400904-5	

Notice of Annual General Meeting

Notice is hereby given that the 14th 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 Friday, October 27, 2017 at 3:30 p.m. to transact the following business:

1. To confirm the minutes of Annual General Meeting held on October 29, 2016.

2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2017 together with the Reports of Auditors and Directors thereon.

3. To appoint auditors for the year ending June 30, 2018 and to fix their remuneration.

4. To transact any other ordinary business of the Company with the permission of the Chair.

By order of the Board

MAZHAR ALI KHAN
Company Secretary

Karachi:
Dated: September 26, 2017

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from October 21, 2017 to October 27, 2017 (both days inclusive). Transfers received in order at Company's Share Registrar Office by the close of business on October 20, 2017 will be treated in time for the purpose of attendance and voting at the Annual General Meeting of the Company.

2. PARTICIPATION IN THE ANNUAL GENERAL MEETING

A member entitled to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote. Proxies in order to be effective must be received at Company's Share Registrar Office M/s. THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi duly stamped and signed not less than 48 hours before the time of meeting.

3. CDC ACCOUNT HOLDERS WILL HAVE TO FOLLOW FURTHER UNDER MENTIONED GUIDELINES AS LAID DOWN BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN.

a) For attending the meeting:

i) In case of individuals, the account holders or sub-account holders and their registration details are uploaded as per the regulations, shall authenticate their identity by showing their original Computerized National Identity Card (CNIC), or Original Passport at the time of attending the meeting.

ii) In case of Corporate Entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

b) For appointing proxies:

i) In case of individuals, the account holders or sub account holders and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form. The proxies shall produce their original CNIC or original passport at the time of meeting.

ii) In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the company's registrar.

iii) Form of proxy is attached to the notice of meeting being sent to the members.

4. CIRCULATION OF ANNUAL REPORTS VIA EMAIL OR CD/DVD/USB:

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO No. 470(I)/2016 dated 31st May, 2016, that have allowed companies to circulate their Annual Audited Accounts (i.e. Annual Balance Sheet and Profit and Loss Accounts, Auditor's Report and Directors' Report etc ("Annual Report") along with the Notice of Annual General Meeting ("Notice") to its shareholders through Email or CD/DVD/USB at the registered addresses.

Shareholders who wish to receive the hardcopy of Financial Statements shall have to fill the attached standard request form (also available on the company's website www.sitaraperoxide.com and send at the Company address.

5. PLACEMENT OF FINANCIAL STATEMENTS:

The audited financial statements of the Company for the year ended June 30, 2017 have been placed at the Company's website: www.sitaraperoxide.com

6. Members are requested to promptly notify any change in their addresses.

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, 2017.

FINANCIAL OVERVIEW

	2017	2016
	Rupees	
Net sales	1,059,688,732	1,310,036,405
Cost of sales	1,014,116,444	1,119,600,525
Gross profit	45,572,288	190,435,880
Net (loss) / profit after tax	(87,190,960)	16,704,321
(Loss) / Earning per share – basic	(1.58)	0.30

During financial year 2016-17, total net sales remained Rs. 1,060 million against net sales of Rs. 1,310 million in the corresponding financial year. Reason for drop of annual turnover is low capacity utilization which in turn result in low volume sold during the year. Cost of sales during the year reduced to Rs. 1,014 million. Last year it was Rs. 1,120 million. Gross profit of the Company remained 45.6 million as compared to gross profit of Rs. 190 million in preceding year.

Distribution and administration expenses remained Rs. 25.7 million and Rs. 75.5 million against Rs. 30.7 million and Rs. 78.1 million in the comparative year. Finance Costs have reduced from Rs. 89 million to Rs. 72.5 million in current financial year. The Company incurred loss after tax of Rs. 87.2 million against net profit after tax of Rs. 16.7 million. Loss per share remained Rs. 1.58 against earning per share of Rs. 0.30 in preceding year. Major reason for loss during current financial year had been low capacity utilization of plant.

Company faced cash flow problems in the current financial year due to low capacity utilization of plant, incurring extra expenses on import of catalyst, filters and raw materials. As a result of cash flow constraints, Company has been able to pay five monthly installments of its long term loan during the current financial year. Due to above dismal scenario and additional injection of catalyst and filters, Company's cash flow constraints we are unable to fulfill repayment commitment of SUKUK loan. Management of the Company is involved in negotiations with the Sukuk holder for rescheduling of the loan repayments.

We are hopeful of successful negotiations with consortium of Sukuk investors on comfortable terms.

Plant overview

Financial year 2017 proved to be a testing and challenging year for your Company as we have to face technical issues in our production facility as a result of which capacity utilization of plant remained 70% of total installed capacity as against capacity utilization of 82% in the corresponding financial year.

At the end of preceding financial year, some technical measures had been made in plant in order to enhance our capacity utilization. Initially, as per instructions of our technical consultants, plant had been operated at low production level to closely monitor the key technical performance indicators of production process. Unfortunately, efforts of plant management were unable to achieve desired results. Production efficiency of plant dropped down drastically and technical complications occurred, forcing plant management to take corrective measures; so that level of working solution (key chemicals and raw materials used in the production of hydrogen peroxide) can be maintained and necessary repair and maintenance jobs can be performed. The capacity utilization in first half of the current financial year remained 60%.

After detailed analysis of working solution, it was revealed that by-products have generated in system; resulting in drastic decrease in efficiency of palladium catalyst and generation of impurities and by-products in working solution. Technical consultants recommended import of new batches of catalyst in order to improve the efficiency of hydrogen peroxide production process and installation of new filters in plant to remove impurities and by-products from the working solution.

New catalyst and filters shipment arrived in third quarter and it had been taken into production system immediately. Due to above corrective measures, capacity utilization of plant started to bounce back, plant operations gradually started to improve in second half and its capacity utilization improved gradually. Overall capacity utilization in financial year 2016-17 remained 70%; main reason of this production loss was weak performance of plant during first half of the year.

However, injections of new catalyst and filters in production process have not brought desired level of improvement in productions level. So, management has decided to import second batch of catalyst to achieve the designed production levels.

Marketing overview

As Textile sector is a major consumer of hydrogen peroxide and this sector has suffered most due to many economic factors mainly due to less competitiveness in the international markets which ultimately led to the comparatively less exports orders from our local textile sectors and thus resulted in low consumption of hydrogen peroxide. On the other hand when it came to compete with imported hydrogen peroxide then local manufacturers faced tough time in terms of highly aggressive and competitive prices of the product which ultimately resulted in comparatively low margins. We have managed to implement the antidumping duties on the imports of this product but anti-dumping duty does not apply on export oriented textile industry and thus resulted in no affect of antidumping on imports on DTRE industry and led to low earning margins.

Currently, we are facing aggressive pricing to compete with local and imported product. By taking timely corrective measures and pricing decisions on time, we have managed to neutralize the net effect to acceptable limits and not suffered as a whole.

Overall, we have suffered with comparatively low production levels against planned during this year but marketing not only has successfully managed to safeguard its customer base but also successfully sold the all manufactured stock.

We have our customer base intact and we are optimistic about enhanced production which will lead to better product availability and by economy of scale, we will have a better margin in local market.

Board of Directors

The activities of the Board are based on the requirements and duties laid down under relevant laws and Memorandum and Articles of Association of the Company. This compliance assists the Board in safeguarding the interests of all the stakeholders.

The Board of Directors provides oversight in the governance, management and control of the Company and is responsible for setting the goals, objectives and strategies of the Company and formulating the policies and guidelines towards achieving those goals and objectives. The Board is accountable to the shareholders for the discharge of its fiduciary function. The Management is responsible for the implementation of the aforesaid goals and strategies in accordance with the policies and guidelines laid down by the Board of Directors. In order to facilitate the smooth running of the day to day affairs of the Company, the Board entrusts the Chief Executive Officer with necessary powers and responsibilities.

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

BOARD OF DIRECTORS

	Director		Meetings held	Meetings attended
(i)	Mrs. Sharmeen Imran	(Chairperson)	4	3
(ii)	Mr. Imran Ghafoor	(CEO)	4	4
(iii)	Mr. Waleed Asif		4	3
(iv)	Mr. Saim Bin Saeed		4	3
(v)	Mr. Ejaz Hussain		3	3
(vi)	Mr. Yasir Ahmed Awan		3	2
(vii)	Mr. Muhammad Asif Pasha		1	1
(viii)	Mr. Muhammad Khalil		3	3
(ix)	Mr. Abdullah Javed		1	1

- Leave of absence has been duly granted.

The structure of the Board reflects a combination of executive, non-executive and independent directors. The current Board comprises seven directors which include one executive director (CEO), five non-executive directors and one independent director. The Chairperson of the Board is a non-executive director. The positions of Chairperson and CEO are held by separate individuals with clearly defined roles and responsibilities.

In the 13th Annual General Meeting of the Company held on October 29, 2016, seven directors have been elected for a term of three years. "Consent to act as director" had been duly obtained from each candidate prior to his/her election.

As required by code of corporate governance, all directors are provided with sufficient information of their duties and responsibilities under respective laws and the Company's Memorandum and Articles of Association. Directors, being senior professionals and possessing experience of managing various responsibilities, have adequate exposure to corporate matters.

The Company has an Audit Committee and a HR and Remuneration Committee of the Board. Composition of these committees is strictly in compliance with guidelines of Code of Corporate Governance. Audit Committee comprise of three non-executive directors with the chairman being an independent director.

A casual vacancy occurred on Board during the financial year which was duly filled by directors of the company within stipulated time.

The Board has put in place a mechanism for performance evaluation by setting realistic, specific, measureable and achievable goals for the year and then evaluation the performance of each member against these goals. The annual review of the Board is based on the progress of the Company in following major functions:

- Corporate governance
- Compliance with regulatory requirements of legal framework
- Value addition for all stakeholders of the Company
- Financial performance of the Company
- Strategic capital expenditures and their payback period
- Operational efficiency and balancing, modernization and replacements
- Employee turnover and retention

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.

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, 2017. The Company has fully paid all obligations against this scheme in 2016-17.

Health, Safety and Environment (HSE)

Your Company continues to conform to the highest safety standards for its employees and contractors' staff. The excellent safety record spanning over ten years without any injury is a testimony in itself.

Human Resource Development

The Management of SPL is committed to induct and retain talented and innovative professionals through a transparent and competitive process while complying with legal and ethical practices and SPL code of conduct, maintaining its resolve to be an equal opportunity employer. SPL's Human Resource strategy is focused on organizing and developing a mature and dynamic Human Capital Management system which should be able to handle the diverse market challenges efficiently. We are focused to keep pace with the rapidly changing environment through evolution and improvement of systems and practices. It has been our earnest endeavor to maintain a transparent and competitive culture in the Company to enable balanced growth of our employees based on merit and competence. The Company considers it a social and moral responsibility to accommodate special persons and provide them equal incentives for career growth and development.

Dividends

Accumulated losses of the Company on balance sheet date stands at 214 million rupees, therefore, Board of Directors has not announced any dividend during the year.

Risk and opportunity report

Businesses inherently involve opportunities and risks. Effective management of opportunities and risks is therefore a key factor in sustainably safeguarding a company's value. Business success depends on the principle that the risks taken are managed and that they are outweighed by the opportunities offered.
At SPL, effective management forms an integral part of the governance system for timely identification, evaluation and handling of risks through planning, recording and audit systems. Chemical market dynamics bring new opportunities and challenges every day. Risks by nature contain a certain level of uncertainty which require us to be vigilant in identification of these risks for timely formulation of mitigating strategies. Major risks and opportunities which SPL can face are categorized below:

Risks

- Modifications in the legal framework by regulatory bodies including natural gas curtailment, enhancement in various tariffs and imposition of additional taxes
- Pricing pressures forcing cost cutting
- Market risks including decrease in capacity utilization of customers affecting demand of our product
- Stagnant economy
- Increasing production and distribution costs putting pressure on profit margins
- Excessive influx of hydrogen peroxide imported
- Varying international prices of hydrogen peroxide
- Rising import costs due to devaluation of local currency

Opportunities

- Increasing usage of hydrogen peroxide in sectors such as mining, paper and pulp, food processing etc
- Further strengthening of dealer network to maximize our market share

Auditors

The existing auditors M/S Deloitte Yousuf Adil, Chartered Accountants, shall retire on the conclusion of the 14th Annual General Meeting. Being eligible, they offered themselves for re-appointment as auditors of the Company for financial year ending June 30, 2018. 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, 2018.

Future Outlook

While ensuring we return to profitability, we will continue to identify and implement sustainable ways of doing business. As we look towards financial year 2017-18, we are excited about our business opportunities.

In recent budget, federal government has provided substantial relief and taken many positive initiatives to boost textile exports. Additionally, uninterrupted supply of LNG to textile sector will also boost demand of our product.

The demand for hydrogen peroxide in Pakistan is increasing, and we strive to gain a stronger market presence by remaining committed to our goals. Our focus remains to reduce costs, maintain quality, and surpass output levels.

Acknowledgement

As our Company completes another year - one thing remains the same – our unwavering commitment to our stakeholders - our employees, suppliers, bankers, business partners and shareholders. We express our gratitude for their support and trust over the years and we look forward to their continued collaboration with the Company.

For and on behalf of the
Board of Directors

September 26, 2017
Faisalabad

IMRAN GHAFOOR
Chief Executive Officer

منڈی کے رسک جیسے خریداروں کی کھپت میں کمی جس سے ہماری پراڈکٹ کی طلب میں کمی آ جائے۔
پیداوار اور فروخت کے اخراجات میں اضافہ جس کے باعث منافع کی شرح میں کمی آ جائے۔
ہائیڈروجن پرآکسائیڈ کی درآمد میں اضافہ۔
ہائیڈروجن پرآکسائیڈ کی بین الاقوامی منڈی میں قیمت میں اتار چڑھاؤ۔
درآمدات کی لاگت میں اضافہ اور روپے کی قدر میں کمی۔

مواقع

ہائیڈروجن پرآکسائیڈ کی کان کنی، کاغذ اور فوڈ پراسیسنگ کے شعبوں میں کھپت میں اضافہ۔
کمپنی کے ڈسٹریبیوشن نیٹ ورک کو مزید مضبوط بنانا تاکہ کمپنی کے مارکیٹ شیئرز میں اضافہ ہو سکے۔

مستقبل کے منظرنامہ

اس امر کو یقینی بناتے ہوئے کہ کمپنی دوبارہ منافع میں آ سکے ہم کاروبار کے ایسے طریقہ کار کی نشاندہی اور اس پر عملدرآمد یقینی بنائیں گے۔ 2017-18 کے مالی سال میں ہم اپنے کاروباری مواقع کے حوالے سے پر جوش ہیں۔

حالیہ بجٹ میں وفاقی حکومت نے ٹیکسٹائل برآمدات میں اضافے کیلئے کئی مثبت اقدام کئے ہیں اور اس شعبے کو ریلیف فراہم کیا ہے۔ علاوہ ازیں ٹیکسٹائل شعبے کو بلا تعطل ایل این جی کی فراہمی سے ہماری پراڈکٹ کی کھپت میں اضافہ متوقع ہے۔

پاکستان میں ہائیڈروجن پرآکسائیڈ کی کھپت میں اضافہ ہوا ہے اور ہم اپنے اہداف کے حصول کیلئے مارکیٹ میں اپنی موجودگی کو مؤثر بنانا چاہتے ہیں۔

جیسا کہ ہماری کمپنی نے ایک مزید سال مکمل کیا ہے تو ہماری انتظامیہ، ہولڈرز کے ساتھ جن میں ہمارے ملازمین، سپلائرز، بینکرز، کاروباری شراکت دار اور حصص داران شامل ہیں سے کمٹمنٹ برقرار ہے۔ ہم سب کی جانب سے کئے گئے اعتماد اور دی گئی سپورٹ کی قدر کرتے ہیں اور مستقبل میں بھی ان سب کی جانب سے مسلسل تعاون کے خواہاں ہیں۔

28 ستمبر 2017
فیصل آباد

عمران غفور
چیف ایگزیکٹو آفیسر

- کمپنی کے اکاؤنٹس کو درست طور پر محفوظ رکھا گیا ہے۔
- Financial Statements کی تیاری کے دوران درست اکاؤنٹنگ پالیسیز پر مستقل طور 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 ان کی وضاحت کی صورت میں کرنا پڑیں۔
- Financial Statements کی تیاری کے دوران وہ تمام Internationnal 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 Conem 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۔

حصص داران کا میزان

حصص داران کا چارٹ الگ سے دیا گیا ہے۔ زیر نظر سال کے دوران کمپنی کے کسی ڈائریکٹرز، 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 جن کا تذکرہ حصص کے چارٹ میں الگ سے کیا گیا ہے۔

ایمپلائز بینیفٹ پلان

کمپنی اپنے مستقل ملازمین کے لئے ایک Non funded defined benifit plan (گریجویٹی اسکیم) چلا رہی ہے۔ اس حوالے سے 30 جون 2017 تک Acturial Valuation بھی کروائی گئی ہے۔ اس سکیم کے حوالے سے 2016-17 کے تمام واجبات کمپنی نے ادا کر دیے ہیں۔

صحت، حفاظت اور ماحول

کمپنی نے اپنے اور کنٹریکٹر کے ملازمین کی صحت کو یقینی بنانے کیلئے حفاظت کے اعلیٰ معیار کو یقینی بنایا ہے۔ پچھلے اس سال کے دوران کمپنی کا شاندار ریکارڈ اعلیٰ حفاظتی معیار کا گواہ ہے۔

انسانی وسائل کی ترقی

کمپنی کی مینجمنٹ اس پر کاربند ہے کہ باصلاحیت اور پیشہ ورانہ مہارت کے حامل افراد کو ایک شفاف اور منصفانہ طریقے سے بھرپور طریقہ کار سے بھرتی کیا جائے اور انکے ساتھ تمام قانونی ضابطوں اور کمپنی کے code of conduct کی پاسداری کی جائے۔ SPL سب کو برابر مواقع فراہم کرنے والا ایمپلائر ہے۔ SPL کی انسانی وسائل کے حوالے سے حکمت عملی کا محور ایک موثر Human Capital Management System کی تشکیل ہے جو مارکیٹ کے متحرک چیلنجز سے موثر طور پر نبرد آزما ہو سکے۔ ہم تیزی سے بدلتے ماحول سے ہم آہنگ ہونے کیلئے اپنے سسٹم اور طریقہ کار کو مسلسل بہتر بنانے کا عمل جاری رکھتے ہیں۔ اپنی کمپنی میں شفاف اور منصفانہ طریقے سے بھرپور ٹیلنٹ کو برقرار رکھنا ہماری اولین ترجیح ہے تاکہ میرٹ اور اہلیت کی بنیاد پر ہمارے ملازمین کی پیشہ ورانہ گروتھ ہو سکے۔ ہماری کمپنی ہر فرد کو ملازمت اور ترقی کے یکساں مواقع فراہم کرنا اپنی سماجی اور اخلاقی ذمہ داری سمجھتی ہے۔

ڈیویڈنڈ

چونکہ 30 جون 2017 تک کمپنی کا Accumulated خسارہ 214 ملین روپے ہے لہذا کمپنی کے ڈائریکٹرز نے اس سال کسی ڈیویڈنڈ کا اعلان نہیں کیا۔

خدشات اور مواقع

کاروبار میں مواقع اور خدشات کا ہونا فطری امر ہے۔ کمپنی کے مفادات کے تحفظ کیلئے مواقع اور خدشات کی موثر مینجمنٹ کلیدی حیثیت رکھتی ہے۔ کاروبار کی کامیابی کی بنیاد اس اصول پر منحصر ہے کہ خدشات کا سدباب کیا جائے جبکہ مواقع کا بھرپور فائدہ اٹھایا جائے۔ کمپنی کے گورننس سسٹم میں موثر مینجمنٹ کی حیثیت کلیدی ہے تاکہ رسک کی بروقت تشخیص اور جائزہ لیا جا سکے اور منصوبہ بندی، ریکارڈنگ اور آڈٹ طریقہ کار سے اس کا سدباب ہو سکے۔ کیمیکل مارکیٹ میں روزانہ کی بنیاد پر نئے مواقع اور چیلنجز کا سامنا رہتا ہے۔ بزنس میں ایک حد تک غیر یقینی صورتحال کا سامنا رہتا ہے جس کا بروقت سدباب کرنے کیلئے ہر وقت چوکنا رہنے کی ضرورت ہوتی ہے۔ کمپنی کو مندرجہ ذیل خدشات و مواقع کا سامنا ہے۔

ریگولیٹری اداروں کی جانب سے قانونی ڈھانچے میں تبدیلی، قدرتی گیس کی بندش، بجلی میں اضافہ اور اضافی ٹیکسز کا نفاذ۔
قیمتوں پر دباؤ جس کے باعث لاگت میں کمی لانا ضروری ہو جاتا ہے۔

بورڈ ایگزیکٹو، نان ایگزیکٹو اور Independent ڈائریکٹرز پر مشتمل ہے۔ موجودہ بورڈ سات ڈائریکٹرز پر مشتمل ہے جس میں CEO، پانچ نان ایگزیکٹو اور ایک Indipedent ڈائریکٹرز شامل ہیں۔ بورڈ کی چیئرپرسن نان ایگزیکٹو ڈائریکٹر ہیں۔ چیئرپرسن اور CEO کے عہدے دو الگ اشخاص کے پاس ہیں جن کی ذمہ داریاں واضح طور پر الگ ہیں۔

کمپنی کے 13ویں سالانہ اجلاس عام میں جو 28 اکتوبر 2016 کو منعقد ہوا سات ڈائریکٹرز کا انتخاب عمل میں آیا۔ انتخاب سے قبل تمام امیدواروں سے consent to act as director حاصل کی گئی۔

کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق ڈائریکٹرز کو ان کی ڈیوٹی اور ذمہ داریوں سے آگاہ کیا گیا جو کمپنی کے Memorandum and Articles of Association کے تحت انہیں ادا کرنی ہیں۔ تمام ڈائریکٹرز تجربہ کار پروفیشنل اور مختلف ذمہ داریوں کی انجام دہی کا وسیع تجربہ رکھتے ہیں اور کارپوریٹ امور کا مکمل ادراک رکھتے ہیں۔

بورڈ اراکین پر مشتمل Audit Committee اور HR & Remuneration Committee بھی قائم کی گئی ہیں۔ دونوں کمیٹیوں کی ساخت کوڈ آف کارپوریٹ گورننس کی شقوں کے عین مطابق ہے۔ آڈٹ کمیٹی کا چیئرمین Independent ڈائریکٹر جبکہ باقی دونوں ممبران non-executive ڈائریکٹرز ہیں۔

زیر نظر مالی سال کے دوران ایک ڈائریکٹر کے استعفیٰ سے ہونے والی casual vacancy کو code کی معین کردہ مدت کے اندر ڈائریکٹرز نے پر کر دیا۔

بورڈ نے کارکردگی کی جانچ کیلئے ایک ایسا نظام ترتیب دیا ہے جو حقیقت پسندانہ، واضح اور قابل عمل اہداف کا تعین کر سکے اور ہر ممبر کی کارکردگی کو ان اہداف کی روشنی میں جانچا جا سکے۔
بورڈ کا کمپنی کی کارکردگی کو جانچنے کیلئے سالانہ جائزہ مندرجہ ذیل اقدامات امور کا جائزہ لے گا۔

کارپوریٹ گورننس
قانونی ڈھانچے کی تمام regulatory requirements پر عملدرآمد
کمپنی کے تمام سٹیک ہولڈرز کے مفادات کا تحفظ
کمپنی کی مالیاتی کارکردگی
کیپٹل نوعیت کے اخراجات اور ان کے payback کا جائزہ
آپریشنل efficiency، balancing، modernization اور replacements کا جائزہ لینا
ملازمین کی مدت ملازمت اور turnover

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، سٹریٹیجک سمت اور اس کی اقدار 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 داریاں، 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۔

تیسری سہ ماہی کے آخر میں نئے Catalyst اور فلٹرز کی Shipment موصول ہوئی جس کی فوری طور پر پلانٹ میں تنصیب کی گئی۔ مندرجہ بالا اقدامات سے پلانٹ کی پیداواری صلاحیت میں بتدریج بہتری آنا شروع ہوئی۔ مالی سال 17-2016 کی پیداوار کل استعداد کا %70 رہی۔ اس کم پیداوار کی بڑی وجہ پچھلی سہ ماہی میں کم پیداوار رہی۔

تاہم Catalyst کا ایک Batch درآمد کرنے سے مطلوبہ پیداواری نتائج برآمد نہیں ہو سکے۔ چنانچہ مینجمنٹ نے فیصلہ کیا ہے کہ Catalyst کا دوسرا Batch بھی جلد درآمد کیا جائے تاکہ پیداواری صلاحیت مکمل طور پر بحال ہو سکے۔

مارکیٹنگ جائزہ

شعبہ ٹیکسٹائل ہائیڈروجن پرآکسائیڈ کا سب سے بڑا استعمال کنندہ ہے اور یہ شعبہ مختلف مسائل کی وجہ سے متاثر ہوا ہے جس میں سب سے اہم پیداواری لاگت میں اضافے کے باعث عالمی منڈی میں مسابقت ہے۔ جس کے باعث ٹیکسٹائل کی ایکسپورٹس میں کمی آئی اور ہائیڈروجن پرآکسائیڈ کی کھپت میں بھی گراوٹ آئی۔ دوسری جانب ہائیڈروجن پرآکسائیڈ کی درآمد کے باعث مقامی مینوفیکچررز کو قیمتوں کے حوالے سے سخت مسابقت کا سامنا کرنا پڑا۔ تاہم مینجمنٹ کی مسلسل کوششوں کے باعث ہائیڈروجن پرآکسائیڈ کی درآمد پر اینٹی ڈمپنگ ڈیوٹی لاگو ہوگی۔ تاہم اس کا اطلاق Export Oriented ٹیکسٹائل انڈسٹری پر نہیں ہوگا۔

فی الحال ہمیں مقامی پروڈکٹ اور درآمد دونوں سے مسابقت کا سامنا ہے۔ تاہم موثر فیصلوں اور قیمتوں کے بروقت تعین سے ہم نے مندرجہ بالا مشکلات کے اثرات محدود رکھے۔

بحیثیت مجموعی زیر جائزہ سال کے دوران کم پیداوار کے باعث مشکلات کا سامنا رہا تاہم اس کے باوجود شعبہ مارکیٹنگ کی کوششوں سے کمپنی کی کسٹمر بیس محفوظ رہی اور سال رواں کی تمام پیداوار فروخت کر دی گئی۔

چونکہ ہم نے منڈی میں اپنا حصہ برقرار رکھا ہے نئے سال میں ہماری پیداوار میں اضافہ متوقع ہے اور زیادہ پیداوار کے باعث لاگت میں بھی کمی آئے گی جس سے کمپنی کے منافع میں اضافہ متوقع ہے۔

بورڈ آف ڈائریکٹرز

بورڈ کے تمام اقدامات متعلقہ قوانین اور کمپنی کے Memorandum and Articles of Association کے تحت انجام دیے جاتے ہیں۔ ان پر عملدرآمد کے نتیجے میں تمام سٹیک ہولڈرز کے مفادات کا تحفظ ہوتا ہے۔

بورڈ آف ڈائریکٹرز ہی کمپنی کی گورننس، انتظامیہ اور کنٹرول کے ذمہ دار ہیں اور کمپنی کے مقاصد اور اہداف کا تعین، منصوبہ بندی کرنا اور ان اہداف کو حاصل کرنے کیلئے پالیسی سازی اور رہنما اصول کا تعین کرنا بھی بورڈ کی ذمہ داری ہے۔ بورڈ اپنی تمام ذمہ داریوں کے حوالے سے کمپنی کے حصص داران کو جوابدہ ہے۔ کمپنی کی مینجمنٹ متعین کردہ اہداف اور مقاصد کو کمپنی کے بورڈ کی پالیسیوں اور رہنما اصول کی روشنی میں حاصل کرنے کی پابند ہے۔ کمپنی کے روزانہ امور کی انجام دہی کیلئے بورڈ سی ای او کے اختیارات اور ذمہ داریوں کا بھی تعین کرتا ہے۔

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

	ڈائریکٹرز کا نام		منعقدہ اجلاس	اجلاس میں حاضری
1	محترمہ شرمین عمران	(چیئرپرسن)	4	3
2	عمران غفور	(سی ای او)	4	4
3	ولید آصف		4	3
4	صائم بن سعید		4	3
5	اعجاز حسین		3	3
6	یاسر احمد اعوان		3	2
7	محمد آصف پاشا		1	1
8	محمد خلیل		3	3
9	عبداللہ جاوید		1	1

غیر حاضری کی صورت میں رخصت دی گئی۔

ڈائریکٹرز رپورٹ

ستارہ پر آکسائیڈ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے سالانہ رپورٹ اور 30 جون 2017 کو ختم ہونے والے مالی سال کے سالانہ گوشوارے آپ کے پیش خدمت ہیں۔

مالی جائزہ

	2017ء	2016ء
	روپے	
نیٹ فروخت	1,059,688,732	1,310,038,405
فروخت کی لاگت	1,014,116,444	1,119,600,525
گراس نفع	45,572,288	190,435,880
بعد از ٹیکس خالص خسارہ/نفع	(87,190,960)	16,704,321
فی حصص خسارہ/نفع - بنیادی	(1.58)	0.30

مالی سال 17-2016 کے دوران کمپنی کی نیٹ فروخت 1,060 ملین روپے رہی جبکہ پچھلے مالی سال میں نیٹ فروخت 1,310 ملین روپے رہی تھی۔ سالانہ فروخت میں گراوٹ کی وجہ پیداواری استعداد کار میں کمی تھی جس کے باعث پراڈکٹ کی فروخت کردہ مقدار میں بھی کمی ہوئی۔ فروخت کی پیداواری لاگت 1,014 ملین روپے رہی جو گزشتہ سال 1,120 ملین روپے تھی۔ کمپنی کا گراس نفع 45.6 ملین روپے رہا جو گزشتہ سال 190 ملین روپے تھا۔

فروخت اور انتظامی اخراجات بالترتیب 25.7 ملین روپے اور 75.5 ملین روپے رہے اور گزشتہ سال 30.7 ملین روپے اور 78.1 ملین روپے تھے۔ قرضوں پر سود کے اخراجات حالیہ مالی سال میں کم ہو کر 72.5 ملین روپے ہو گئے جو گزشتہ مالی سال 89 ملین روپے تھے۔ کمپنی کو بعد از ٹیکس 87.2 ملین روپے کے خسارے کا سامنا رہا جبکہ حالیہ مالی سال میں فی حصص خسارہ 1.58 روپے رہا جبکہ گزشتہ سال فی حصص 0.30 روپے کا منافع تھا۔ اس خسارے کی بنیادی وجہ پلانٹ کی کم پیداواری استعداد رہی۔

پلانٹ کی کم پیداواری استعداد کی وجہ سے کمپنی کو حالیہ مالی سال میں ادائیگیوں کے حوالے سے مسائل کا سامنا رہا۔ علاوہ ازیں اس دوران کیٹالسٹ اور معمول سے زائد خام مال بھی درآمد کرنا پڑے۔ ادائیگیوں کے انہی مسائل کے باعث کمپنی اپنے طویل مدتی سکوک قرض کی مکمل اقساط کی ادائیگی نہ کر سکی۔ درج بالا مالی وجوہات، کیٹالسٹ اور فلٹرز کی درآمد کے باعث سکوک ہولڈرز کی اقساط کی بروقت ادائیگیاں نہ ہو سکیں۔ کمپنی انتظامیہ کی سکوک ہولڈرز سے گفت و شنید جاری ہے تاکہ قرض اقساط کی ری شیڈولنگ کی جا سکے۔ ہم پر امید ہیں کہ سکوک ہولڈرز کے ساتھ ہونے والی بات چیت کامیاب رہے گی۔

پلانٹ کی کارکردگی کا جائزہ

مالی سال 2017 آپ کی کمپنی کیلئے چیلنجز سے بھرپور رہا کیونکہ اس سال پلانٹ مختلف تکنیکی مسائل کا شکار رہا جس کے باعث کمپنی اپنی کل پیداواری استعداد کا صرف 70% فیصد ہدف حاصل کر سکی۔ گزشتہ سال کمپنی نے اپنی کل پیداواری صلاحیت کا 82% فیصد پروڈکشن حاصل کی تھی۔

سال گزشتہ کے آخری دنوں میں پلانٹ کی پیداواری صلاحیت بحال کرنے کیلئے چند تکنیکی اقدامات کیے گئے۔ ٹیکنیکل کنسلٹنٹس کی رائے کے مطابق پلانٹ کو کم پیداواری استعداد پر چلایا گیا تاکہ اٹھائے گئے اقدامات کا پیداواری عمل پر اثرات کا جائزہ لیا جا سکے۔ بدقسمتی سے ان اقدامات کے متوقع نتائج سامنے نہیں آئے۔ پلانٹ کے پیداواری عمل میں کئی تکنیکی مسائل در پیش آئے اور پروڈکشن کی سطح نیچے سے نیچے چلی گئی۔ چنانچہ بورڈ اور مینجمنٹ کو کئی اقدامات لینے پڑے تاکہ ورکنگ سالوشن (کیمیکلز اور خام مال کا سالوشن جو ہائیڈروجن پر آکسائیڈ کے پیداواری عمل کا کلیدی حصہ ہے) کی سطح بحال کی جا سکے اور پلانٹ پر ضروری مرمتی اقدام کیے جا سکیں۔ پچھلے چھ ماہ کے دوران پیداواری کل استعداد کا صرف 60% رہی۔

ورکنگ سالوشن کے تفصیلی جائزے سے یہ واضح ہوا کہ سسٹم میں بائی پراڈکٹس کی تشکیل ہوئی ہے جس کے نتیجے میں نہ صرف Palladium Catalyst کی کل انجینئری حالت خراب ہوئی ہے بلکہ کئی Impurities نے بھی جنم لیا ہے۔ ٹیکنیکل کنسلٹنٹس نے پیداوار کی بحالی کیلئے نیا Catalyst درآمد کرنے کا کہا جبکہ پلانٹ میں نئے فلٹرز کی تنصیب کا بھی مشورہ دیا تاکہ سسٹم میں موجود Impurities اور by-products سے چھٹکارا پایا جا سکے۔

Six Years Financial Summary

		2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
		Rupees in “000”					
Profit and Loss Account							
Net Sales		1,059,689	1,310,036	1,325,024	1,426,464	1,110,400	985,001
Gross Profit		45,572	190,436	112,503	287,237	273,846	152,513
Operating Profit		(56,969)	79,656	8,754	189,727	178,283	74,520
(Loss) / profit before tax		(128,090)	27,001	(70,087)	33,231	(9,472)	(172,113)
(Lloss) / profit after tax		(87,191)	16,704	(51,180)	5,013	(18,779)	(198,634)
BALANCE SHEET							
Property, plant and equipment		1,989,258	2,146,157	2,327,432	2,490,671	1,832,861	2,019,742
Long term advances		3,705	3,705	3,905	3,905	5,205	46,005
Current assets		977,126	1,006,935	993,091	855,528	750,978	668,874
Current liabilites		1,168,518	982,180	953,516	718,817	805,416	1,077,233
Non-current liabilities		644,926	930,037	1,144,162	1,353,100	1,096,767	949,203
Share capital		551,000	551,000	551,000	551,000	551,000	551,000
Shaeholders equity		337,393	369,843	297,322	294,860	259,152	248,549
Surplus on revaluation		819,251	874,736	929,428	983,328	427,709	459,635
Financial Ratios							
Gross Profit to Sales	(%)	4.30	14.54	8.49	20.14	24.66	15.48
Net Profit to Sales	(%)	(8.23)	1.28	(3.86)	0.35	(1.69)	(20.17)
Return on Equity	(%)	(25.84)	4.52	(17.21)	1.70	(7.25)	(79.92)
Return on Capital Employed	(%)	(4.84)	0.77	(2.16)	0.19	(1.05)	(11.86)
Current Ratio	times	0.84	1.03	1.04	1.19	0.93	0.63
Quick ratio	times	0.44	0.59	0.51	0.47	0.39	0.23
(Loss) / earnings per share - Basic and diluted	Rupees	(1.58)	0.30	(0.93)	0.09	(0.34)	(3.60)
Price Earning Ratio	times	(10.71)	55.89	(14.36)	146.63	(34.77)	(3.52)
Market Value per share (at year end)	Rupees	31.10	18.15	13.15	13.59	12.73	9.90
Market value per share (lowest)	Rupees	17.77	11.11	10.24	12.00	9.55	8.73
Market value per share (highest)	Rupees	38.23	22.78	16.05	20.13	15.62	17.95
Breakup value of share with revaluation surplus	Rupees	20.99	22.59	22.26	23.20	12.50	12.85

AS AT JUNE 30, 2017

NUMBER OF SHAREHOLDERS	SHAREHOLDINGS		TOTAL NUMBER OF SHARES
	FROM	TO	
714	1	100	10,528
4,935	101	500	2,451,851
782	501	1,000	771,327
1,025	1,001	5,000	2,855,244
227	5,001	10,000	1,871,858
69	10,001	15,000	891,000
49	15,001	20,000	926,401
27	20,001	25,000	638,557
14	25,001	30,000	398,750
8	30,001	35,000	268,000
8	35,001	40,000	310,200
8	40,001	45,000	350,000
14	45,001	50,000	697,500
1	50,001	55,000	53,000
7	55,001	60,000	416,500
3	60,001	65,000	185,500
4	65,001	70,000	276,000
4	70,001	75,000	292,900
1	75,001	80,000	80,000
2	85,001	90,000	180,000
1	90,001	95,000	95,000
11	95,001	100,000	1,100,000
1	100,001	105,000	100,001
2	110,001	115,000	228,300
2	115,001	120,000	235,500
2	120,000	125,000	247,000
3	140,001	145,000	429,700
2	145,001	150,000	296,500
1	155,001	160,000	157,000
1	170,001	175,000	175,000
1	195,001	200,000	200,000
1	205,001	210,000	210,000
1	220,001	225,000	223,717
1	245,001	250,000	250,000
1	270,001	275,000	272,500
2	295,001	300,000	600,000
1	315,001	320,000	320,000
1	320,001	325,000	324,500
1	340,001	345,000	341,500
1	345,001	350,000	350,000
1	370,001	375,000	375,000
1	375,001	380,000	380,000
1	395,001	400,000	400,000
1	410,001	415,000	415,000
1	415,001	420,000	416,666
2	470,001	475,000	948,000
1	475,001	480,000	480,000
1	745,001	750,000	750,000
1	820,001	825,000	825,000
1	965,001	970,000	970,000
1	1,005,001	1,010,000	1,009,500
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
7,956			**55,100,000**

AS AT JUNE 30, 2017

	Number	Share Held	Percentage
Directors, CEO & their Spouse and Minor Children			
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
Banks, Development Finance Institutions, Non-Banking Finance Institutions	3	59,000	0.11
Mudarabas	1	10,000	0.02
Foreign Companies	1	475,000	0.86
General Public (Local)	7,809	21,247,875	38.56
General Public (Foreign)	72	293,071	0.53
Joint Stock Companies	49	8,671,788	15.74
Relatives other than spouse and minor children	7	3,326,166	6.04
Others	6	481,500	0.88
	7,956	55,100,000	100.00

Detail of purchase / sale of shares of the Company by Directors, Company Secretary, Head of Internal Audit Department, Chief Financial Officer and their spouses / minor children during 2016-2017.

Mr. Ejaz Hussain (Director of the Company) acquired 600 qualification shares during the year.

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 under clause xvi (l) of Code of Corporate Governance 2012 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 Feautres 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 ensures 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 reasonable 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.

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Sitara Peroxide Limited (the Company) for the year ended June 30, 2017 to comply with regulation 5.19 of the Rule Book of Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the code. 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 Code.

As part of our audit of 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 controls 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Chartered Accountants

Engagement Partner
Rana M. Usman Khan

Lahore
Dated: September 26, 2017

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented for the financial year ended June 30, 2017, to comply with the Code of Corporate Governance (CCG) contained in regulation number 5.19.23 of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent, non-executive directors representing minority interests on its board of directors. At present the board includes:

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

The independent director meets the criteria of independence under clause 5.19.1. (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on board of more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member/broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the financial year 2016-17, a casual vacancy occurred on the Board on February 21, 2017 and filled up by the Directors within 62 days.

5. 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.

6. 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.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive directors, have been taken by the Board.

8. The meetings of the board were presided over by the Chairperson and, in his absence, by a director elected by board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In accordance with the Code of Corporate Governance (CCG), more than fifty percent (50%) of the directors have obtained certification under Directors Training Program by the financial year ended June 30, 2017.

10. There has been no change in the position of CFO, Company Secretary and Head of Internal Audit during the year.

11. The directors' report for this year has been prepared in compliance with the requirements of CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises three members, two members of the audit committee are non-executive directors and chairman of the committee is an Independent Director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been approved by the Board and advised to the Committee for compliance.

17. The board has formed a HR and Remuneration Committee. It comprises of three Members; of whom one is independent director and two are non-executive directors and including chairman of the committee.

18. The Board has set up an effective internal audit function within the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The "closed period", prior to the announcement of interim/final results, and business decisions, which may materially affect market price of Company's securities, was determined and intimated to the directors, executives and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

Faisalabad
September 26, 2017

Mr. IMRAN GHAFOOR
Chief Executive Officer

Auditors' Report to the Members

We have audited the annexed balance sheet of **Sitara Peroxide Limited ("the Company")** as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, 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, 2017 and of the loss, comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Chartered Accountants

Engagement Partner:
Rana M. Usman Khan

Dated: September 26, 2017
Lahore

Financial Statements

Balance Sheet

	Note	2017	2016
		Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,989,257,614	2,146,156,501
Long term advances and deposits	5	3,705,000	3,705,000
		1,992,962,614	2,149,861,501
Current assets			
Stores, spare parts and loose tools	6	84,984,312	86,619,713
Stock in trade	7	468,637,071	430,789,976
Trade debts	8	88,821,845	47,636,412
Loans and advances	9	180,591,777	161,045,552
Deposits and short term prepayments	10	57,944,376	55,463,500
Other receivables	11	-	21,520,274
Sales tax refundable	12	91,384,235	167,998,496
Cash and bank balances	13	4,761,969	35,860,754
		977,125,586	1,006,934,677
Total assets		2,970,088,200	3,156,796,178

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

As at June 30, 2017

	Note	2017	2016
		Rupees	
EQUITY AND LIABILITIES			
Equity			
Share capital	14	551,000,000	551,000,000
Accumulated loss		(213,606,545)	(181,156,913)
		337,393,455	369,843,087
Surplus on revaluation of property, plant and equipment	15	819,250,671	874,735,751
Non-current liabilities			
Long term financing	16	155,765,725	416,307,440
Deferred liabilities	17	243,118,116	291,065,230
Deferred mark-up	18	246,041,890	222,664,458
		644,925,731	930,037,128
Current liabilities			
Trade and other payables	19	371,654,842	388,312,573
Accrued mark-up	20	17,886,641	12,650,909
Short term borrowings	21	330,907,213	272,102,937
Current portion of long term financing	16	437,246,773	295,829,966
Provision for taxation		10,822,874	13,283,827
		1,168,518,343	982,180,212
Contingencies and commitments	22	-	-
Total equity and liabilities		2,970,088,200	3,156,796,178

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Profit And Loss Account for the Year Ended June 30, 2017

	Note	2017	2016
		Rupees	
Sales	23	1,059,688,732	1,310,036,405
Cost of sales	24	(1,014,116,444)	(1,119,600,525)
Gross profit		45,572,288	190,435,880
Distribution cost	25	25,694,926	30,660,165
Administrative expenses	26	75,498,721	78,081,211
Other expenses	27	1,347,300	2,038,656
Finance cost	28	72,454,729	88,946,235
		(174,995,676)	(199,726,267)
		(129,423,388)	(9,290,387)
Other income	29	1,333,096	36,291,803
(Loss) / Profit before taxation		(128,090,292)	27,001,416
Provision for taxation	30	40,899,332	(10,297,095)
(Loss) / Profit after taxation		(87,190,960)	16,704,321
(Loss) / Earning per share - basic and diluted	31	(1.58)	0.30

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Comprehensive Income for the Year Ended June 30, 2017

	Note	2017	2016
		---------------- Rupees ----------------	
(Loss) / profit for the year		(87,190,960)	16,704,321
Items that will subsequently not be reclassified to profit and loss account			
- Remeasurement of staff retirement benefits		(1,062,503)	1,629,601
- Income tax relating to remeasurement of staff retirement benefits		318,751	(505,176)
		(743,752)	1,124,425
Items that may subsequently be reclassified to profit and loss account		-	-
Total comprehensive (loss) / income for the year		(87,934,712)	17,828,746

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Cash Flow Statement for The Year Ended June 30, 2017

	Note	2017	2016
		Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		(128,090,292)	27,001,416
Adjustments for:			
Depreciation on property, plant and equipment		180,541,208	182,290,005
Provision for staff retirement benefits - gratuity		6,125,446	5,793,760
Finance cost		72,454,729	88,946,235
Loss / (gain) on disposal of property, plant and equipment		1,347,300	(450,000)
Profit on bank deposits		(882,646)	(1,032,768)
		131,495,745	302,548,648
Working capital changes			
Decrease / (increase) in current assets			
Stores, spare parts and loose tools		1,635,400	3,970,428
Stock in trade		(37,847,095)	75,997,519
Trade debts		(41,185,433)	4,287,822
Loans and advances		(4,807,710)	(5,276,814)
Deposits and short term prepayments		(2,480,876)	(18,017,424)
Other receivables		21,520,274	(21,520,274)
Sales tax refundable		76,614,261	5,632,479
(Decrease) / increase in current liabilities			
Trade and other payables		(16,657,731)	79,590,265
		(3,208,910)	124,664,001
Cash generated from operations		128,286,835	427,212,649
Finance cost paid		(43,841,565)	(63,802,207)
Staff retirement benefits - gratuity paid		(3,094,106)	(1,385,633)
Income taxes paid - net		(28,022,342)	(43,346,405)
Profit received on saving account		882,646	1,032,768
		(74,075,367)	(107,501,477)
Net cash from operating activities		54,211,468	319,711,172
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(32,489,621)	(1,013,991)
Proceeds from disposal of property, plant and equipment		7,500,000	450,000
Decrease in long term advances and deposits		-	200,000
Net cash used in investing activities		(24,989,621)	(363,991)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing repaid		(119,124,908)	(227,685,212)
Short term borrowings- net		58,804,276	(61,574,759)
Lease rentals paid		-	(605,351)
Net cash used in financing activities		(60,320,632)	(289,865,322)
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(31,098,785)	29,481,860
Cash and cash equivalents at beginning of the year		35,860,754	6,378,894
Cash and cash equivalents at end of the year	13	4,761,969	35,860,754

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Changes in Equity for the Year Ended June 30, 2017

	Share capital	Accumulated losses	Total
	Rupees		
Balance as at June 30, 2015	551,000,000	(253,678,095)	297,321,905
Profit for the year	-	16,704,321	16,704,321
Other comprehensive income	-	1,124,425	1,124,425
	-	17,828,746	17,828,746
Transfer of incremental depreciation from surplus on revaluation of property, plant and equipment - net of deferred tax	-	54,692,436	54,692,436
Balance as at June 30, 2016	551,000,000	(181,156,913)	369,843,087
Loss for the year	-	(87,190,960)	(87,190,960)
Other comprehensive loss	-	(743,752)	(743,752)
	-	(87,934,712)	(87,934,712)
Transfer of incremental depreciation from surplus on revaluation of property, plant and equipment - net of deferred tax	-	55,485,080	55,485,080
Balance as at June 30, 2017	551,000,000	(213,606,545)	337,393,455

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Notes to the Financial Statements For The Year Ended June 30, 2017

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. 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 Sheikhupura Road, Faisalabad in the province of Punjab.

The principal activity of the Company is manufacturing and sale of hydrogen peroxide (H_2O_2).

1.2 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Companies Ordinance, 1984, and the said directives shall take precedence.

During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated on May 30, 2017. However, SECP has notified through Circular No. 17 dated July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Standards, interpretations and amendments adopted during the year

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2017. 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.

Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	Effective from accounting period beginning on or after January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 1 'Presentation of Financial	Effective from accounting period beginning

Statements' - Disclosure initiative	on or after January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	Effective from accounting period beginning on or after January 01, 2016

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. 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.

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	Effective from accounting period beginning on or after January 01, 2018.
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 date is deferred indefinitely. Earlier adoption is permitted.
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.	Effective from accounting period beginning on or after January 01, 2017.
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses.	Effective from accounting period beginning on or after January 01, 2017.
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018. Earlier application is permitted.
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. Earlier application is permitted.
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

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 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts

2.3 SIGNIFICANT ESTIMATES

The preparation of financial statements in conformity with IFRSs 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.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables, slow moving inventory, measurement of defined benefit obligations and assumptions used in discounted cash flow projections for deferred sale receivable. 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.

2.3.1 Employee benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation 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.

2.3.2 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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.

The principal accounting policies adopted are set out below:

3.2 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 balance sheet 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 income during the period in which they are incurred.

Depreciation is charged to profit and loss account applying the straight line method over its estimated useful life at the rates specified in note 4.1 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 credited to surplus on revaluation of property, plant and equipment and is shown below share capital and reserves. 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 gross carrying amount 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 transferred by the Company to its accumulated profit / (loss).

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.

3.3 Stores, spare parts and loose tools

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

3.4 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.
Waste	- net realizable value.

Average manufacturing cost in relation to work-in-process and finished goods include raw material and appropriate production overheads, based on normal 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.

3.5 Impairment

Non Financial Assets

The Company assesses at each balance sheet 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 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

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets or securities are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

3.6 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.7 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 running finance under markup arrangement. Cash and bank stated at cost.

3.8 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

3.9 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.

3.10 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 schemes on the basis of actuarial valuation and are charged to income.

The amount recognized in the balance sheet 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 17.1 to these financial statements.

3.11 Provisions

Provisions are recognized in the balance sheet 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 balance sheet date and adjusted to reflect the current best estimate.

3.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Revenue from local sales is recognized when goods are dispatched to customers.

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 the effective rate of return.

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 unconditional right to defer settlement of liability for at least twelve months after the balance sheet 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. 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 balance sheet 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 balance sheet 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 balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet 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 are included in profit or loss for the year.

3.17 Earning / Loss per share

The Company presents loss 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 balance sheet, 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.

3.19 Impairment of Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

	Note	2017	2016
		Rupees	

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
Operating fixed assets	4.1	1,989,257,614	2,146,156,501
		1,989,257,614	2,146,156,501

4.1 Operating fixed assets - at June 30, 2017

Description	Cost / revalued amount			Accumulated depreciation				Rate %
	At July 01, 2016	Additions / (disposals)	At June 30, 2017	At July 01, 2016	Charge for the year / (on disposals)	At June 30, 2017	Book value at June 30, 2017	
	Rupees							
Land - freehold	197,304,000	-	197,304,000	-	-	-	197,304,000	-
Building on freehold land	213,241,053	-	213,241,053	26,707,472	13,353,736	40,061,208	173,179,845	5
Plant and machinery	2,089,182,608	30,136,668	2,119,319,276	450,772,167	136,259,895	587,032,062	1,532,287,214	5
Electric installations	168,163,424	2,259,760	170,423,184	63,321,575	26,085,796	89,407,371	81,015,813	10
Laboratory equipment	3,702,720	-	3,702,720	2,713,505	370,272	3,083,777	618,943	10
Factory equipment	12,404,398	-	12,404,398	10,192,870	1,240,440	11,433,310	971,088	10
Office equipment	4,702,861	-	4,702,861	3,097,143	470,286	3,567,429	1,135,432	10
Furniture and fittings	3,866,433	-	3,866,433	2,697,416	386,643	3,084,059	782,374	10
Vehicles	26,136,628	93,193	11,484,321	13,045,476	2,374,140	9,521,416	1,962,905	20
		(14,745,500)			(5,898,200)			
	2,718,704,125	32,489,621	2,736,448,246	572,547,624	180,541,208	747,190,632	1,989,257,614	
		(14,745,500)			(5,898,200)			

4.1.1 Operating fixed assets as at June 30, 2016

Description	Cost / revalued amount				Accumulated depreciation					
	At July 01, 2015	Additions / (disposals)	Transfers / Adjustments	At June 30, 2016	At July 01, 2015	Charge for the year / (on disposals)	Transfers / Adjustments	At June 30, 2016	Book value at June 30, 2016	Rate %
	Rupees									
Land - freehold	197,304,000	-	-	197,304,000	-	-	-	-	197,304,000	-
Building on freehold land	213,241,053	-	-	213,241,053	13,353,736	13,353,736	-	26,707,472	186,533,581	5
Plant and machinery	2,089,182,608	-	-	2,089,182,608	314,933,012	135,839,155	-	450,772,167	1,638,410,441	5
Electric installations	167,885,667	277,757	-	168,163,424	37,407,725	25,913,850	-	63,321,575	104,841,849	10
Laboratory equipment	3,702,720	-	-	3,702,720	2,343,233	370,272	-	2,713,505	989,215	10
Factory equipment	12,404,398	-	-	12,404,398	8,952,430	1,240,440	-	10,192,870	2,211,528	10
Office equipment	4,702,861	-	-	4,702,861	2,626,857	470,286	-	3,097,143	1,605,718	10
Furniture and fittings	3,866,433	-	-	3,866,433	2,310,773	386,643	-	2,697,416	1,169,017	10
Vehicles	23,600,813	736,234	2,288,625	26,136,628	7,674,584	4,257,898	1,602,038	13,045,476	13,091,152	20
		(489,044)				(489,044)				
	2,715,890,553	1,013,991	2,288,625	2,718,704,125	389,602,350	181,832,280	1,602,038	572,547,624	2,146,156,501	
		(489,044)				(489,044)				
Leased										
Vehicles	2,288,625	-	(2,288,625)	-	1,144,313	457,725	(1,602,038)	-	-	20
	2,718,179,178	1,013,991	-	2,718,704,125	390,746,663	182,290,005	(1,602,038)	572,547,624	2,146,156,501	
		(489,044)				(489,044)				

4.2 Depreciation charge for the year has been allocated as follows:

	Note	2017	2016
		Rupees	
Cost of sales	24	178,080,656	177,433,972
Distribution expenses	25	624,746	774,522
Administrative expenses	26	1,835,806	4,081,511
		180,541,208	182,290,005

4.3 The Company revalued its land, buildings, plant and machinery, electric installations and factory equipment in the year ended June 30, 2014. Revaluation of land and building has been carried out by "MYK Associates (Private) Limited", while plant and machinery, electric installations and factory equipment has been revalued by "Mericon Consultants (Private) Limited. Both are independent valuers and are not connected with the Company. Basis of revaluations are as follows:

a) Land

Revalued amount of land was determined by reference to local market value of land taking into account prevailing fair market prices under the position and circumstances present on the date of revaluation and market scenarios for properties of similar nature in the immediate neighborhood and adjoining areas.

b) Building

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

c) Plant and machinery, electric installations and factory equipment

Revalued amount of plant and machinery, electric installations and factory equipment was 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.

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

4.5 Had there been no revaluation then cost, accumulated depreciation and book value of revalued assets would have been as under:

	Cost	Accumulated depreciation	Book value
		Rupees	
Freehold land	41,997,852	-	41,997,852
Buildings on freehold land	161,737,333	71,995,560	89,741,773
Plant and machinery	1,460,973,186	816,319,336	644,653,850
Electric installations	148,881,942	137,726,647	11,155,295
Factory equipment	10,414,714	9,823,603	591,111
2017	1,824,005,027	1,035,865,146	788,139,881
2016	1,824,005,027	938,799,955	885,205,072

4.6 Disposal of asset

Description	cost	Accumulated depreciation	Carrying value	Sale proceeds	Mode of disposal	Particulars of buyer
		Rupees				
Vehicle						
Land Cruiser	14,745,500	5,898,200	8,847,300	7,500,000	Negotiation	Sitara Hamza (Pvt.) Limited

	Note	2017	2016
		Rupees	
5. LONG TERM ADVANCES AND DEPOSITS			
Security deposit for electricity connection		3,640,000	3,640,000
Security deposit to Central Depository Company of Pakistan Limited		50,000	50,000
Other deposits		15,000	15,000
		3,705,000	3,705,000
6. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		78,193,186	79,550,638
Spare parts and loose tools		6,791,126	7,069,075
		84,984,312	86,619,713
7. STOCK IN TRADE			
Raw material		19,108,448	21,040,464
Work in process		411,376,825	389,563,786
Finished goods		21,801,453	817,024
Packing material		16,350,345	19,368,702
		468,637,071	430,789,976
8. TRADE DEBTS			
Unsecured-considered good:			
Via traders		23,304,241	13,282,797
Direct customers		65,517,604	34,353,615
		88,821,845	47,636,412
9. LOANS AND ADVANCES			
Considered good			
Advances to:			
Employees against salary - secured		1,385,616	1,049,017
Employees for expenses - unsecured		2,525,278	4,750,705
Suppliers - unsecured (Local)		15,230,794	8,651,376
Suppliers - unsecured (Foreign)		1,643,929	1,526,810
Advance income tax		148,806,159	134,067,644
Others	9.1	11,000,000	11,000,000
		180,591,777	161,045,552

9.1 This represents advance given by the Company for purchase of land of Rs. 41 million in 2012. However, the decision for purchase of land was reversed in 2014, before transfer of the title. The Company has received Rs. 30 million and remaining amount is still outstanding as at reporting date.

	Note	2017	2016
		Rupees	
10. DEPOSITS AND SHORT TERM PREPAYMENTS			
Nazir of the Honorable Sindh High Court	10.1	18,809,059	18,809,059
Letter of credit		34,409,517	23,794,901
Prepaid Insurance		-	310,770
Others		4,725,800	12,548,770
		57,944,376	55,463,500

10.1 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.

	2017	2016
	Rupees	
11. OTHER RECEIVEABLES		
Insurance claim receivable	-	21,520,274

12. SALES TAX REFUNDABLE

This represents accumulated difference of input tax on purchases and output tax on sales.

	Note	2017	2016
		Rupees	
13. CASH AND BANK BALANCES			
Cash in hand		358,689	225,979
Cash at banks - current accounts		4,403,280	850,554
Cash at banks - saving accounts	13.1	-	34,784,221
		4,761,969	35,860,754

13.1 Effective mark-up rate in respect of saving accounts ranges from 5.50%-5.67% (2016: 4.25% - 5.50%) per annum.

14. SHARE CAPITAL

2017	2016		2017	2016
Number of shares			Rupees	
		Authorised		
60,000,000	60,000,000	Ordinary shares of Rs. 10 each	600,000,000	600,000,000
		Issued, subscribed and paid-up		
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.

	Note	2017	2016
		Rupees	
15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance at the beginning of the year		874,735,751	929,428,187
Transferred to accumulated loss in respect of incremental depreciation charged during the year - net of tax	15.1	55,485,080	54,692,436
Balance at the end of the year		819,250,671	874,735,751
15.1 Incremental depreciation charged during the year transferred to accumulated losses		79,264,400	79,264,400
Less: tax liability relating to incremental depreciation		(23,779,320)	(24,571,964)
		55,485,080	54,692,436
16. LONG TERM FINANCING			
From banking companies and other financial institutions - secured			
Sukuk arrangement - syndicated	16.1	549,456,939	634,359,626
Term finance - Standard Chartered Bank (Pakistan) Limited	16.2	43,555,559	77,777,780
		593,012,498	712,137,406
Less: Current maturity of long term loan		437,246,773	295,829,966
		155,765,725	416,307,440

16.1 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 was unable to comply with the prevailing repayment arrangements and negotiated with the investors to reschedule the repayment arrangements for the outstanding amount of Rs. 1,243 million. Accordingly, the Company entered into supplemental agreement which is effective from February 19, 2012. The major terms and conditions of the supplemental agreement are given below:

The principal will be repaid in seven years period in 80 monthly installments started from July 19, 2012.

Each year, rental / profit payments will be made for six months at the rate of one month KIBOR. The 1% spread for the first six months and the rental / profit for the remaining six months shall be deferred to be paid in 12 equal installments after repayment of entire principal. Effective rate of profit for the year is ranges from 7.17% to 7.28% (2016: 7.24% to 7.96%) 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. 1,866.667 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.

The Company is facing liquidity shortfall due to reduced capacity utilization during the year. Consequently, the Company was only able to make five monthly installments during the year in respect of the Sukuk financing. The management is in discussions for rescheduling/deferment of certain installments over due with the Sukuk holders and negotiations are expected to be concluded successfully. The current portion includes the installments contractually due in the next financial year and the installments over due up to June 30, 2017.

16.2 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 carries mark-up at the rate of one month KIBOR plus 1% per annum. Tenure of this facility is five years. Principal amount is repayable in 24 monthly installments of Rs. 0.958 million each and 36 monthly installments of Rs. 3.111 million each. This facility is 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.

Effective rate of profit for the year ranges from 7.20% to 7.28% (2016: 7.24% to 7.96%) per annum.

17. DEFERRED LIABILITIES

	Note	2017	2016
		Rupees	Rupees
Staff retirement benefits - gratuity	17.1	23,631,542	19,537,699
Deferred taxation	17.2	219,486,574	271,527,531
		243,118,116	291,065,230

17.1 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, 2017 are as follows:

	2017	2016
	Rupees	
Reconciliation of payable to / (receivable from) defined benefit plan:		
Present value of defined benefit obligation	23,631,542	19,537,699
Movement in net liability recognized in the balance sheet:		
Balance at beginning of the year	19,537,699	16,759,173
Charge for the year	6,125,446	5,793,760
Benefits paid during the year	(3,094,106)	(1,385,633)
Remeasurement loss / (Income) recognized in other comprehensive income	1,062,503	(1,629,601)
Balance at end of the year	23,631,542	19,537,699
Charge for the year:		
Current service cost	4,499,773	4,105,055
Interest cost	1,625,673	1,688,705
Expense recognized in the profit and loss account	6,125,446	5,793,760
Actuarial remeasurement		
Actuarial loss / (gain) recognized on remeasurement	1,062,503	(1,629,601)
Principal actuarial assumptions:		
Discount rate - per annum	9.25%	9.00%
Expected rate of growth per annum in future salaries	9.25%	9.00%
Average service (years)	5.85	5.68

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%	2,949,051	3,596,632
Salary growth	1%	3,684,784	3,068,479

Maturity Profile

Particulars	Undiscounted Payments Rupees
Year 1	1,767,067
Year 2	470,240
Year 3	474,455
Year 4	718,343
Year 5	1,092,803
Year 6 to Year 10	12,335,715
Year 11 and above	107,025,927

Risk associated with defined benefit plan:

a) Longevity risk

This risk arises when the actual lifetime of retirees is longer than expectation. The risk is measured at the plan level over the entire retiree population.

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.

17.2 Deferred taxation

	2017	2016
	Rupees	Rupees
The balance of deferred taxation is in respect of following temporary differences:		
Accelerated depreciation allowance	166,930,754	191,875,599
Provision for employee benefits - unfunded	(7,089,463)	(5,637,402)
Unused tax losses	(262,234,793)	(271,892,041)
	(102,393,501)	(85,653,844)
Deferred tax liability on account of surplus on revaluation of property, plant and equipment	321,880,075	357,181,375
	219,486,574	271,527,531

18. DEFERRED MARK-UP

This represents deferred mark-up payable on Sukuk arrangement as mentioned in note 16.1.

	Note	2017	2016
		Rupees	

19. TRADE AND OTHER PAYABLES

	Note	2017	2016
Creditors	19.1	312,187,370	301,328,565
Advances from customers		19,396,338	33,633,638
Payable to associates	19.2	6,188,346	17,881,735
Accrued liabilities		28,901,897	31,330,331
WPPF payable		1,485,234	1,485,234
Retention money		278,778	278,778
Withholding tax		1,135,474	708,890
Others		2,081,405	1,665,402
		371,654,842	388,312,573

19.1 This includes Rs. 73,214,717 (2016: Rs. 83,498,599) payable to Sitara Spinning Mills Limited (associated undertaking) in ordinary course of business.

19.2 This includes Rs. 6,188,346 (2016: Rs. 12,401,610) payable to Sitara Spinning Mills Limited against common expenses share arrangements.

	2017	2016
	Rupees	

20. ACCRUED MARK-UP

	2017	2016
Mark-up accrued on:		
Long-term financing	12,522,934	7,818,933
Short-term borrowings	5,363,707	4,831,976
	17,886,641	12,650,909

21. SHORT TERM BORROWINGS

	Note	2017	2016
From banking companies - secured	21.1	315,259,844	251,975,624
Bank overdraft - unsecured		9,647,369	14,127,313
Others - unsecured	21.2	6,000,000	6,000,000
		330,907,213	272,102,937

21.1 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 7.79% to 9.65% (2016 : 9.10% to 10.51%) per annum on daily product payable quarterly.

The aggregate short term borrowings facilities are secured against:

a) First pari passu charge of Rs. 502 million (2016: Rs. 502 million) over present and future assets of the Company.
b) Ranking charge of Rs.400 million (2016: Rs.400 million) over present and future current assets of the Company.
c) Personal guarantees from Chief Executive Officer and a director of the Company.

21.2 This represents interest free loan obtained from CEO and is repayable on demand.

	Note	2017	2016
		Rupees	
22. CONTINGENCIES AND COMMITMENTS			
Contingencies			
Guarantees issued by banks on behalf of the Company		54,640,000	53,538,000
Commitments			
Irrevocable letters of credit		18,450,319	30,848,717
23. SALES			
Hydrogen Peroxide		1,124,869,826	1,414,229,955
Sales Tax		(41,243,788)	-70,385,174
		1,083,626,038	1,343,844,781
Less: Commission and discount		(23,937,306)	(33,808,376)
		1,059,688,732	1,310,036,405
24. COST OF SALES			
Raw material consumed	24.1	202,328,576	148,624,610
Fuel and power		389,821,849	365,662,606
Packing material consumed		147,750,946	201,851,109
Stores, spare parts and loose tools consumed		13,379,963	14,829,442
Salaries, wages and benefits	24.2	75,760,759	68,005,762
Repairs and maintenance		40,263,533	27,142,980
Insurance		5,792,704	5,055,454
Depreciation	4.2	178,080,656	177,433,972
Travelling and conveyance		1,938,586	588,583
Vehicle running and maintenance		404,244	413,369
Other expenses		1,392,096	1,618,131
		1,056,913,912	1,011,226,018
Work-in-process			
Balance at beginning of the year		389,563,786	433,639,504
Balance at end of the year	7	411,376,825	389,563,786
		(21,813,039)	44,075,718
Cost of goods manufactured		1,035,100,873	1,055,301,736
Finished goods			
Balance at beginning of the year		817,024	6,120,813
Balance at end of the year	7	21,801,453	817,024
		(20,984,429)	5,303,789
Cost of goods sold - own manufactured products		1,014,116,444	1,060,605,525
- purchased goods		-	58,995,000
		1,014,116,444	1,119,600,525
24.1 Raw material consumed			
Balance at beginning of the year		21,040,464	46,454,759
Purchases		200,396,560	123,210,315
		221,437,024	169,665,074
Less: Balance at end of the year	7	(19,108,448)	(21,040,464)
		202,328,576	148,624,610

24.2 Salaries, wages and benefits include Rs. 4,701,346 (2016: Rs. 4,635,008) in respect of employee benefits.

	Note	2017	2016
		Rupees	
25. DISTRIBUTION COST			
Salaries and benefits		6,181,671	5,687,007
Printing and stationery		82,010	92,369
Travelling and conveyance		27,387	103,126
Vehicle running and maintenance		68,449	93,286
Freight and octroi		18,501,753	22,704,085
Depreciation	4.2	624,746	774,522
Other expenses		208,910	1,205,770
		25,694,926	30,660,165
26. ADMINISTRATIVE EXPENSES			
Salaries and benefits	26.1	38,809,575	41,372,557
Directors' remuneration	32	12,997,847	9,825,852
Printing and stationery		1,559,916	1,470,373
Insurance		889,084	1,161,748
Repairs and maintenance		582,147	458,826
Travelling and conveyance		4,618,600	5,842,968
Rent, rates and taxes		235,000	309,100
Vehicle running and maintenance		1,953,809	3,084,638
Telephone and postage		1,669,669	1,376,901
Advertisement		587,482	226,970
Fees, subscription and periodicals		1,826,454	1,106,000
Legal and professional charges		4,177,534	3,228,300
Auditors' remuneration	26.2	1,391,500	1,391,500
Depreciation	4.2	1,835,806	4,081,511
Other expenses		2,364,298	3,143,967
		75,498,721	78,081,211

26.1 Salaries and benefits include Rs. 1,424,100 (2016: Rs. 1,158,752) in respect of employee benefits.

	2017	2016
	Rupees	
26.2 Auditors' remuneration		
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
	1,391,500	1,391,500

	Note	2017	2016
		Rupees	

27. OTHER EXPENSES

		2017	2016
Workers' profit participation fund		-	1,485,234
Workers' welfare fund		-	553,422
Loss on disposal of vehicle		1,347,300	-
		1,347,300	2,038,656

28. FINANCE COST

		2017	2016
Mark-up on:			
Long term financing		46,261,893	63,360,948
Short term borrowings		23,376,175	22,804,903
Liabilities against assets subject to finance lease		-	14,525
Bank charges and commission		2,816,661	2,765,859
		72,454,729	88,946,235

29. OTHER INCOME

		2017	2016
Income from financial assets			
Profit on bank deposits		882,646	1,032,768
Income from assets other than financial assets			
Scrap sales		450,450	211,266
Gain on sale of operating fixed assets		-	450,000
Exchange gain / (loss)		-	27,801
Income from sale of catalyst		-	34,569,968
		1,333,096	36,291,803

30. PROVISION FOR TAXATION

		2017	2016
Current		10,822,874	13,715,745
Deferred		(51,722,206)	(3,418,650)
		(40,899,332)	10,297,095

30.1 Numerical reconciliation between the average tax rate and applicable tax rate has not been presented in these financial statements as the Company is chargeable to minimum tax under Section 113 of the Income Tax Ordinance, 2001.

31. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

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

		2017	2016
		Rupees	
(Loss) / Profit for the year	Rupees	(87,190,960)	16,704,321
Weighted average number of ordinary shares	Number	55,100,000	55,100,000
(loss) / (Earnings) per share - basic	Rupees	(1.58)	0.30

No figure for diluted loss 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.

32. 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:

	2017			2016		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
	Rupees					
Remuneration	8,186,141	612,903	18,358,262	6,494,645	4,560,000	12,677,509
House rent	2,455,839	-	5,507,473	1,948,391	-	3,803,249
Utilities allowance	818,595	-	1,835,783	649,449	-	1,267,721
Medical allowance	818,624	-	1,835,844	649,472	-	1,267,763
Special allowance	105,745	-	237,137	83,895	-	163,758
	12,384,944	612,903	27,774,499	9,825,852	4,560,000	19,180,000
Number of persons	1	1	15	1	1	14

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

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

32.3 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 33 to these financial statements. Other significant transactions with related parties are as follows:

Description	Nature of transaction	2017	2016
		Rupees	
Associated undertakings			
Sitara Spinning Mills Limited	Organizational expenses	467,034	931,846
	Purchases	9,615,230	17,250,382
	Sales	-	229,086
Key management personnel			
	Remuneration and other benefits	40,772,346	33,565,852
Employee benefit plan	Paid during the year	3,094,106	1,352,533

33.1 All transactions with related parties have been carried out at commercial terms.

	2017 Tons	2016 Tons

34. PLANT CAPACITY AND ACTUAL PRODUCTION

	2017 Tons	2016 Tons
Production capacity	30,000	30,000
Actual production	21,087	24,622

34.1 The average production during the year was 70% (2016: 82%). The main reason for under utilization of capacity was due to malfunctioning of production process.

35. NUMBER OF EMPLOYEES

The total average number of employees during years ended June 30, 2017 and 2016 are as follows:

	2017	2016
	Number of Employees	
Average number of employees during the year	297	283
Total number of employees as at June 30	302	300

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

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:

Counterparties

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

Trade debts

Trade debts are essentially due from local customers and foreign customers 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.

Banks

The Company limits its exposure to credit risk by conducting transactions only with reputable banking entities that have minimum "A" credit rating. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

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:

	2017	2016
	------------ Rupees	--------------
Financial assets		
Trade debts- via traders	23,304,241	13,282,797
Trade debts - direct customers	65,517,604	34,353,615
Loans and advances	31,785,618	26,977,908
Bank balances	4,403,280	35,634,775
	125,010,743	110,249,095

	2017	2016
	Rupees	

The aging of trade debts - direct customers at the balance sheet date is as follows:

	2017	2016
Past due 1 to 30 days	29,177,101	5,973,772
Past due 30 to 150 days	36,328,995	28,368,336
Past due 150 days	11,508	11,507
	65,517,604	34,353,615

Impairment losses

Based on age analysis, relationship with customers and past experience the management does not expect any party to fail to meet their obligations and hence no impairment allowance is required.

Cash at bank

Total bank balance of Rs. 4.40 million (2016: Rs. 35.6 million) are placed with banks have a short term credit rating of at least A1 (2016: A1).

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.

36.3 Liquidity and interest risk table

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:

	2017				
	Carrying amount	Contractual cash flows	Less then 1 year	Between 1 to 5 years	Above 5 years
	Rupees				
Long term financing	593,012,498	593,012,498	437,246,773	155,765,725	-
Staff retirement benefits - gratuity	23,631,542	23,631,542	-	23,631,542	-
Trade and other payables	367,809,424	367,809,424	367,809,424	-	-
Accrued mark-up	17,886,641	17,886,641	17,886,641	-	-
Short term borrowings	330,907,213	330,907,213	330,907,213	-	-
	1,333,247,318	1,333,247,318	1,153,850,051	179,397,267	-

	2016				
	Carrying amount	Contractual cash flows	Less then 1 year	Between 1 to 5 years	Above 5 years
	Rupees				
Long term financing	712,137,406	712,137,406	295,829,966	416,307,440	-
Staff retirement benefits - gratuity	19,537,699	19,537,699	-	19,537,699	-
Trade and other payables	384,883,159	384,883,159	384,883,159	-	-
Accrued mark-up	12,650,909	12,650,909	12,650,909	-	-
Short term borrowings	272,102,937	272,102,937	272,102,937	-	-
	1,401,312,110	1,401,312,110	965,466,971	435,845,139	-

36.4 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.

36.5 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 below:

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.

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:

	---------- 2017 ----------		---------- 2016 ----------	
	Rupees	US$	Rupees	US$
Letter of credit	34,409,517	327,772	23,794,901	227,267
Balance sheet exposure	34,409,517	327,772	23,794,901	227,267

	Average rate		Reporting date mid spot rate	
	2017	2016	2017	2016
	---------- Rupees ----------			
The following significant exchange rates have been applied:				
Rupee to US $	104.9	104.59	104.98	104.82

Sensitivity analysis

A 10 percent weakening of the Pak Rupee against the USD at June 30, 2017 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, 2016.

	2017 Rupees	2016 Rupees
Effect on loss for the year:		
US $ to Rupee		
Increase in loss for the year	3,556,000	2,684,759

A 10 percent strengthening of the Pak Rupee against the US dollar at June 30, 2016 would have had the 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.

36.6 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.

	2017 Percentage	2016 Percentage	2017 Rupees	2016 Rupees
Variable rate financial instruments				
Financial liabilities				
Long term financing	7.17% - 7.28%	7.24% - 7.96%	593,012,498	712,137,406
Short term finance	7.79 % - 9.65%	8.24 % - 10.51%	330,907,213	272,102,937
			923,919,711	984,240,343

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 2017.

	Increase Rupees	Decrease Rupees
At June 30, 2017		
Cash flow sensitivity - variable rate financial liabilities	9,239,197	(9,239,197)
At June 30, 2016		
Cash flow sensitivity - variable rate financial liabilities	9,842,403	(9,842,403)

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

36.7 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. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to reserves or/and issue new shares. Gearing ratio of the Company is as follows:

	2017	2016
	Rupees	
Total borrowings	923,919,711	984,240,343
Less: Cash and bank balance	4,761,969	35,860,754
Net debt	919,157,742	948,379,589
Total equity and surplus on revaluation of property, plant and equipment	1,156,644,126	1,309,324,790
Total capital	2,075,801,868	2,257,704,380
Gearing ratio	44%	42%

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:

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:

	2017				
	Carrying value	Fair value			
		Level 1		Level 2	Total
Assets/measured at fair value:					
Property, plant and equipment	1,984,757,960	-	1,984,757,960	-	1,984,757,960

	2016				
	Carrying value	Fair value			
		Level 1		Level 2	Total
Assets measured at fair value:					
Property, plant and equipment	2,129,301,399	-	2,129,301,399	-	2,129,301,399

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 26, 2017.

39. CORESPODING FIGURES

Corresponding figures have been rearranged for better presentation where necessary. However, no major reclassification has been made during the year.

40. GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER DIRECTOR

SITARA PEROXIDE LIMITED

CIRCULATION OF ANNUAL AUDITED ACCOUNTS

The Company Secretary
Sitara Peroxide Limited
601-602, Business Centre,
Mumtaz Hassan Road,
Karachi

Subject : Circulation of Annual Audited Accounts via Email or CD/DVD/USB

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO No. 470(I)/2016 dated 31st May, 2016, that have allowed companies to circulate their Annual Audited Accounts (i.e. Annual Balance Sheet and Profit and Loss Accounts, Auditor's Report and Directors' Report etc ("Annual Report") along with the Notice of Annual General Meeting ("Notice") to its shareholders through Email or CD/DVD/USB at the registered addresses.

Shareholders who wish to receive the hardcopy of Financial Statements shall have to fill the below form and send us to Company address.

I/We hereby consent Option 1 or Option 2 to the above SROs for Audited Financial Statements and Notice of General Meeting(s) delivered to me hard from instead Email or CD/DVD/USB.

Option 1 – Via Email
Name of the Members/Shareholders ______________________

CNIC NO. ______________________

Folio / CDC Account Number ______________________

Valid Email Address ______________________

(to receive Financial Statements alongwith Notice of General Meetings instead of hardcopy/CD/DVD/USB)

Option 2 – Via Hard copy
Name of the Members/Shareholders ______________________

CNIC NO. ______________________

Folio / CDC Account Number ______________________

Mailing Address ______________________
(to receive Financial Statements along with Notice of General Meetings instead of Email/CD/DVD/USB

I/We hereby confirm that the above mentioned information is correct and in case of any change thereon, I/We will immediately intimate to the Company's Share Registrar. I/we further confirm that the transmission of Company's Annual Audited Financial Statements and Notice of General Meeting(s) through my/our above address would be taken as compliance with the Companies Act, 2017.

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SITARA PEROXIDE LIMITED

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

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 Friday, October 27, 2017 at 3:.30 pm at The Institute of Chartered Accountants of Pakistan, 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 __________ 2017

Witness:	**Witness:**
1. Signature ____________________	2. Signature ____________________
Name ____________________	Name ____________________
Address ____________________	Address ____________________
____________________	____________________
CNIC or ____________________	CNIC or ____________________
Passport No. ____________________	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 (Private) Limited 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 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.

ستارہ پرآکسائیڈ لمیٹڈ

پراکسی فارم

اجلاس عام

میں / ہم ______________________________

ستارہ پرآکسائیڈ لمیٹڈ کے ممبر / ممبران رجسٹرڈ فولیو نمبر / شرکاء کی آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر کے مطابق عمومی شیئرز ______________

رکھتے ہیں بذریعہ ہذا ______________ کو مقرر کرتے ہیں۔ رجسٹرڈ فولیو نمبر / شرکاء کی

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

______________ رجسٹرڈ فولیو نمبر / شرکاء کی آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر کو بطور پراکسی 27 اکتوبر 2017 بوقت 03:30 بجے دوپہر بمقام انسٹیٹیوٹ 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 دینے اور اجلاس میں شرکت کا حق دیتا ہوں۔

ریونیو اسٹامپ 5/- روپے	______________ دستخط پراکسی	______________ دستخط شیئر ہولڈر

تاریخ ______________ مقام

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 پراکسی اپنی جانب سے شرکت کرنے اور ووٹ دینے کے لئے مقرر کرے۔

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

(3) CDC اکاؤنٹ ہولڈرز / کارپوریٹ اینٹیٹیز مندرجہ بالا کے علاوہ درج ذیل ہدایات پر عمل کریں۔

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

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

(c) پراکسی 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 نقل / Power of Attorney مع دستخط کے ساتھ (بجز اگر پہلے ہی جمع کروادی گئی ہے) پراکسی فارم کے ہمراہ کمپنی کے شیئر رجسٹرار کو جمع کروائے۔

Sitara Peroxide Limited

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