

1st Quarter
Report September

2017



Company Information

Board of Directors	Mrs. Sharmeen Imran Mr. Imran Ghafoor Mr. Ejaz Hussain Mr. Muhammad Asif Pasha Mr. Waleed Asif Mr. Yasir Ahmed Awan Mr. Saim Bin Saeed	Chairperson Chief Executive Officer Non-executive Director Non-executive Director Non-executive Director Non-executive Director Independent Director
Chief Financial Officer	Mr. Waqas Ashraf (FCA)	
Company Secretary	Mr. Mazhar Ali Khan	
Head of Internal Audit	Mr. Zia-ul-Mustafa	
Audit Committee	Mr. Saim Bin Saeed Mrs. Sharmeen Imran Mr. Waleed Asif Mr. Zia-ul-Mustafa	Chairman Member Member Secretary
Human Resource and Remuneration Committee	Mr. Ejaz Hussain Mr. Saim Bin Saeed Mr. Waleed Asif	Chairman Member Member
External Auditors	M/s. Deloitte Yousuf Adil, Chartered Accountants	
Legal Advisor	Sahibzada Waqar Arif	
Registered Office	601-602 Business Centre, Mumtaz Hassan Road, Off. I.I. Chundrigar Road, Karachi-74000. Ph: 021 32401373, 32413944	
Company Website	www.sitaraperoxide.com	
Bankers	Al Baraka Bank (Pakistan) Limited Askari Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited MCB Bank Limited Meezan Bank Limited National Bank Limited 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 Sheikhpura Road, Faisalabad. Ph : (92 41) 2400900-2, 2400904-5	

DIRECTORS REVIEW

I, on the behalf of Board of Directors, would like to present the un-audited condensed interim financial statements of Sitara Peroxide Limited (the Company) for the first quarter ended September 30, 2017.

Net turnover of the Company remained Rs. 248 million during the first quarter of current financial year as against net turnover of Rs. 189 million in comparative quarter, resulting in an increase of 31%. Capacity utilization during the quarter remained 60% of total installed capacity against 49% in comparative period. Cost of sales during the quarter has been Rs. 284 million. In comparative period it was Rs. 235 million.

Distribution and administration expenses remained Rs. 5.6 million and Rs. 19.8 million against Rs. 4.8 million and Rs. 19.3 million respectively in the comparative quarter of the preceding financial year. Finance Costs have remained unchanged at Rs. 18.4 million in current quarter. The Company incurred loss after tax of Rs. 82 million in current quarter against loss after tax of Rs. 89.5 million. In quarter under review, loss per share remained Rs. 1.49 against loss per share of Rs. 1.58 in comparative period. Major reason for loss during current financial year had been low capacity utilization of plant and increase in prices of raw materials and natural gas (LNG).

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

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

On behalf of Board of Directors

Faisalabad
October 28, 2017

IMRAN GHAFOR
Chief Executive Officer

ڈائریکٹرز رپورٹ

میں کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2017 کو ختم ہونے والی سہ ماہی کے مالی نتائج آپ کی خدمت میں پیش کرنا چاہوں گا۔

حالیہ سہ ماہی کے دوران کمپنی کا نیٹ فروخت 248 ملین روپے رہی جو سال گزشتہ کی پہلی سہ ماہی میں 189 ملین روپے رہی تھی۔ جو گزشتہ عرصے کی نسبت 31 فیصد اضافہ ہے۔ حالیہ سہ ماہی میں کمپنی نے اپنی پیداواری استعداد کار کا 60 فیصد حاصل کیا جو گزشتہ سہ ماہی میں 49 فیصد تھا۔ حالیہ سہ ماہی میں پیداواری لاگت 284 ملین روپے رہی جو گزشتہ سہ ماہی میں 235 ملین روپے تھی۔

فروخت اور انتظامی اخراجات حالیہ سہ ماہی میں بالترتیب 5.6 ملین روپے اور 19.8 ملین روپے رہے جبکہ گزشتہ سہ ماہی میں یہی اخراجات 4.8 ملین روپے اور 19.3 ملین روپے تھے۔ قرضوں پر سود کی مد میں 18.4 ملین کے اخراجات ہوئے۔ کمپنی کو حالیہ سہ ماہی میں 82 ملین خسارے کا سامنا رہا جو گزشتہ مدت میں 89.5 ملین روپے تھا۔ حالیہ سہ ماہی میں 1.49 روپے بھی حصص خسارہ کا سامنا رہا جبکہ گزشتہ سہ ماہی میں فی حصص خسارہ 1.58 روپے رہا۔ اس نقصان کی بنیادی وجوہات میں پیداواری استعداد کا کم رہنا جبکہ خام مال اور LNG کی قیمت میں اضافہ شامل ہے۔

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

اللہ ہمیں درپیش چیلنجز سے نبرد آزما ہونے کی ہمت عطا فرمائے۔ آمین

بورڈ ممبران کی جانب سے

عمران غفور
چیف ایگزیکٹو آفیسر

فیصل آباد
28 اکتوبر 2017

Condensed Interim Balance Sheet As At September 30, 2017

Note	September 30, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Rupees	
NON-CURRENT ASSETS		
4	1,944,047,501	1,989,257,614
	4,205,000	3,705,000
	<u>1,948,252,501</u>	<u>1,992,962,614</u>
CURRENT ASSETS		
	86,272,483	84,984,312
	438,248,940	468,637,071
	53,423,164	88,821,845
	177,564,110	180,591,777
	38,891,678	57,944,377
	-	-
	79,405,198	91,384,235
	2,614,891	4,761,969
	<u>876,420,464</u>	<u>977,125,586</u>
	<u>2,824,672,965</u>	<u>2,970,088,200</u>
SHARE CAPITAL AND RESERVES		
	600,000,000	600,000,000
	551,000,000	551,000,000
	(281,702,101)	(213,606,545)
	<u>269,297,899</u>	<u>337,393,455</u>
	805,379,401	819,250,671
NON-CURRENT LIABILITIES		
5	89,629,983	155,765,725
	244,549,320	243,118,116
	247,431,363	246,041,890
	<u>581,610,666</u>	<u>644,925,731</u>
CURRENT LIABILITIES		
	384,567,680	371,654,842
	26,020,685	17,886,641
	260,571,302	330,907,213
5	494,049,182	437,246,773
	3,176,150	10,822,874
	<u>1,168,384,999</u>	<u>1,168,518,343</u>
CONTINGENCIES AND COMMITMENTS		
6	-	-
	<u>2,824,672,965</u>	<u>2,970,088,200</u>

The annexed selected notes from 1 to 10 form an integral part of this condensed interim financial information.

Profit and Loss Account

Condensed Interim Profit and Loss Account (Un-audited) for the 1st Quarter Ended September 30, 2017

	Note	Quarter Ended September 30,	
		2017	2016
		----- Rupees -----	
Sales - net		248,427,367	189,284,156
Cost of sales	7	283,760,552	234,520,671
Gross loss		(35,333,185)	(45,236,515)
Other income		350,268	294,018
		(34,982,917)	(44,942,497)
Distribution expenses		5,596,156	4,826,203
Administrative expenses		19,784,842	19,270,098
Finance cost		18,426,761	18,517,286
		43,807,759	42,613,587
Operating loss		(78,790,676)	(87,556,084)
Provision for taxation		3,176,150	1,933,669
Loss for the period		(81,966,826)	(89,489,753)
Other comprehensive income		-	-
Total comprehensive loss for the period		(81,966,826)	(89,489,753)
Loss per share - basic and diluted		(1.49)	(1.62)

The annexed selected notes from 1 to 10 form an integral part of this condensed interim financial information.

Condensed Interim Cash Flow Statement (Un-audited) for the 1st Quarter Ended September 30, 2017

	Quarter Ended September 30, 2017	2016
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(78,790,676)	(87,556,084)
Adjustments for:		
Depreciation on property, plant and equipment	45,210,113	45,556,856
Profit on bank deposits	(98,167)	(294,018)
Provision for deferred-employee benefits	1,531,362	1,416,794
Finance cost	18,426,761	18,517,286
	<u>(13,720,607)</u>	<u>(22,359,166)</u>
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(1,288,171)	(1,414,013)
Stock-in-trade	30,388,131	(127,820)
Trade debts	35,398,681	(850,539)
Advances	(1,304,288)	3,536,824
Deposits and prepayments	19,052,699	12,092,117
Increase / (decrease) in current liabilities:		
Trade and other payables	12,912,834	40,986,377
	<u>95,159,886</u>	<u>54,222,946</u>
Cash generated from operations	<u>81,439,279</u>	<u>31,863,780</u>
Finance cost paid	(8,903,244)	(7,681,171)
Sales tax (refunded) / paid	11,979,037	(11,749,169)
Employee benefits paid	(100,158)	(943,454)
Income taxes paid	(6,490,915)	(6,164,358)
	<u>(3,515,280)</u>	<u>(26,538,152)</u>
Net cash generated from operating activities	<u>77,923,999</u>	<u>5,325,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(93,193)
Profit received on bank deposits	98,167	294,018
Increase in long-term deposits	(500,000)	-
Net cash (used in) / generated from investing activities	<u>(401,833)</u>	<u>200,825</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(9,333,333)	(23,722,222)
Net (decrease) / increase in short-term borrowings	(70,335,911)	10,814,946
Net cash used in financing activities	<u>(79,669,244)</u>	<u>(12,907,276)</u>
Net decrease in cash and cash equivalents	<u>(2,147,078)</u>	<u>(7,380,823)</u>
Cash and cash equivalents at beginning of period	<u>4,761,969</u>	<u>35,860,754</u>
Cash and cash equivalents at end of period	<u>2,614,891</u>	<u>28,479,931</u>

The annexed selected notes from 1 to 10 form an integral part of this condensed interim financial information.

Statement of Changes In Equity

Condensed Interim Statement of Changes In Equity (Un-audited) for the 1st Quarter Ended September 30, 2017

	Share capital	Accumulated losses	Total
 Rupees		
Balance as at July 01, 2016	551,000,000	(181,156,913)	369,843,087
Total comprehensive income for the period ended September 30, 2016			
Loss for the period	-	(89,489,753)	(89,489,753)
Other comprehensive income	-	-	-
	-	(89,489,753)	(89,489,753)
Incremental depreciation for the period transferred to accumulated losses - net of deferred tax	-	13,673,109	13,673,109
Balance as at September 30, 2016	551,000,000	(256,973,557)	294,026,443
Balance as at July 01, 2017	551,000,000	(213,606,545)	337,393,455
Total comprehensive income for the period ended September 30, 2017			
Loss for the period	-	(81,966,826)	(81,966,826)
Other comprehensive income	-	-	-
	-	(81,966,826)	(81,966,826)
Incremental depreciation for the period transferred to accumulated losses - net of deferred tax	-	13,871,270	13,871,270
Balance as at September 30, 2017	551,000,000	(281,702,101)	269,297,899

The annexed selected notes from 1 to 10 form an integral part of this condensed interim financial information.

Notes to the Condensed Interim Financial Information for the 1st Quarter Ended September 30, 2017

1. GENERAL INFORMATION

Sitara Peroxide Limited ("the Company") is limited by shares, incorporated in Pakistan on March 08, 2004 as a public limited company under the Companies Ordinance, 1984. The Company is listed on Pakistan Stock Exchange 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 facility is located at 26-KM Sheikhupura Road, Faisalabad in the province of Punjab. The principal object of the Company is manufacturing and sale of Hydrogen Peroxide (H₂O₂).

2. STATEMENT OF COMPLIANCE

This un-audited condensed interim financial information of the Company for the first quarter ended ended September 30, 2017 has been prepared in accordance with the International Accounting Standard - 34 "Interim Financial Reporting" provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2017. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2017 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed financial information for the quarter ended on September 30, 2016.

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

3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2017.

September 30,
2017
(Un-Audited)
----- Rupees -----

June 30,
2017
(Audited)

4. PROPERTY PLANT AND EQUIPMENT

Operating assets		
Opening carrying value	1,989,257,614	2,146,156,501
Additions during the period / year		
Plant and machinery	-	30,136,668
Electric installations	-	2,259,760
Vehicles	-	93,193
	-	32,489,621
	1,989,257,614	2,178,646,122
Deletions during the period / year (at carrying value)	-	(8,847,300)
	1,989,257,614	2,169,798,822
Depreciation charged during the period / year	(45,210,113)	(180,541,208)
	1,944,047,501	1,989,257,614

5. LONG TERM FINANCING

Secured - from financial institutions		
Sukuk arrangement - syndicated	549,456,939	549,456,939
Term finance	34,222,226	43,555,559
	583,679,165	593,012,498
Less: current maturity of long term loan	494,049,182	437,246,773
	89,629,983	155,765,725

6. CONTINGENCIES AND COMMITMENTS**6.1 Contingencies**

Gaurantees issued by banks on behalf of the Company	54,640,000	54,640,000
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6.2 Commitments

Irrevocable letters of credit	17,375,308	18,450,319
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Quarter Ended September 30,
2017
(Un-Audited) (Un-Audited)
----- Rupees -----

7. COST OF SALES

Opening stock of finished goods	21,801,453	817,024
Cost of goods manufactured	265,244,246	237,175,203
	287,045,699	237,992,227
Less: closing stock of finished goods	3,285,147	3,471,556
Cost of goods sold	<u>283,760,552</u>	<u>234,520,671</u>

9. TRANSACTIONS WITH RELATED PARTIES

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

Quarter Ended September 30,
2017
(Un-Audited) (Un-Audited)
----- Rupees -----

Relationship with the company Nature of transaction

Associated companies

	Organizational expenses charged	2,012,033	88,272
	Purchases	-	3,281,143
Key management personnel	Remuneration and other benefits	10,193,087	10,157,838
Employee benefit plan	Paid during the period	100,158	943,454

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue on October 28, 2017 by the Board of Directors of the Company.

10. GENERAL

Figures have been rounded off to the nearest Rupee.



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