

2016

Annual Report



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Vision & Mission Statement

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.

Company Information

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

Notice of Annual General Meeting

Notice is hereby given that the 13th 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 Saturday, October 29, 2016 at 12:30 p.m. to transact the following business:

Ordinary Business:

1. To confirm the minutes of 12th Annual General Meeting held on October 30, 2015.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2016 together with the Reports of Auditors and Directors thereon.
3. To appoint auditors for the year ending June 30, 2017 and to fix their remuneration.
4. To elect seven (07) Directors of the Company as fixed by the Board of Directors in accordance with the provisions of Section 178(1) of the Companies Ordinance, 1984 for the term of three years. The retiring directors are Mr.Imran Ghafoor, Mr. Muhammad Khalil, Mrs. Sharmeen Imran, Mr. Muhammad Asif Pasha, Mr. Waleed Asif, Mr. Saim Bin Saeed and Mr.Abdullah Javed.

Special Business:

5. To consider and pass with or without modification the following as a Special Resolution:

Resolved that the Articles of Association of the Company be amended by inserting a new Article 51A as follows:

“The provisions and requirements for e-voting as prescribed by the Securities and Exchange Commission of Pakistan (SECP) from time to time shall be deemed to be incorporated in these Articles, irrespective of the other provisions of these Articles of Association and notwithstanding anything contradictory therein”.

6. To approve the following resolution authorizing the company to transmit annual audited financial statements, auditors' report and directors' report etc. ("annual audited accounts") to members through CD/DVD/USB at their registered addresses as allowed by the Securities and Exchange Commission of Pakistan (SECP).

“Resolved that transmission of annual audited financial statements, auditors' report and directors' report etc. ("annual audited accounts") to members at their registered addresses in soft Form i.e. CD/DVD/USB as Notified by SECP Vide its SRO No. 470(I)/2016 dated May 31, 2016 be and is hereby approved”

7. Any other business with the permission of the Chair.



MAZHAR ALI KHAN
Company Secretary

Karachi:
Dated: September 24, 2016

Notice of Annual General Meeting

NOTES:

1. The share transfer books of the Company will remain closed from 22.10.2016 to 29.10.2016 (both days inclusive). Transfers received at the office of the Company's share registrar at the close of business on 21.10.2016 will be treated in time for the purpose of attendance and voting at the Annual General Meeting of the Company.
2. In accordance with the provisions of Section 178(1) of the Companies Ordinance, 1984, the number of Directors to be elected has been fixed at seven.
3. Every candidate for the election as Director, whether he/she is retiring Director or otherwise, shall file with the Company not later than fourteen (14) clear days before the date of Annual General Meeting a notice of his/her intention to offer himself/herself for election as a Director along with the Consent to serve as a Director, in terms of Section 178(3) of the Companies Ordinance, 1984 and comply with the relevant provisions of listing regulations of Pakistan Stock Exchange, a detailed profile along with his/her relevant declarations as required under the Code of Corporate Governance, 2012 to his/her appointment as Director of the Company. Such notice must reach to the registered office of the Company on or before 14.10.2016. He/She should also confirm that:
 - a. He/She is not ineligible to become Director of the Company under any applicable laws and regulations (including listing regulations of the Stock Exchange).
 - b. He/She is not serving as Director in more than seven listed Companies.
 - c. Neither he/she nor his/her spouse engaged in the business of brokerage or is a sponsor director or officer of the corporate brokerage house.
4. A member eligible to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her:
 - a. Proxies in order to be effective must be received at the office of the Company's Share Registrar M/s. THK Associates (Pvt) Limited not later than forty eight (48) hours before the time fixed for the meeting.
 - b. The Proxy shall produce his/her original CNIC or Passport at the time of meeting.
 - c. Proxy form shall be witnessed by the two persons whose names, CNIC numbers and addresses shall be mentioned on the proxy form.
 - d. Form of proxy is attached to the notice of meeting being sent to the members.
5. CDC Account holders are required to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:
 - a. In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the Meeting.
 - b. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.
6. The audited financial statements of the Company for the year ended June 30, 2016 have been placed at the Company's website.

Notice of Annual General Meeting

7. The SECP has under and pursuant to SRO No. 787(I)/2014 dated September 8, 2014, permitted companies to circulate their 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 by email. Shareholders of the Company who wish to receive the Company's Annual Report and notices of Annual General Meeting by email are requested to provide their email addresses to the Company's Share Registrar, M/s. THK Associates (Private) Limited.
8. Shareholders are requested to immediately notify change in address, if any, to the Company's Share Registrar, M/s. THK Associates (Pvt.) Limited, State Life Building-3, 2nd Floor, Dr.Ziauddin Ahmed Road, Karachi.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984 PERTAINING TO THE SPECIAL BUSINESS

Item No. 5 of the Notice

To give effect to the Companies (E-Voting) Regulations, 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting.

Item No. 6 of the Notice

The SECP has allowed companies through SRO 470(1)/2016 Dated May 31, 2016 to circulate the annual audited financial statements, auditors' report and directors' report etc. ("annual accounts") to its members through CD/DVD/USB at their registered addresses after approval by members. Printed copy of above referred statements shall be provided to such members who opt for having hard copy.

No Director has any direct or indirect interest in the aforesaid special business.

Directors' Report

I on the behalf of Board of Directors of the Company pleased to present the annual report along with the annual audited financial statements for the financial year ended June 30, 2016.

FINANCIAL OVERVIEW

All praises to Almighty Allah who blessed us with success in all aspects. Your Management has been able to improve profitability by effectively adopting the principle of lean management in every sphere of business of the Company to minimize production costs, controlling operational and financial costs and increasing its market share despite of highly challenging business environment.

	2016	2015
	----- Rupees -----	
Net sales	1,310,036,405	1,325,023,512
Gross profit	190,435,880	112,502,837
Operational profit	79,655,848	69,275,689
Net profit / (loss) for the year	16,704,321	(51,179,908)
Earnings / (loss) per share – Basic	0.30	(0.93)

The company registered annual net sales of Rs. 1,310 million against Rs. 1,325 million in the corresponding year showing stable revenue. The company recorded volumetric growth improvement in its sales due to enhanced capacity utilization. Gross profit of the company is Rs. 190 million in the current year as compared to Rs. 112 million in the corresponding year which depicts better operational performance.

The company recorded post tax profit of Rs. 16 million during current year against loss of Rs. 51 million in the corresponding year showing positive turnaround. Earnings per share for the current year remained Rs. 0.30 per share against loss per share of Rs. 0.90 in last year.

Cost of sales of company remained Rs. 1,120 million against Rs. 1,213 million last year showing a decrease of 8%. Decrease in cost of sales has been achieved despite of the increase in natural gas prices (additional cess etc.) & RLNG prices, which shows effective cost management by company especially with respect to operational and procurement management. Further, in second half of current year, decline in costs of electricity, raw materials/chemicals, packing materials and freights, also helped the company to mitigate the negative impact of rise in natural gas price.

Finance cost continues to reduce as your company is paying off its debt obligations, due to repayment / reduction in long term loans, debt equity ratio of the company has improved considerably. Due to efficient monitoring and development of operating procedures; administration, distribution and other operating expenses are kept in check.

BUSINESS AND PLANT OVERVIEW

In year under review, your company had been able to return to profitability despite all challenges faced during the year. This success was made possible with help of Almighty Allah and efforts by the management of your company. As we deal in import substitute product so price of our product is very sensitive to fluctuation in international prices. During current year, despite facing tough challenge of imports, your company was able to maintain its market share by efficiently utilizing the available resources and controlling the operational costs.

Your company achieved capacity utilization of 82% of the total installed capacity of Hydrogen Peroxide (50%) production, as against capacity utilization of 81% in the corresponding year. Your Company's management showed its efficiency and strength by achieving this growth, despite of plant shutdown for approximately two weeks in the last quarter of year under review. Keeping in view, shortage of natural gas, management decided to convert from natural gas (basis raw material) supply connection to RLNG supply connection, to ensure smooth supply of its basis

Directors' Report

raw material, this connection would certainly contribute in production enhancement in future.

Your company has taken effective measures to enhance its production capacity, in the last quarter of year under review. In the month of June 2016, plant shut down was taken to execute steps for enhancement of production capacities, eventually to maintain in-process raw materials / chemicals (working solution) levels and to perform repair and maintenance jobs. Production of hydrogen peroxide is an extremely sensitive chemical process and requires strict adherence to safety protocols. Safety of plant and our employees is top priority of the management.

After taking startup, as per recommendation of technical consultants, plant was operated at low capacity to monitor the impact of above mentioned measures on production process. Further, additional working solution and equipment was required to be imported to maintain working solution levels for higher production levels. Longer lead time for import of working solution and equipment delayed our target time i.e. first quarter of upcoming financial year, to achieve desired production levels. Plant management is gradually increasing the production levels by keeping close eye on all process parameters including working solution levels and equipment status. Management of your company is confident of achieve the targetted capacity utilization in second quarter of upcoming financial year.

Quality, customers' satisfaction, employees' development and professional standards are company's key areas where management has taken necessary measures to improve them. The company is currently producing and supplying high quality product which ensures maximum satisfaction to the customers. The company is maintaining a highly satisfactory relationship with all stake holders.

MARKETING OVERVIEW

As textile sector is single major consumer of hydrogen peroxide and this sector has suffered most due to energy crises, poor law and order situation and overvalued rupee against dollar. But despite crises of textile industry we managed to maintain our local market share.

In the third quarter of financial year 2015-16, due to continuous efforts of the management of your Company, National Tariff Commission (NTC), for the protection of local industry, has imposed anti-dumping duty on import of Hydrogen Peroxide for a period of five years. It will not only reduce the dumping of hydrogen peroxide in Pakistan but will also help to keep the price of product stable in coming days.

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 industry will also boost demands for its inputs. Your management is of the opinion that it will result in increase in demand of our product and we are confident to avail this opportunity fully.

BOARD OF DIRECTORS

Director	Meetings held	Meetings attended
i) Mrs. Sharmeen Imran (Chairperson)	5	5
ii) Mr. Imran Ghafoor (CEO)	5	5
iii) Mr. Muhammad Khalil	5	5
iv) Mr. Muhammad Asif Pasha	5	5
v) Mr. Waleed Asif	5	5
vi) Mr. Saim Bin Saeed	5	5
vii) Mr. Abdullah Javed	5	2*

*Leave of absence has been granted.

Directors' Report

The Board consists of 7 directors, effectively representing the interest of shareholders including minority stockholders. There are five non-executive directors and only two executive directors. The non-executive directors include one independent director representing the non-controlling/ minority interests, while two other non-executive directors are possessing relevant industry experience.

The status of directorship (independent, executive, nonexecutive) is indicated in the Statement of Compliance with the Code of Corporate Governance, issued by the Company.

The current Board members are going to retire after completion of their term. Election of seven Board members, as fixed by the Board of directors, is scheduled in upcoming AGM, for next three years.

To ensure effective, efficient and independent decision making, Board comprises of qualified professionals having knowledge, experience and expertise to run the affairs of the Company. In order to effectively monitor the Company's performance and keep management accountable, the Board is legally bound to meet at least once every quarter.

The Board held five meetings during the year, the notices / agendas of which were circulated in advance in a timely manner. Decisions made by the Board during the meetings were clearly stated in the minutes of the meetings maintained by the Company Secretary and were duly circulated to all the directors for endorsement and were approved in the subsequent Board meetings. All meetings of the Board held during the year fulfilled the minimum quorum requirements of attendance as prescribed by the applicable regulations and were also attended by the Chief Financial Officer and the Company Secretary.

The Audit Committee comprises of three non-executive directors with the Chairman being an independent non-executive director. One member is a Chartered Accountant lending significant financial and accounting expertise to the proceedings of the Committee. The Internal Audit Department, being a key component of the Company's internal control and risk governance framework, provides independent and objective evaluations on the effectiveness of governance, risk management and control processes reporting directly to the Audit Committee.

All three members of the Human Resource and Remuneration Committee are non-executive directors and the CEO does not hold membership of this Committee. They were neither previously involved in the management of the Company nor are connected with any business or other relationships that could interfere materially with, or appear to affect, their judgment.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The directors confirm compliance with Corporate and Financial Reporting Framework of the SECP Code of Corporate Governance for the following:

- The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements except for changes resulting on initial application of standards, amendments or interpretations to existing standards. Accounting estimates are based on reasonable prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departures there from have been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There is no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Four directors have attended the directors training course conducted by Institute of Chartered Accountants of Pakistan (ICAP) and Pakistan Institute of Corporate Governance (PICG). One of the directors is exempted

Directors' Report

from taking the directors training course and the remaining two directors are scheduled to attend the course within stipulated time.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

HSE continues to be the Company's top priority. The Company places particular emphasis on changing peoples' behavior to improve safety. The Company follows best practices and it aims to comply with highest standards of HSE. Management safety audit program is one of the key elements of behavioral safety program.

HUMAN RESOURCE DEVELOPMENT

The management of the SPL is committed to induct talented and innovative professionals through a transparent process while complying with ethical and legal practices and SPL code of conduct. SPL wants to be an equal opportunity employer. SPL has formed a Human Resource and Management Committee which is responsible for the hiring, development, evaluation and succession planning of his personnel. The management believes in empowering people by providing them with challenging opportunities to develop their abilities and enhance their potential.

RESEARCH AND DEVELOPMENT

Your Company continued its research and development activities at its exclusive R&D department that constitutes highly professional and fully dedicated staff. For optimal utilization of raw materials, R&D department performed marvelous job and we hope further achievements in coming years.

INFORMATION TECHNOLOGY

Your Company is committed to utilize the relevant developments in IT sector to achieve its strategic business goals. It is equipped with necessary hardware, software, applications, and personnel to cope with all business challenges and developments taking place in the market.

CORPORATE SOCIAL RESPONSIBILITY

SPL duly recognizes its role in empowerment of under privileged, employee welfare, safe industrial operations and alignment of Company's policies and practices with globally recognized principles.

SPL is active in contributing to various sectors which require foremost attention such as education, healthcare, environmental protection and poverty alleviation.

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, 2016. The Company has fully paid all obligations against this scheme in 2015-16.

DIVIDENDS

In the presence of accumulated losses of the Company on balance sheet date, Directors have not announced any dividend during the year.

RISK AND OPPORTUNITY REPORT

Chemical industry dynamics brings new challenges and opportunities every day. Your Company also faces risks of RLNG/Natural Gas curtailment, changes in load management, enhancement in power tariffs and imposition of

Directors' Report

additional taxes and other charges. Any depreciation of Pak rupee against dollar would raise inflation and cost of imported raw materials will also increase. Tightening of monetary policy will also increase the finance cost of the Company. But on positive side, weakening of Pak rupee will result in decrease of import of hydrogen peroxide in the country and prices in local market are expected to remain high in future. Management of your Company is confident that it can cope with future risks and can reap benefits of opportunities.

AUDITORS

The present auditors M/s Deloitte Yousuf Adil, Chartered Accountants audited the financial statements of the company and have issued a report to the members.

The auditors will retire at the conclusion of the upcoming annual general meeting. Being eligible, they have offered themselves for re-appointment. The Board has recommended the appointment of M/s. Deloitte Yousuf Adil, Chartered Accountants as auditors for the ensuing year, as suggested by the audit committee, subject to the approval of the members in the forthcoming annual general meeting of the company.

FUTURE OUTLOOK

The management of your company is upbeat regarding future business outlook of your company. Production capacities would be improved in second quarter of coming financial year. Further, due to supply of RLNG and government's relief measures for - textile sector, demand of hydrogen peroxide is expected to remain buoyant in upcoming winter season. Furthermore, imposition of antidumping would also contribute towards stable demand of locally produced products. These factors would result in positive outcome on financial results of your company. Your management is of the opinion that it will result in increase in demand of our product and we are confident to avail this opportunity fully.

ACKNOWLEDGEMENT

The Board takes this opportunity to express its deep sense of gratitude and thanks to the shareholders, employees, customers, bankers and all other stakeholders for the confidence and faith they have always reposed in us.

For and on behalf of the
Board of Directors



IMRAN GHAFOOR
Chief Executive Officer

September 24, 2016
Faisalabad

ڈائریکٹرز رپورٹ

خبرداریاں اور مواقع

کیمیکل انڈسٹری میں آپ کو ہر دن نئے چیلنجز اور نئے مواقع سے نبرد آزما ہونا پڑتا ہے۔ آپ کی کمپنی کو بھی ایل این جی اور قدرتی گیس کی بندش، گیس کی فراہمی میں کمی، بجلی کے نرخوں میں اضافے، اضافی ٹیکسوں کے نفاذ اور دوسرے محصولات عائد ہونے سے خطرات لاحق ہو سکتے ہیں۔ ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں گراؤ آنے کی صورت افراط زر بڑھے گی، جس کا نتیجہ خام مال کی قیمتوں میں اضافے کی صورت میں نکلے گا۔ زری پالیسی میں سختی کے نتیجے میں کمپنی کو زیادہ سود ادا کرنا ہوگا۔ گھاس کا مثبت پہلو یہ ہے کہ روپے کی قدر میں گراؤ کی صورت میں ملک میں ہائیڈروجن پر آکسائیڈ کی درآمد میں کمی ہوگی اور مقامی منڈی میں مستقبل میں نرخ مستحکم رہیں گے۔ آپ کی کمپنی کی مینجمنٹ پر اعتماد ہے کہ وہ مستقبل میں درپیش خطرات سے نبرد آزما ہونے کے لئے تیار ہے اور نئے والے مواقع سے بھرپور استفادہ کر سکتی ہے۔

آڈیٹرز

موجودہ آڈیٹرز ڈیلوئٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس نے موجودہ سال کی Financial Statements کا آڈٹ کیا اور ممبران کو آڈٹ رپورٹ جاری کی۔ موجودہ آڈیٹرز آنے والے سالانہ اجلاس عام میں ریٹائر ہو جائیں گے۔ چونکہ یہ دوبارہ تقرری کے لئے اہل ہیں لہذا انھوں نے دوبارہ خود کو تقرری کے لئے پیش کیا ہے۔ آڈٹ کمیٹی کی سفارش کی روشنی میں کمپنی بورڈ نے ڈیلوئٹ یوسف عادل کو دوبارہ تقرری کے لئے نامزد کیا ہے۔ جس کی منظوری ممبران کمپنی کے آئندہ سالانہ اجلاس عام میں دیں گے۔

مستقبل کا منظر نامہ

آپ کی کمپنی کی مینجمنٹ آپ کی کمپنی کے مستقبل کے حوالے سے بہت پر جوش ہے۔ آئندہ مالی سال کی دوسری سہ ماہی سے کمپنی کی پیداواری استعداد میں اضافہ ہوگا۔ علاوہ ازیں ایل این جی کی بلا تعطل فراہمی اور ٹیکسٹائل کے شعبے کو دی گئی حکومتی مراعات کے باعث ہائیڈروجن پر آکسائیڈ کی کھپت میں موسم سرما میں اضافے کی امید ہے۔ علاوہ ازیں ہائیڈروجن پر آکسائیڈ کی درآمد پر اینٹی ڈیپنگ ڈیوٹی کے نفاذ سے مقامی طور پر تیار کردہ پراڈکٹ کی طلب مستحکم رہے گی۔ یہ تمام عناصر کمپنی کے مالی نتائج پر مثبت اثرات مرتب کریں گے۔ آپ کی کمپنی مینجمنٹ سمجھتی ہے ان وجوہات کی بنا پر ہماری پراڈکٹ کی طلب میں اضافہ ہوگا اور ہم اس موقع سے مستفید ہونے کے لئے پوری طرح تیار ہیں۔

کمپنی بورڈ اس موقع سے فائدہ اٹھاتے ہوئے کمپنی کے تمام ممبران، ملازمین، صارفین، بینکرز اور دوسرے تمام سٹیک ہولڈرز کا شکریہ ادا کرنا چاہے گا جنہوں نے ہمیشہ ہم پر اعتماد برقرار رکھا۔



عمران غفور
چیف ایگزیکٹو آفیسر

فیصل آباد

24 ستمبر 2016

ڈائریکٹرز رپورٹ

مکمل کیا۔ ایک ڈائریکٹر اس ٹریننگ سے مستثنیٰ ہیں جبکہ بقیہ دو ڈائریکٹرز مقررہ مدت میں اپنی ٹریننگ مکمل کریں گے۔

صحت، سلامتی اور ماحول (HSE)

HSE کمپنی کی اولین ترجیح ہے۔ کمپنی اپنے ملازمین کی حفاظت پر خصوصی طور پر توجہ دیتی ہے۔ کمپنی HSE کے حوالے سے بلند معیار کی پاسداری کرتی ہے اور بہترین طریقہ کار پر عمل پیرا ہے۔ حفاظتی پروگرام کے حوالے سے Management safety audit program کلیدی اہمیت کا حامل ہے۔

انسانی وسائل کی ترقی

SPL کی مینجمنٹ کا یہ عزم ہے کہ باصلاحیت اور تحقیقی صلاحیتوں کے حامل افراد کو شفاف طریقے سے کمپنی میں برقی کیا جائے جبکہ اس دوران تمام Ethics، قانونی پریکٹسز اور SPL کے کوڈ آف کنڈیکٹ کی پاسداری کی جائے۔ SPL ایک برابر مواقع فراہم کرنے والا ادارہ ہے۔ SPL نے ایک Human Resource and Management Committee قائم کی ہے جو شفاف کو بھرتی کرنے، ان کی صلاحیتوں کو ترقی دینے، جانچنے اور کمپنی چھوڑنے والے ملازمین کے متبادل کی تیاری کی ذمہ دار ہے۔ کمپنی مینجمنٹ اس امر پر یقین رکھتی ہے کہ اپنے ملازمین کو اپنی صلاحیتوں کو بڑھانے کے لئے مناسب مواقع کی فراہمی بہت ضروری ہے۔

ریسرچ اینڈ ڈویلپمنٹ

آپ کی کمپنی اپنی ریسرچ اینڈ ڈویلپمنٹ کا سلسلہ الگ سے قائم کردہ R&D ڈیپارٹمنٹ کے ذریعے جاری رکھے ہوئے ہے۔ جو اعلیٰ پیشہ ورانہ قابلیت رکھنے والے نکل وقتی عملے پر مشتمل ہے۔ R&D ڈیپارٹمنٹ نے خام مال کے بہترین استعمال کے حوالے سے انتہائی عمدہ خدمات انجام دی ہیں اور ہمیں امید ہے کہ مستقبل میں مزید کامیابیاں حاصل کی جائیں گی۔

انفارمیشن ٹیکنالوجی

آپ کی کمپنی کا عزم ہے کہ اپنے کاروبار کے اہم اہداف کو حاصل کرنے کے لئے آئی ٹی کے شعبے میں تمام developments کا استعمال کیا جائے۔ آئی ٹی ڈیپارٹمنٹ کو تمام ضروری ہارڈ ویئر، سافٹ ویئر، اپیلی کیٹسز اور سٹاف فراہم کیا گیا ہے تاکہ کاروبار کو پیش آنے والے تمام امور اور مارکیٹ میں آنے والی تمام تبدیلیوں سے نبرد آزما ہوا جاسکے۔

کارپوریٹ سوشل ذمہ داری

SPL وسائل سے محروم افراد کی ترقی، ملازمین کے فلاح و بہبود، کام کے دوران محفوظ ماحول کی فراہمی پر یقین رکھتا ہے۔ اس حوالے سے کمپنی کی پالیسیز اور پریکٹسز بین الاقوامی طور پر تسلیم شدہ ضوابط کے مطابق ہیں۔

حصص داران کا میزبان

حصص داران کا چارٹ الگ سے دیا گیا ہے۔ زیر نظر سال کے دوران کمپنی کے کسی ڈائریکٹر، ای او، ایف او، کمپنی سیکریٹری، ان کے شریک حیات یا نابالغ بچوں نے کمپنی کے حصص کی خرید و فروخت نہیں کی ماسوائے جسکا 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 (گر جی بی ڈی ایف ایف) چلا رہی ہے۔ اس حوالے سے 30 جون 2016 کو Actuarial Valuation بھی کروائی گئی ہے۔ اس سکیم کے حوالے سے 2015-16 کے تمام واجبات کمپنی نے ادا کر دیے ہیں۔

ڈیویڈنڈ

چونکہ 30 جون 2016 تک کمپنی کا Accumulated خسارہ ہے لہذا کمپنی کے ڈائریکٹرز نے اس سال کسی ڈیویڈنڈ کا اعلان نہیں کیا۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی کا بورڈ سات ڈائریکٹرز پر مشتمل ہے جو حصص داران کے مفادات، بشمول چھوٹے حصص داران، کی نمائندگی کرتے ہیں۔ بورڈ میں 12 ایگزیکٹو اور 5 نان ایگزیکٹو ڈائریکٹرز ہیں۔ بورڈ کے نان ایگزیکٹو ڈائریکٹرز میں ایک Independent ڈائریکٹر بھی ہیں جو چھوٹے حصص داران کے مفادات کی نمائندگی کرتے ہیں جبکہ دو دیگر نان ایگزیکٹو ڈائریکٹر متعلقہ انڈسٹری کے حوالے سے تجربہ رکھتے ہیں۔

ہر ڈائریکٹر کی Independent، ایگزیکٹو اور نان ایگزیکٹو حوالے سے شیئس کو Corporate Code of Compliance (Statement of Governance) میں واضح کر دیا گیا ہے۔

موجودہ بورڈ ممبرز اپنی میعاد مکمل کر کے اس سال ریٹائر ہو جائیں گے۔ ڈائریکٹرز کی مقرر کردہ تعداد کے مطابق آئندہ آنے والے سالانہ اجلاس عام میں سات نئے ڈائریکٹرز کا تین سالہ میعاد کے لئے انتخاب ہوگا۔ بہترین اور آزادانہ فیصلہ سازی کو یقینی بنانے کے لئے بورڈ ایسے اعلیٰ پیشہ وارانہ تعلیم رکھنے والے ڈائریکٹرز پر مشتمل ہے جو کمپنی کے معاملات چلانے کے لئے مطلوبہ علم، تجربے اور مہارت سے مالا مال ہیں۔ کمپنی کی کارکردگی کو صحیح طور پر جانچنے اور منجمنٹ کو جوابدہ رکھنے کے لئے بورڈ ہر سہ ماہی میں میٹنگ کرنے کا قانونی طور پر پابند ہے۔

زیر نظر سال میں بورڈ کے پانچ اجلاس ہوئے جسکے نوٹس اور ایجنڈا دونوں بروقت بھجوائے گئے۔ اجلاس کے دوران بورڈ کے کئے گئے تمام فیصلوں کو Minutes of Meeting میں کمپنی سیکرٹری نے درج کیا اور پھر ان Minutes کو تمام ڈائریکٹرز کو بھجوا دیا گیا اور آئندہ اجلاس میں ان Minutes کی ڈائریکٹرز سے منظوری بھی لی گئی۔ سال کے دوران ہونے والی تمام بورڈ میٹنگز میں کورم کی قانونی شرائط کا خیال رکھا گیا۔ درج بالا میٹنگز میں چیف فنانشل آفیسر اور کمپنی سیکرٹری نے بھی شرکت کی۔

آڈٹ کمیٹی تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے جبکہ اس کے چیئرمین نان ایگزیکٹو Independent ڈائریکٹر ہیں۔ کمیٹی کے ایک ممبر چارٹرڈ اکاؤنٹنٹ ہیں جو کمپنی کے امور میں اپنی فنانشل اور اکاؤنٹنگ میں مہارت سے رہنمائی فراہم کرتے ہیں۔ انٹرنل آڈٹ ڈیپارٹمنٹ، جو کہ کمپنی کے Internal Control اور Risk Management Framework کا انتہائی اہم جزو ہے گورننس کی افادیت اور Risk management اور Control process کی آزادانہ اور درست تجربے سے آڈٹ کمیٹی کو بروقت آگاہ رکھتا ہے۔

Human Resource and Remuneration Committee کے تینوں ممبران نان ایگزیکٹو ڈائریکٹر ہیں اور CEO کمیٹی کے ممبر نہیں ہیں۔ تینوں ممبران نہ ہی ماضی میں کمپنی کی منجمنٹ کا حصہ رہے ہیں اور نہ ہی ان کا کمپنی کے کاروبار سے کوئی واسطہ رہا ہے نہ ہی ان کا تعلق ایسا ہے جو ان کی رائے پر زیادہ اثر انداز ہو سکے۔

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 درآد کیا گیا ہے۔

- * کمپنی منجمنٹ کے پیش کردہ سالانہ حسابات کمپنی کے معاملات، اس کے تمام امور Cashflows اور changes in equity کو درست طور پر پیش کرتے ہیں۔
- * کمپنی کے اکاؤنٹس کو درست طور پر محفوظ رکھا گیا ہے۔
- * Financial Statements کی تیاری کے دوران درست اکاؤنٹنگ پالیسیز پر مستقل 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 نئی وضاحت کی صورت میں کرنا پڑیں۔
- * Financial Statements کی تیاری کے دوران وہ تمام International 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 Concern 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۔
- * چارٹرڈ ایکٹرز نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) اور پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) سے اپنا ڈائریکٹرز ٹریننگ کورس

ڈائریکٹرز رپورٹ

آپ کی کمپنی نے حالیہ سال میں کل پیداواری صلاحیت کی 82 فیصد پیداوار حاصل کی جو سال گزشتہ میں 81 فیصد تھی۔ باوجود اس کے کہ حالیہ مالی سال کی آخری سہ ماہی میں دو ہفتوں کے لئے پلانٹ بند رہا اس کے باوجود پیداوار گزشتہ برس سے زائد رہی۔ قدرتی گیس کی قلت کی وجہ سے جو ہمارے پلانٹ میں بطور خام مال استعمال ہوتی ہے کمپنی مینجمنٹ نے فیصلہ کیا کہ آرائل این جی پر پلانٹ کو منتقل کر دیا جائے تاکہ گیس کی بلا تعلق فراہمی جاری ہے۔ اس فیصلے سے یقیناً مستقبل میں پیداوار میں اضافہ ہوگا۔ حالیہ مالی سال کی آخری سہ ماہی میں پلانٹ کی پیداواری صلاحیت میں اضافے کے لئے اقدامات کیے گئے۔ ماہ جون میں پلانٹ کو بند کیا گیا تاکہ پیداواری صلاحیت بڑھائی جائے۔ پیداواری خام مال / کیمیکلز (ورکنگ سالوٹن) کے لیوٹز کو برقرار رکھا جائے اور مرمت اور مینٹیننس کے اقدامات لیے جائیں۔ H₂O₂ کی پیداوار ایک انتہائی حساس عمل ہے جس کے دوران حفاظتی اقدامات کی سخت پابندی لازم ہے۔ پلانٹ اور اپنے ملازمین کی حفاظت مینجمنٹ کی اولین ترجیح ہے۔

میکینیکل کنسلٹنٹس کے رائے کی روشنی میں پلانٹ کو کم پیداواری استعداد پر چلایا گیا تاکہ پیداواری استعداد میں اضافے کے لئے اٹھائے گئے اقدامات کے پیداواری عمل پر اثرات کا جائزہ لیا جاسکے۔ علاوہ ازیں اضافی ورکنگ سالوٹن اور پلانٹ کے سامان کی درآمد و درکار تھی تاکہ زیادہ پیداوار حاصل کی جاسکے۔ ورکنگ سالوٹن اور دیگر سامان کی درآمد میں زیادہ وقت درکار ہونے کے باعث ہم اپنے مطلوبہ وقت میں یہ کام مکمل نہ کر سکے۔ ہمارے ہدف تھا کہ آئیڈالے مالی سال کی پہلی سہ ماہی تک اپنا پیداواری ٹارگٹ حاصل کر لیں گے۔ تمام پیداواری اعشاریوں کو مد نظر رکھتے ہوئے اور پلانٹ کی کارکردگی کا جائزہ لیتے ہوئے بتدریج پیداوار میں اضافہ کیا جا رہا ہے۔ آپ کی کمپنی کی مینجمنٹ پر اعتماد ہے کہ آئیڈالے سال کی دوسری سہ ماہی میں ہم پیداوار کا مطلوبہ ہدف حاصل کر لیں گے۔

معیار، گاہک کا اطمینان، ملازمین کی صلاحیت میں اضافہ اور پیشہ وارانہ معیار وہ اہم شعبہ جات ہیں جن کو بہتر بنانے کے لئے رواں سال مینجمنٹ کی طرف سے ضروری اقدامات لیے گئے۔ کمپنی اپنے صارفین کے اطمینان کو یقینی بنانے کے لئے اعلیٰ کوالٹی کی پراڈکٹ تیار اور سپلائی کر رہی ہے۔ کمپنی اپنے تمام سٹیک ہولڈرز کے انتہائی بہترین تعلق قائم رکھے ہوئے ہے۔

مارکیٹنگ جائزہ

چونکہ ٹیکسٹائل سیکٹر H₂O₂ کا سب سے بڑا صارف ہے اور یہی سیکٹر توانائی کے بحران، لائیڈ آڈر کی بری صورتحال اور روپے کی ڈالر کے مقابلے میں زیادہ قدر کی وجہ سے سب سے زیادہ متاثر ہوا ہے۔ مگر ٹیکسٹائل انڈسٹری کے بحران کے باوجود ہم نے لوکل مارکیٹ میں اپنا شیئر برقرار رکھنے میں کامیابی حاصل کی۔ زیر نظر مالی سال کی تیسری سہ ماہی میں آپ کی کمپنی کی مینجمنٹ کی مسلسل کوششوں کے نتیجے میں National Tariff Commission (NTC) نے H₂O₂ کی درآمد پر پانچ سال کے لئے ایٹمی ڈینگ ڈیوٹی عائد کر دی تاکہ مقامی انڈسٹری کا تحفظ ہو سکے۔ NTC کے اس اقدام سے نہ صرف پاکستان میں H₂O₂ کی درآمد میں کمی آئی بلکہ آنے والے دنوں میں پراڈکٹ کی قیمت میں استحکام آئے گا۔ حالیہ بجٹ میں حکومت نے ٹیکسٹائل برآمدات کے فروغ کے لئے کئی مثبت اقدام کئے ہیں اور ٹیکسٹائل کوریلیف فراہم کیا ہے۔ علاوہ ازیں ٹیکسٹائل انڈسٹری کو ایل این جی کی بلا تعلق فراہمی سے اس کی ڈیمانڈ میں اضافے کی توقع ہے۔ آپ کی مینجمنٹ پر امید ہے کہ اس سے ہائیڈروجن پراڈکٹس کی ڈیمانڈ میں اضافہ ہوگا۔ آپ کی کمپنی اس موقع سے مستفید ہونے کے لئے پوری طرح تیار ہے۔

بورڈ آف ڈائریکٹرز

ڈائریکٹر کا نام	منتقدہ اجلاس	اجلاس میں حاضری
(1) محترمہ شرمین عمران (چیئر پرسن)	5	5
(2) عمران فقور (سی ای او)	5	5
(3) محمد ظہیر	5	5
(4) محمد آصف پاشا	5	5
(5) ولید آصف	5	5
(6) صائم بن سعید	5	5
(7) عبداللہ جاوید	5	*2

* غیر حاضری کی صورت میں رخصت لی گئی۔

ڈائریکٹرز رپورٹ

میں کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے سالانہ رپورٹ اور 30 جون 2016 کو ختم ہونے والے مالی سال کے سالانہ اکاؤنٹس پیش کرتا ہوں۔

مالی جائزہ

تمام تعریفیں اللہ کے لئے ہیں جس نے ہمیں کامیابی سے نوازا۔ آپ کی مینجمنٹ اس سال منافع میں اضافے میں کرنے کا میاں رہی اور اس کے لئے کمپنی کے کاروبار کے ہر شعبے میں بہترین حکمت عملی کا مظاہرہ کرتے ہوئے پیداواری لاگت کو کم کیا گیا، آپریشنل اخراجات اور قرضوں پر سود کم کیا گیا اور مارکیٹ کی مشکل صورتحال کے باوجود کمپنی کے مارکیٹ شیئر میں اضافہ کیا گیا۔

2015	2016	روپے	
1,325,023,512	1,310,036,405		نیٹ فروخت
112,502,837	190,435,880		گراس منافع
69,275,689	79,655,848		آپریٹنگ منافع
(51,179,908)	16,704,321		بعد از ٹیکس خالص منافع / خسارہ
(0.93)	0.30		فی شیئر نفع / خسارہ۔ بنیادی۔

کمپنی نے اس سال 1,310 روپے ملین فروخت کا ہدف حاصل کیا جبکہ پچھلے مالی سال میں فروخت 1,325 ملین روپے تھی۔ کمپنی نے اس سال زیادہ پیداوار حاصل کرنے کی وجہ سے زیادہ مقدار میں اپنی پراڈکٹ فروخت کی۔ حالیہ مالی سال میں کمپنی کے گراس منافع 190 ملین روپے رہا جو کہ گزشتہ برس 112 ملین روپے تھا۔ منافع میں اضافہ کمپنی کی عمدہ کارکردگی کا عکاس ہے۔

کمپنی نے حالیہ مالی سال میں 16 ملین خالص منافع حاصل کیا جبکہ گزشتہ مالی سال میں کمپنی کو 51 ملین کا خسارہ ہوا تھا۔ حالیہ سال فی شیئر منافع تیس پیسے فی شیئر رہا جبکہ گزشتہ مالی سال میں نوے پیسے فی شیئر کا خسارہ ہوا تھا۔

کمپنی کی سائیکل لاگت 1,120 ملین روپے رہی جو گزشتہ برس 1,213 ملین تھی اس طرح لاگت میں 8 فیصد کمی ہوئی۔ باوجود اس کہ سال رواں کے دوران نہ صرف قدرتی گیس کی قیمت میں اضافی ٹیکس لگنے کے باعث اضافہ ہوا بلکہ ایل این جی کی وجہ سے اخراجات بڑھے مگر اس کے باوجود کل لاگت میں کمی ہوئی جو کمپنی مینجمنٹ کی بہترین کارکردگی کا ثبوت ہے۔ مزید یہ کہ مالی سال کے دوسرے حصے میں بجلی، خام مال، کیمیکل، پیکنگ کے خام مال اور ٹرانسپورٹ کرائے میں کمی نے بھی قدرتی گیس کی قیمت میں اضافے کے اثرات کو زائل کرنے میں کمپنی کی مدد کی۔

قرضوں پر سود کے اخراجات میں بھی کمی ہوئی جس کی وجہ لمبی مدت کے قرضوں کی ادائیگی تھی۔ علاوہ ازیں عمدہ نگرانی اور اچھا آپریٹنگ طریقہ کار ترتیب دینے کے باعث ایڈمنسٹریشن، ڈسٹریبوشن اور دوسرے آپریٹنگ اخراجات بھی کنٹرول میں رہے۔

کاروباری اور پلانٹ کی کارکردگی کا جائزہ

حالیہ سال میں تمام چیلنجز کے باوجود کمپنی منافع کمانے میں کامیاب رہی۔ یہ کامیابی خدا تعالیٰ کی مدد اور مینجمنٹ کی انتھک کوششوں کے بغیر ممکن نہ تھی۔ چونکہ ہماری پراڈکٹ درآمد کا تبادلہ ہے لہذا بین الاقوامی قیمتوں میں رد بدل سے براہ راست متاثر ہوتی ہے۔ حالیہ سال درآمدات سے سخت مسابقت کے باوجود آپ کی کمپنی نے مقامی مارکیٹ میں اپنی فروخت کے شیئر کو برقرار رکھا۔ یہ صرف دستیاب وسائل کے بہترین استعمال اور آپریشنل اخراجات کو قابو میں رکھنے سے ممکن ہوا۔

Six Years Financial Summary

Six Years Financial Summary

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	
..... Rupees in "000"							
Profit and Loss Account							
Net Sales	1,310,036	1,325,024	1,426,464	1,110,400	985,001	1,289,332	
Gross Profit	190,436	112,503	287,237	273,846	152,513	503,484	
Operating Profit	79,656	8,754	189,727	178,283	74,520	432,147	
(Loss) / profit before tax	27,001	(70,087)	33,231	(9,472)	(172,113)	179,435	
(Loss) / profit after tax	16,704	(51,180)	5,013	(18,779)	(198,634)	166,251	
BALANCE SHEET							
Property, plant and equipment	2,146,157	2,327,432	2,490,671	1,832,861	2,019,742	2,248,853	
Long term advances	3,705	3,905	3,905	5,205	46,005	3,705	
Current assets	1,006,935	993,091	855,528	750,978	668,874	622,855	
Current liabilities	982,180	953,516	718,817	805,416	1,077,233	791,413	
Non-current liabilities	930,037	1,144,162	1,353,100	1,096,767	949,203	1,177,182	
Share capital	551,000	551,000	551,000	551,000	551,000	551,000	
Shareholders equity	369,843	297,322	294,860	259,152	248,549	417,790	
Surplus on revaluation	874,736	929,428	983,328	427,709	459,635	489,029	
Financial Ratios							
Gross Profit to Sales	(%)	14.54	8.49	20.14	24.66	15.48	39.05
Net Profit to Sales	(%)	1.28	(3.86)	0.35	(1.69)	(20.17)	12.89
Return on Equity	(%)	4.52	(17.21)	1.70	(7.25)	(79.92)	39.79
Return on Capital Employed	(%)	0.77	(2.16)	0.19	(1.05)	(11.86)	7.98
Current Ratio	times	1.03	1.04	1.19	0.93	0.63	0.79
Quick ratio	times	0.59	0.51	0.47	0.39	0.23	0.31
(Loss) / earnings per share - Basic and diluted	Rupees	0.30	(0.93)	0.09	(0.34)	(3.60)	3.02
Price Earning Ratio	times	55.89	(14.36)	146.63	(34.77)	(3.52)	4.42
Market Value per share (at year end)	Rupees	18.15	13.15	13.59	12.73	9.90	16.75
Market value per share (lowest)	Rupees	11.11	10.24	12.00	9.55	8.73	7.67
Market value per share (highest)	Rupees	22.78	16.05	20.13	15.62	17.95	19.99
Breakup value of share with revaluation surplus	Rupees	22.59	22.26	23.20	12.50	12.85	16.46

Pattern of Shareholding

AS AT JUNE 30, 2016

NUMBER OF SHAREHOLDERS	SHAREHOLDINGS		TOTAL NUMBER OF SHARES
	FROM	TO	
650	1	100	11,086
5,215	101	500	2,591,314
852	501	1,000	842,652
1,088	1,001	5,000	3,020,003
265	5,001	10,000	2,120,324
70	10,001	15,000	903,001
65	15,001	20,000	1,216,002
39	20,001	25,000	930,503
12	25,001	30,000	349,250
10	30,001	35,000	326,001
9	35,001	40,000	349,714
5	40,001	45,000	217,500
21	45,001	50,000	1,038,000
2	50,001	55,000	105,000
2	55,001	60,000	117,000
6	60,001	65,000	377,250
4	65,001	70,000	280,000
4	70,001	75,000	289,400
1	75,001	80,000	80,000
2	80,001	85,000	163,500
2	85,001	90,000	177,000
1	90,001	95,000	94,000
11	95,001	100,000	1,100,000
5	100,001	105,000	506,871
3	120,001	125,000	372,000
1	125,001	130,000	129,000
1	130,001	135,000	130,500
1	135,001	140,000	140,000
2	145,001	150,000	300,000
1	165,001	170,000	165,825
2	195,001	200,000	400,000
1	200,001	205,000	201,000
1	205,001	210,000	210,000
1	220,001	225,000	223,717
1	225,001	230,000	228,000
1	230,001	235,000	235,000
1	245,001	250,000	250,000
1	270,001	275,000	275,000
2	275,001	280,000	556,000
3	295,001	300,000	900,000
1	320,001	325,000	324,500
1	375,001	380,000	380,000
1	390,001	395,000	395,000
1	395,001	400,000	400,000
1	415,001	420,000	416,666
1	470,001	475,000	473,000
1	1,140,001	1,145,000	1,142,000
1	1,595,001	1,600,000	1,597,921
1	1,995,001	2,000,000	2,000,000
1	2,495,001	2,500,000	2,500,000
1	2,620,001	2,625,000	2,624,435
1	3,495,001	3,500,000	3,500,000
1	17,245,001	17,430,000	17,425,065
8,377			55,100,000

Pattern of Shareholding

AS AT JUNE 30, 2016

	Number	Share Held	Percentage
Associated Companies, Undertaking and Related Parties			
Sitara Chemical Industries Limited	1	3,500,000	6.35
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. Muhammad Khalil	1	1,000	0.00
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. Abdullah Javed	1	1,000	0.00
Bank, Development Finance Institutions, Non Banking Finance Institutions.	2	2,500	0.01
Modarabas & Mutual Funds.	2	35,000	0.06
Foreign Companies	1	5,000	0.01
General Public (Local)	8,281	26,994,239	49.00
General Public (Foreign)	46	197,225	0.36
Joint Stock Companies	28	975,370	1.77
Relatives other than spouse and mmior Children	7	3,326,166	6.04
Others	1	500	0.00
	8,377	55,100,000	100.00

Detail of purchase/sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Financial Officer and their spouses/minor children during 2015-2016.

Mr. Abdullah Javed (Director of the Company) acquired 1000 shares during the year.

Following shareholders have shareholding of 5% and above in the company.

a.	Mr. Imran Ghafoor	17,425,065
b.	Sitara Chemical Industries Limited	3,500,000

The Board has determined threshold 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 Features 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 ensure 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 reasonably 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

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, 2016 to comply with regulations of the 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, 2016.

Deloitte Yousaf Adil

Chartered Accountants

**Engagement Partner
Rana M. Usman Khan**

Lahore

Dated: September 24, 2016

Statement of Compliance

Statement of Compliance with the Code of Corporate Governance Sitara Peroxide Limited for the Year Ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulations of Pakistan Stock Exchange (PSX) 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 and directors representing minority interests on its Board of directors. At present the Board comprises of:

Category	Director Name
Independent Director	Mr. Saim Bin Saeed
Executive Directors	Mr. Imran Ghafoor Mr. Muhammad Khalil
Non-Executive Directors	Mrs. Sharmeen Imran Mr. Muhammad Asif Pasha Mr. Waleed Asif Mr. Abdullah Javed

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 taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the Board on April 22, 2015 was filled up by the directors on July 16, 2015.
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 and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the 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. One of the seven Directors of the Company is exempted from the requirement to attend Directors' Training Program (DTP), while four directors have got certified with Directors Training Program up to June 30, 2016 and remaining two directors will participate in DTP with in specified time.

Statement of Compliance

10. There has been no change in the position of Chief Financial Officer, 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; of whom all 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 formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises three members; all of whom including the chairman of the committee are non-executive directors.
18. The Board has set up an effective internal audit function managed by suitably qualified and experienced personnel that are involved in the internal audit function on a full time basis.
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, employees and Stock Exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with.



Mr. IMRAN GHAFOR
Chief Executive Officer

Faisalabad
September 24, 2016

Auditors' Report to the Members

We have audited the annexed balance sheet of **Sitara Peroxide Limited** ("the Company") as at June 30, 2016 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) (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, 2016 and profit and loss, total 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).

Deloitte Yousaf Adil

Chartered Accountants

Engagement Partner:

Rana M. Usman Khan

Dated: September 24, 2016

Lahore

Financial Statements



Balance Sheet

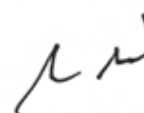
Balance Sheet

	Note	2016	2015
		Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,146,156,501	2,327,432,515
Long term advances and deposits	5	3,705,000	3,905,000
		2,149,861,501	2,331,337,515
Current assets			
Stores, spare parts and loose tools	6	86,619,713	90,590,141
Stock in trade	7	430,789,976	506,787,495
Trade debts	8	47,636,412	51,924,234
Advances	9	161,045,552	126,332,952
Deposits and short term prepayments	10	55,463,500	37,446,076
Other receivables	11	21,520,274	-
Sales tax refundable	12	167,998,496	173,630,975
Cash and bank balances	13	35,860,754	6,378,894
		1,006,934,677	993,090,767
Total assets		3,156,796,178	3,324,428,282

The annexed notes from 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

As at June 30, 2016

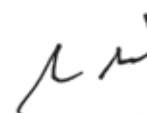
As at June 30, 2016

	Note	2016	2015
		Rupees	
EQUITY AND LIABILITIES			
Equity			
Share capital	14	551,000,000	551,000,000
Accumulated losses		(181,156,913)	(253,678,095)
		369,843,087	297,321,905
Surplus on revaluation of property, plant and equipment			
	15	874,735,751	929,428,187
Non-current liabilities			
Long term financing	16	416,307,440	662,164,534
Deferred liabilities	18	291,065,230	291,200,178
Deferred mark-up	19	222,664,458	190,797,488
		930,037,128	1,144,162,200
Current liabilities			
Trade and other payables	20	388,312,573	308,722,308
Accrued mark-up	21	12,650,909	19,373,851
Short term borrowings	22	272,102,937	333,677,696
Current portion of long term financing	16	295,829,966	277,658,084
Current portion of liabilities against assets subject to finance lease	17	-	605,351
Provision for taxation		13,283,827	13,478,700
		982,180,212	953,515,990
Contingencies and commitments			
	23	-	-
Total equity and liabilities		3,156,796,178	3,324,428,282

The annexed notes from 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

Profit And Loss Account

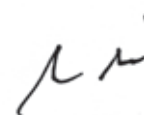
Profit And Loss Account for the Year Ended June 30, 2016

	Note	2016 ----- Rupees -----	2015 -----
Sales	24	1,310,036,405	1,325,023,512
Cost of sales	25	(1,119,600,525)	(1,212,520,675)
Gross profit		190,435,880	112,502,837
Distribution cost	26	30,660,165	28,153,878
Administrative expenses	27	78,081,211	71,134,152
Other expenses	28	2,038,656	4,460,691
Finance cost	29	88,946,235	139,362,631
		(199,726,267)	(243,111,352)
		(9,290,387)	(130,608,515)
Other income	30	36,291,803	60,521,573
Profit/(Loss) before taxation		27,001,416	(70,086,942)
Provision for taxation	31	(10,297,095)	18,907,034
Profit/(Loss) for the year		16,704,321	(51,179,908)
Earning/(Loss) per share - basic and diluted	32	0.30	(0.93)

The annexed notes from 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

Total Comprehensive Income

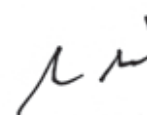
Total Comprehensive Income for the Year Ended June 30, 2016

	Note	2016 ----- Rupees -----	2015 -----
Profit / (loss) for the year		16,704,321	(51,179,908)
Items that will subsequently not be reclassified to profit and loss account			
- Remeasurment of staff retirement benefits	18.1	1,629,601	(378,800)
- Income tax relating to remeasurment of staff retirement benefits		(505,176)	121,216
		1,124,425	(257,584)
Items that may subsequently be reclassified to profit and loss account			
		-	-
Total comprehensive income / (loss) for the year		17,828,746	(51,437,492)

The annexed notes from 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

Cash Flow Statement

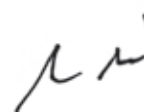
Cash Flow Statement for The Year Ended June 30, 2016

Note	2016	2015
	----- Rupees -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	27,001,414	(70,086,942)
Adjustments for:		
Depreciation on property, plant and equipment	182,290,005	181,419,515
Provision for staff retirement benefits - gratuity	5,793,760	5,752,479
Finance cost	88,946,235	139,362,631
Gain on disposal of property, plant and equipment	(450,000)	-
Profit on bank deposits	(1,032,768)	(1,396,692)
	302,548,646	255,050,991
Working capital changes		
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	3,970,428	3,206,984
Stock in trade	75,997,519	11,845,330
Trade debts	4,287,822	(20,739,525)
Advances	(5,276,814)	(2,193,582)
Deposits and short term prepayments	(18,017,424)	732,630
Other receivables	(21,520,274)	-
Sales tax refundable	5,632,479	(82,576,919)
Increase in current liabilities		
Trade and other payables	79,590,265	114,896,539
	124,664,001	25,171,457
Cash generated from operations	427,212,647	280,222,448
Finance cost paid	(63,802,207)	(94,848,913)
Staff retirement benefits - gratuity paid	(1,385,633)	(2,101,709)
Income taxes paid - net	(43,346,404)	(57,527,447)
Profit received on saving account	1,032,768	1,396,692
	(107,501,476)	(153,081,377)
Net cash from operating activities	319,711,171	127,141,071
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,013,990)	(18,180,832)
Proceeds from disposal of property, plant and equipment	450,000	-
Decrease / (increase) in long-term deposits	200,000	-
Net cash from investing activities	(363,990)	(18,180,832)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(227,685,212)	(175,303,207)
Lease rentals paid	(605,351)	(627,816)
Net cash used in financing activities	(228,290,563)	(175,931,023)
Net increase in cash and cash equivalents (A+B+C)	91,056,619	(66,970,784)
Cash and cash equivalents at beginning of the year	(327,298,802)	(260,328,018)
Cash and cash equivalents at end of the year	33 (236,242,183)	(327,298,802)

The annexed notes from 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

Statement of Changes in Equity

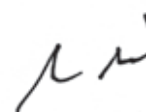
Statement of Changes in Equity for the Year Ended June 30, 2016

	Share capital	Accumulated losses	Total
----- Rupees -----			
Balance as at June 30, 2014	551,000,000	(256,140,395)	294,859,605
Loss for the year	-	(51,179,908)	(51,179,908)
Other comprehensive income	-	(257,584)	(257,584)
Total comprehensive income	-	(51,437,492)	(51,437,492)
Incremental depreciation charged during the year transferred to accumulated losses - net of tax	-	53,899,792	53,899,792
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

The annexed notes from 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

Notes to the Financial

Notes to the Financial Statements For The Year Ended June 30, 2016

1. GENERAL INFORMATION

- 1.1** 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. 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 Sheikhpura Road, Faisalabad in the province of Punjab.

The principal activity of the Company is manufacturing and sale of hydrogen peroxide (H₂O₂).

- 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.

2.2 Standards, interpretation and amendment 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, 2016. 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.

IFRS 10 – Consolidated Financial Statements	Effective from accounting period beginning on or after January 01, 2015
IFRS 11 – Joint Arrangements	Effective from accounting period beginning on or after January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	Effective from accounting period beginning on or after January 01, 2015
IAS 27 (Revised 2011) – Separate Financial Statements	Effective from accounting period beginning on or after January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	Effective from accounting period beginning on or after January 01, 2015
IFRS 13 – Fair Value Measurement	Effective from accounting period beginning on or after January 01, 2015

Notes to the Financial

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

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 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 Statements' - Disclosure initiative.	Effective from accounting period beginning on or after January 01, 2016.
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 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.

Notes to the Financial

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

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 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:

Notes to the Financial

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. Freehold land is 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 relevant note 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 un-appropriated profit / accumulated (loss).

Gains or losses on disposal of assets, if any, are included in the profit and loss account, as and when incurred.

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 Assets subject to finance lease

Assets subject to finance lease are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, over the term of the relevant lease.

3.4 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.

3.5 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as follows: -

Notes to the Financial

Raw material	- weighted average cost.
Work in process	- average manufacturing cost.
Finished goods	- average manufacturing cost.
Waste	- net realizable value.

Average manufacturing cost in relation to work-in-process and finished goods includes prime cost 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.

3.6 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.

3.7 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.

3.8 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist 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.

3.9 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.

Notes to the Financial

3.10 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the company's general policy on borrowing costs.

3.11 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 18.1 to these financial statements.

3.12 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.

3.13 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.

3.14 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.

Notes to the Financial

3.15 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.

3.16 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.

3.17 Foreign currencies

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.

Notes to the Financial

3.18 Earnings per share

The Company presents earnings 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.

3.19 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.

3.20 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	2016 ----- Rupees	2015 -----
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	2,146,156,501	2,327,432,515
		<u>2,146,156,501</u>	<u>2,327,432,515</u>

Notes to the Financial

4.1 Operating fixed assets - at June 30, 2016

Description	Cost / revalued amount			Accumulated depreciation			Book value at June 30, 2016	Rate %	
	At July 01, 2015	Additions / (disposals)	Surplus / Adjustments	At July 01, 2015	Charge for the year / (on disposals)	Transfers / Adjustments			At June 30, 2016
	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	-	26,707,472	186,533,581	5
Plant and machinery	2,089,182,808	-	-	2,089,182,808	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	8,992,430	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	2,897,416	1,169,017	10
Vehicles	23,600,813	736,234	2,288,625	26,136,628	7,674,584	4,257,898	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	572,547,624	2,146,156,501	
		(489,044)				(489,044)			
Leased									
Vehicle	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	572,547,624	2,146,156,501	
		(489,044)				(489,044)			

4.1.1 Depreciation charge for the year has been as follows:

	2016	2015
Cost of sales	177,433,972	177,295,146
Distribution expenses	774,522	794,100
Administrative expenses	4,061,511	3,330,269
	182,290,005	181,419,515

Notes to the Financial

4.2 Operating Fixed assets- at June 30, 2015

Description	Cost / revalued amount				Accumulated depreciation				Book value at June 30, 2015	Rate %
	At July 01, 2014	Additions / (disposals)	Surplus / Adjustments	At June 30, 2015	At July 01, 2014	Charge for the year / (on disposals)	Transfers / Adjustments	At June 30, 2015		
	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	199,887,317	5
Plant and machinery	2,086,026,831	3,156,077	-	2,089,182,908	179,238,509	135,694,503	-	314,933,012	1,774,249,596	5
Electric installations	167,705,772	179,895	-	167,885,667	11,517,645	25,890,080	-	37,407,725	130,477,942	10
Laboratory equipment	3,702,720	-	-	3,702,720	1,972,961	370,272	-	2,343,233	1,359,487	10
Factory equipment	12,404,398	-	-	12,404,398	7,711,990	1,240,440	-	8,952,430	3,451,968	10
Office equipment	4,649,977	62,884	-	4,702,861	2,158,299	468,558	-	2,626,857	2,076,004	10
Furniture and fittings	3,819,957	46,476	-	3,866,433	1,926,647	384,126	-	2,310,773	1,555,660	10
Vehicles	8,855,313	14,745,500	-	23,600,813	4,114,509	3,560,075	-	7,674,584	15,926,229	20
Leased	2,697,709,721	18,180,832	-	2,715,890,553	209,640,560	180,961,790	-	389,602,350	2,326,288,203	
Vehicle	2,288,625	-	-	2,288,625	686,588	457,725	-	1,144,313	1,144,312	20
	2,699,998,346	18,180,832	-	2,718,179,178	209,327,148	181,419,515	-	380,746,663	2,327,432,515	
	-	-	-	-	-	-	-	-	-	

4.2.1 Depreciation charge for the year has been as follows:

	2015	2014
Cost of sales	177,295,146	167,504,690
Distribution expenses	794,100	749,944
Administrative expenses	3,330,269	1,292,633
	181,419,515	169,547,267

Notes to the Financial

- 4.3** The Company has 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 the 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
Building on freehold land	161,737,333	63,908,693	97,828,640
Plant and machinery	1,460,973,186	743,270,677	717,702,509
Electric installations	148,881,942	122,838,453	26,043,489
Factory equipment	10,414,714	8,782,132	1,632,582
2016	1,824,005,027	938,799,955	885,205,072
2015	1,824,005,027	841,734,763	982,270,264

Notes to the Financial

	2016	2015
Note	Rupees	
5. LONG TERM ADVANCES AND DEPOSITS		
Security deposit for electricity connection	3,640,000	3,640,000
Lease key money	-	200,000
Security deposit to Central Depository Company of Pakistan Limited	50,000	50,000
Other deposit	15,000	15,000
	3,705,000	3,905,000
6. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	79,550,638	83,081,856
Spare parts and Loose Tools	7,069,075	7,508,285
	86,619,713	90,590,141
7. STOCK IN TRADE		
Raw material	21,040,464	43,973,113
Work-in-process	389,563,786	433,639,504
Finished goods	817,024	6,120,813
Packing material	19,368,702	23,054,065
	430,789,976	506,787,495
8. TRADE DEBTS		
Considered good:		
Via traders - unsecured	13,282,797	-
Direct customers - unsecured	34,353,615	51,924,234
	47,636,412	51,924,234
9. ADVANCES		
Considered good		
Advances to:		
Employees against salary - secured	1,049,017	694,455
Employees for expenses - unsecured	4,750,705	2,442,200
Suppliers - unsecured (Local)	8,651,376	5,322,108
Suppliers - unsecured (Foreign)	1,526,810	2,242,331
Advance income tax	134,067,644	104,631,858
Others	11,000,000	11,000,000
	161,045,552	126,332,952

Notes to the Financial

- 9.1** The company gave advance for purchase of land of Rs. 41 million in 2012. However, the decision for purchase of land was reversed in 2014 before the transfer of the title Company has received back Rs. 30 million and remaining advance is pending receipt at reporting date.

	Note	2016	2015
		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		23,794,901	14,304,447
Prepaid Insurance		310,770	310,770
Others		12,548,770	4,021,800
		<u>55,463,500</u>	<u>37,446,076</u>

- 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.

	Note	2016	2015
		Rupees	
11. OTHER RECEIVABLES			
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	2016	2015
		Rupees	
13. CASH AND BANK BALANCES			
Cash in hand		225,979	280,756
Cash at banks - current accounts		850,554	1,045,293
Cash at banks - saving accounts	13.1	34,784,221	5,052,845
		<u>35,860,754</u>	<u>6,378,894</u>

- 13.1** Effective mark-up rate earned in respect of saving accounts ranged from 4.25% - 5.50% per annum (2015: 5.50%-9.0%).

14. SHARE CAPITAL

2016	2015		2016	2015
Number of shares			Rupees	
<u>60,000,000</u>	<u>60,000,000</u>	Authorised	<u>600,000,000</u>	<u>600,000,000</u>
		Ordinary shares of Rs. 10 each		
<u>55,100,000</u>	<u>55,100,000</u>	Issued, subscribed and paid-up	<u>551,000,000</u>	<u>551,000,000</u>
		Ordinary shares of Rs. 10 each		

Notes to the Financial

- 14.1** There is no movement in issued, subscribed and paid up capital during the year.
- 14.2** 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.
- 14.3** The Company has no reserved shares for issue under option and sales contracts.
- 14.4** 3,500,000 (2015: 3,500,000) ordinary shares of Rs. 10 each are held by Sitara Chemical Industries Limited, an associated undertaking.

	Note	2016 ----- Rupees	2015 ----- Rupees
15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance at beginning of the year		929,428,187	983,327,979
Transfer to accumulated losses in respect of incremental depreciation charged during the year - net of tax	15.1	54,692,436	53,899,792
Balance at end of the year		<u>874,735,751</u>	<u>929,428,187</u>
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		(24,571,964)	(25,364,608)
		<u>54,692,436</u>	<u>53,899,792</u>
16. LONG TERM FINANCING			
Secured - from financial institutions			
Sukuk arrangement - syndicated	16.1	634,359,626	826,864,284
Term finance - Standard chartered bank (Pakistan) limited	16.2	77,777,780	112,958,334
		<u>712,137,406</u>	<u>939,822,618</u>
Less: Current maturity of long term loan		295,829,966	277,658,084
		<u>416,307,440</u>	<u>662,164,534</u>

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 under this arrangement. Accordingly, on February 19, 2012 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.

Notes to the Financial

Each year, rental / profit payments will be made for six months at the rate of 1 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 ranging from 7.24% to 7.96% (2015: 7.78% to 11.39%) per annum.

This facility is secured by First Joint Pari Passu charge on the fixed assets of the company through equitable mortgage of land & building and Hypothecation charge on plant & machinery with a margin of 25%. First exclusive charge over fixed assets of the company for PKR 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.

16.2 Term finance

This facility was converted from short term running finance to long term finance by mutual agreement between the bank and the Company at 1st August 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 and 36 monthly installments of Rs. 3.111 million. This facility is secured against personal guarantees of 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 is ranging from 7.24% to 7.96% (2015: 7.78% to 11.39%) per annum.

	2016	2015
	----- Rupees -----	
17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Minimum lease payments		
Not later than one year	-	619,218
Later than one year but not later than five years	-	-
	-	619,218
Finance cost allocated to future periods	-	(13,867)
	-	605,351
Current portion	-	(605,351)
	-	-
	-	-
Present value of minimum lease payments		
Not later than one year	-	605,351
Later than one year but not later than five years	-	-
	-	605,351

These represent vehicles acquired under finance lease arrangements. Rentals are payable monthly. The leases are priced at interest rate of six month KIBOR plus a spread of 3% per annum (2015: six month KIBOR plus a spread of 3% per annum). Under the terms of the agreement, taxes, repairs and insurance costs in respect of assets subject to finance lease are borne by the Company.

Notes to the Financial

	Note	2016	2015
		----- Rupees -----	
18. DEFERRED LIABILITIES			
Staff retirement benefits - gratuity	18.1	19,537,699	16,759,173
Deferred taxation	18.2	271,527,531	274,441,005
		291,065,230	291,200,178

18.1 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, 2016 are as follows:

	2016	2015
	----- Rupees -----	
Reconciliation of payable to / (receivable from) defined benefit plan:		
Present value of defined benefit obligation	19,537,699	16,759,173
Movement in net liability recognized in the balance sheet:		
Balance at beginning of the year	16,759,173	12,729,603
Add: expense charged to profit and loss account	5,793,760	5,752,479
Less: benefits paid during the year	(1,385,633)	(2,101,709)
Other comprehensive income	(1,629,601)	378,800
Balance at end of the year	19,537,699	16,759,173
Charge for the year:		
Current service cost	4,105,055	4,175,848
Interest cost	1,688,705	1,576,631
Expense recognized in the profit and loss account	5,793,760	5,752,479
Actuarial remeasurments(OCI)		
Actuarial (gain) / loss recognized on remeasurments	1,629,601	378,800
Principal actuarial assumptions:		
Discount rate - per annum	9.00%	9.75%
Expected rate of growth per annum in future salaries	9.00%	9.75%

Notes to the Financial

Sensitivity analysis:

If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by Rs. 1,842,643 (increase by Rs. 1,842,643).

If the expected rate of salary increase (decreases) by 100 basis points the defined benefit obligation would increase by Rs. 2,272,572 (decrease by Rs. 2,272,572).

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.

2016 2015
----- Rupees -----

18.2 Deferred taxation

The balance of deferred taxation is in respect of following temporary differences:

Depreciation on property, plant and equipment	191,875,599	212,215,205
Provision for employee benefits - unfunded	(5,637,401)	(5,311,451)
Liabilities against assets subject to finance lease	-	170,812
Unused tax losses	(273,102,023)	(326,361,528)
	<u>(86,863,826)</u>	<u>(119,286,962)</u>
Deferred tax liability on account of surplus on revaluation of property, plant and equipment during the year	 357,181,375	 393,727,967
	<u>270,317,549</u>	<u>274,441,005</u>

19. DEFERRED MARK-UP

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

Notes to the Financial

	Note	2016	2015
		----- Rupees -----	
20. TRADE AND OTHER PAYABLES			
Creditors	20.1	301,328,565	262,281,416
Advances from customers		33,633,638	2,124,322
Payable to associates	20.2	17,881,735	17,553,235
Accrued liabilities		31,330,331	24,942,355
WPPF payable		1,485,234	-
Retention money		278,778	278,778
Withholding tax		708,890	430,222
Others		1,665,402	1,111,980
		<u>388,312,573</u>	<u>308,722,308</u>

20.1 This includes Rs. 2,646,824 (2015: Rs. 3,686,302) payable to Sitara Chemical Industries Limited (associated undertaking) and Rs.83,498,599 (2015: 71,993,642) payable to Sitara Spinning Mills Limited (associated undertaking) in ordinary course of business.

20.2 This includes Rs. 5,480,125 (2015: Rs. 4,988,204) payable to Sitara Chemical Industries Limited and Rs.12,401,610(2015: 12,565,031) payable to Sitara Spinning Mills Limited against common expenses share.

	Note	2016	2015
		----- Rupees -----	
21. ACCRUED MARK-UP			
Mark-up accrued on:			
Long-term financing		7,818,933	13,004,102
Short-term borrowings		4,831,976	6,369,749
		<u>12,650,909</u>	<u>19,373,851</u>
22. SHORT TERM BORROWINGS			
From banking companies - secured	22.1	251,975,624	256,297,097
Bank overdraft - unsecured		14,127,313	71,380,599
Others - unsecured	22.2	6,000,000	6,000,000
		<u>272,102,937</u>	<u>333,677,696</u>

22.1 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 9.10% to 10.51% (2015 : 9.74% to 13.78%) per annum on daily product payable quarterly.

The aggregate short term borrowings facilities are secured against:

- First pari passu charge of Rs. 502 million (2015: Rs. 507 million) over current future assets of the Company.
- Ranking charge of Rs.400 million (2015: Rs.400 million) over present and future current assets of Company.
- Personal guarantees from Chief Executive Officer and a director of the Company.

22.2 This represents interest free loan obtained from a party and is repayable on demand.

Notes to the Financial

23. CONTINGENCIES AND COMMITMENTS**Contingencies**

Bank guarantees issued in favor of Sui Northern Gas Pipelines Limited for supply of gas

Commitments

Irrevocable letters of credit

	2016	2015
	----- Rupees -----	
	53,538,000	53,538,000
	30,848,717	23,850,456

24. SALES

	Local	Export	2016 Rupees Total	2015 Rupees Total
Hydrogen Peroxide	1,404,463,835	9,766,120	1,414,229,955	1,431,008,993
Sales Tax	(70,385,174)	-	(70,385,174)	(64,704,082)
	1,334,078,661	9,766,120	1,343,844,781	1,366,304,911
Less: Commission and discount	(33,808,376)	-	(33,808,376)	(41,281,399)
	1,300,270,285	9,766,120	1,310,036,405	1,325,023,512

25. COST OF SALES

	Note	2016 Rupees	2015 Rupees
Raw material consumed	25.1	148,624,610	272,258,723
Fuel and power		365,662,606	347,298,915
Packing material consumed		201,851,109	267,666,442
Stores, spare parts and loose tools consumed		14,829,442	14,846,395
Salaries, wages and benefits	25.2	68,005,762	63,772,171
Repairs and maintenance		27,142,980	29,136,046
Insurance		5,055,454	4,815,690
Depreciation	4.1.1	177,433,972	177,295,146
Traveling and conveyance		588,583	1,296,547
Vehicle running and maintenance		413,369	939,813
Entertainment		1,618,131	1,721,738
		1,011,226,018	1,181,047,626
Work-in-process			
Balance at beginning of the year		433,639,504	336,697,220
Balance at end of the year	7	389,563,786	433,639,504
		44,075,718	(96,942,284)
Cost of goods manufactured		1,055,301,736	1,084,105,342
Finished goods			
Balance at beginning of the year		6,120,813	19,471,146
Balance at end of the year	7	817,024	6,120,813
		5,303,789	13,350,333
Cost of goods sold - own manufactured products		1,060,605,525	1,097,455,675
- purchased goods		58,995,000	115,065,000
		1,119,600,525	1,212,520,675

Notes to the Financial

	Note	2016 ----- Rupees	2015 ----- Rupees
25.1 Raw material consumed			
Balance at beginning of the year		46,454,759	131,259,652
Purchases		123,210,315	187,453,830
		169,665,074	318,713,482
Less: Balance at end of the year	7	(21,040,464)	(46,454,759)
		148,624,610	272,258,723

25.2 Salaries, wages and benefits include Rs. 4,635,008 (2015: Rs. 4,601,483) in respect of employee benefits.

	Note	2016 ----- Rupees	2015 ----- Rupees
26. DISTRIBUTION COST			
Salaries and benefits		5,687,007	4,462,970
Printing and stationery		92,369	79,738
Traveling and conveyance		103,126	177,232
Vehicle running and maintenance		93,286	190,944
Entertainment		-	817
Freight and octroi		22,704,085	21,315,213
Depreciation	4.1.1	774,522	794,100
Other expenses		1,205,770	1,132,864
		30,660,165	28,153,878

27. ADMINISTRATIVE EXPENSES

Salaries and benefits	27.1	41,372,557	35,467,879
Director's remuneration	34	9,825,852	7,456,248
Printing and stationery		1,470,373	1,895,914
Insurance		1,161,748	861,264
Repairs and maintenance		458,826	457,914
Traveling and conveyance		5,842,968	7,937,797
Rent, rates and taxes		309,100	310,814
Vehicle running and maintenance		3,084,638	3,459,802
Entertainment		9,818	1,060
Telephone and postage		1,376,901	1,121,222
Advertisement		226,970	612,635
Fees, subscription and periodicals		3,246,800	2,951,197
Legal and professional charges		1,087,500	1,539,464
Auditors' remuneration	27.2	1,391,500	1,210,000
Depreciation	4.1.1	4,081,511	3,330,269
Others		3,134,149	2,520,673
		78,081,211	71,134,152

27.1 Salaries and benefits include Rs. 1,158,752 (2015: Rs. 1,150,496) in respect of staff retirement benefits.

Notes to the Financial

	Note	2016 ----- Rupees	2015 ----- Rupees
27.2 Auditors' remuneration			
Statutory audit fee		885,500	770,000
Half yearly review		253,000	220,000
Compliance report on Code of Corporate Governance		158,125	137,500
Out of pocket expenses		94,875	82,500
		1,391,500	1,210,000
28. OTHER EXPENSES			
Workers' profit participation fund		1,485,234	-
Workers' welfare fund		553,422	-
Others	28.1	-	4,460,691
		2,038,656	4,460,691
28.1 This includes write off against sales made in previous year amounting to Rs. Nil (2015 : 2,233,769).			
29. FINANCE COST			
Mark-up on:			
Long term financing		63,360,948	107,658,304
Short term borrowings		22,804,903	29,396,013
Liabilities against assets subject to finance lease		14,525	96,806
Bank charges and commission		2,765,859	2,211,508
		88,946,235	139,362,631
30. OTHER INCOME			
Income from financial assets			
Profit on bank deposits		1,032,768	1,396,692
Income from assets other than financial assets			
Scrap sales		211,266	85,505
Gain on sale of operating fixed assets		450,000	-
Exchange gain		27,801	16,524
Income from sale of catalyst	30.1	34,569,968	59,022,852
		36,291,803	60,521,573

30.1 This relates to gain on sale on sale of consumed catalyst. The catalyst sold had been fully consumed as per the company policy.

Notes to the Financial

2016 2015
----- Rupees -----

31. PROVISION FOR TAXATION

Current	13,715,745	14,219,175
Deferred	(3,418,650)	(33,126,209)
	<u>10,297,095</u>	<u>(18,907,034)</u>

31.1 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.

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

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

		2016	2015
		----- Rupees -----	
Profit / (Loss) for the year	Rupees	16,704,321	(51,179,908)
Weighted average number of ordinary shares	Number	55,100,000	55,100,000
Earnings / (loss) per share - basic	Rupees	0.30	(0.93)

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.

Note 2016 2015
----- Rupees -----

33. CASH AND CASH EQUIVALENTS

Cash and bank balances	13	35,860,754	6,378,894
Short term borrowings	22	(272,102,937)	(333,677,696)
		<u>(236,242,183)</u>	<u>(327,298,802)</u>

Notes to the Financial

34. REMUNERATION TO CHIEF EXECUTIVE OFFICER AND EXECUTIVES

The aggregate amount charged in accounts for the year for remuneration including all benefits to Chief Executive Officer and executives of the Company were as follows:

	----- 2016 -----			----- 2015 -----		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
Remuneration	6,494,645	4,560,000	12,677,509	4,928,395	4,560,000	9,611,376
House rent	1,948,391	-	3,803,249	1,478,517	-	2,883,410
Utilities allowance	649,449	-	1,267,721	492,828	-	961,115
Medical allowance	649,472	-	1,267,763	492,845	-	961,147
Special allowance	83,895	-	163,758	63,663	-	124,152
	<u>9,825,852</u>	<u>4,560,000</u>	<u>19,180,000</u>	<u>7,456,248</u>	<u>4,560,000</u>	<u>14,541,200</u>
Number of persons	1	1	14	1	1	15

34.1 Chief Executive Officer and three executives are also provided with Company maintained cars.

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

34.3 No remuneration is paid to non executive directors

35. 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 and executives is disclosed in note 34 to these financial statements. Other significant transactions with related parties are as follows:

Nature of Relationship	Nature of transaction	2016	2015
		----- Rupees -----	
Associated undertakings	Organizational expenses	931,846	365,121
	Purchases	17,250,382	35,813,936
	Sales	229,086	-
Key management personnel	Repayment of loan to Chief Executive Officer	-	1,366,479
	Remuneration and other benefits	-	29,837,848
	Paid during the year	1,352,533	2,101,709

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

Notes to the Financial

	2016 Tons	2015 Tons
36. PLANT CAPACITY AND ACTUAL PRODUCTION		
Production capacity	30,000	30,000
Actual production	24,622	24,305

36.1 The average production during the year was 82% (2015: 81%). The main reason for under utilization of capacity was the energy crises in the country.

37. NUMBER OF EMPLOYEES

The total average number of employees during year ended June 30, 2016 and 2015 are as follows:

	2016	2015
	Number of Employees	
Average number of employees	283	275
Total number of employees as at June 30	300	283

38. 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.

Notes to the Financial

38.1. 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 local trade debts, advances and other receivables.

The Company does not hold collateral as security.

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 by each business unit 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. Credit quality of the customer is assessed based on an extensive credit rating. 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 counterparties that have a credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016	2015
	----- Rupees -----	
Financial assets		
Trade debts- Via traders	13,282,797	-
Trade debts - Direct customers (unsecured)	34,353,615	51,924,234
Advances	26,977,908	21,701,094
Bank balances	35,860,754	6,378,894
	<u>110,475,074</u>	<u>80,004,222</u>

Notes to the Financial

	2016	2015
	----- Rupees -----	
Past due 1 to 30 days	5,973,772	33,825,077
Past due 30 to 150 days	28,368,336	18,099,157
Past due 150 days	11,507	-
	34,353,615	51,924,234

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

Past due 1 to 30 days	5,973,772	33,825,077
Past due 30 to 150 days	28,368,336	18,099,157
Past due 150 days	11,507	-
	34,353,615	51,924,234

Impairment losses

Except as stated in note 28.1 and based on age analysis, relationship with customers and past experience the management does not expect any party to fail to meet their obligations. The management believes that trade debts are considered good and hence no impairment allowance is required in this regard.

Cash at bank

Total bank balance of Rs. 35.86 million (2015: Rs. 6.37 million) placed with banks have a short term credit rating of at least A-1 (2015: A2).

38.2 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.

38.3 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.

Notes to the Financial

Financial liabilities in accordance with their contractual maturities are presented below:

	2016				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	
----- Rupees -----					
Long term financing	712,137,406	712,137,406	295,829,966	416,307,440	-
Liabilities against assets subject to finance lease	-	-	-	-	-
Staff retirement benefits - gratuity	19,537,699	19,537,699	-	19,537,699	-
Trade and other payables	388,312,573	388,312,573	388,312,573	-	-
Accrued mark-up	12,650,909	12,650,909	12,650,909	-	-
Running finance	272,102,937	272,102,937	272,102,937	-	-
	<u>1,404,741,524</u>	<u>1,404,741,524</u>	<u>968,896,385</u>	<u>435,845,139</u>	<u>-</u>

	2015				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	
----- Rupees -----					
Long term financing	939,822,618	939,822,618	277,658,084	662,164,534	-
Liabilities against assets subject to finance lease	605,351	605,351	605,351	-	-
Trade and other payables	308,722,308	308,722,308	308,722,308	-	-
Accrued mark-up	19,373,851	19,373,851	19,373,851	-	-
Running finance	333,677,696	333,677,696	333,677,696	-	-
	<u>1,602,201,824</u>	<u>1,602,201,824</u>	<u>940,037,290</u>	<u>662,164,534</u>	<u>-</u>

Notes to the Financial

38.4 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.

38.5 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:

	----- 2016 -----		----- 2015 -----	
	Rupees	US\$	Rupees	US\$
Short Term Financing	23,794,901	227,267.44	23,850,456	234,518
Balance sheet exposure	23,850,456	234,518	23,850,456	262,775
	Average rate		Reporting date mid spot rate	
	2016	2015	2016	2015
	----- Rupees -----			

The following significant exchange rates have been applied:

Rupee to US \$	104.2	100.28	104.7	101.7
----------------	-------	--------	-------	-------

Notes to the Financial

Sensitivity analysis

A 10 percent weakening of the Pak Rupee against the USD at June 30, 2016 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, 2015.

	2016 Rupees	2015 Rupees
Effect on loss for the year: US \$ to Rupee		
Increase in loss for the year	<u>2,684,759</u>	<u>2,592,274</u>

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

38.6 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.

	2016 Percentage	2015 Percentage	2016 Rupees	2015 Rupees
Variable rate financial instruments				
Financial liabilities				
Long term financing	7.24% - 7.96%	7.78% -11.39	712,137,406	939,822,618
Short term finance	8.24 % - 10.51%	7.04 % -13.68%	<u>272,102,937</u>	<u>333,677,696</u>
			<u>984,240,343</u>	<u>1,273,500,314</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in profit / 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 2015.

Notes to the Financial

	Increase Rupees	Decrease Rupees
At June 30, 2016		
Cash flow sensitivity - variable rate financial liabilities	9,842,403	(9,842,403)
At June 30, 2015		
Cash flow sensitivity - variable rate financial liabilities	12,735,003	(12,735,003)

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

38.7 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:

	2016	2015
	----- Rupees -----	
Total borrowings	984,240,343	1,274,105,664
Less: Cash and bank balance	35,860,754	6,378,894
Net debt	948,379,589	1,267,726,770
Total equity	1,244,578,838	1,226,750,092
Total capital	2,192,958,427	2,494,476,862
Gearing ratio	43%	51%

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.

39. 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

Notes to the Financial

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).

39.1 The following table presents the Funds/Company's financial assets which are carried at fair value:

	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

	2015		
	Carrying value	Fair value	
	Level 1	Level 2	Total
Assets measured at fair value:			
Property, plant and equipment	2,305,370,823	-	2,305,370,823
			2,305,370,823

40. RE-CLASSIFICATION AND RE-ARRANGEMENTS

Corresponding figures have been re-classified and re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. Such reclassifications had no effect on net income or shareholders' equity.

Transferred from	Transferred to	Reason	Amount in Rupees
Raw material	Stores	For better presentation	2,481,646
Spare parts and Loose Tools	Stores	For better presentation	43,857,113

41. DATE OF AUTHORIZATION FOR ISSUE

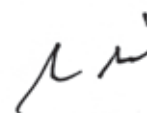
These financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 24, 2016.

42. GENERAL

Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE OFFICER










DIRECTOR










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Request for E-Transmission

The Share Registrar
 Sitara Peroxide Limited,
 THK Associates (Pvt.) Ltd.,
 Second Floor, State Life Building-3,
 Dr. Ziauddin Ahmed Road, Karachi-75530,
 Telephone No. 021-111-000-322,

Dear Sir,

Request for E-Transmission of Annual Report

Pursuant to S.R.O. 787(I)/2014 dated September 08, 2014 issued by the Securities and Exchange Commission of Pakistan (SECP), kindly note the requisite information for electronic transmission of annual balance sheet and profit and loss account, auditor's report and directors report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) [collectively referred to as 'Annual Report'] of Sitara Peroxide Limited (SPL). The email address provided hereunder may please be recorded in the members' register of the Company being maintained under Section 147 of the Companies Ordinance, 1984.

Particulars	
Name of shareholder	
Folio No. / CDC ID No.	
CNIC No.	
Passport No. (for foreign shareholder)	
E-mail address	
Land Line Telephone No.	
Cell No.	

It is stated that the above-mentioned information is correct and I hereby agree and give my consent for future transmission of the Company's Annual Report via email address provided above.

It is further stated that being the shareholder of the Company, it is my responsibility to communicate any change in the registered email address in a timely manner.

Yours Truly,

 Shareholder's Signature

Complete Address: - _____

Copy to:
 The Company Secretary
 Sitara Peroxide Limited
 601-602, Business Centre, Mumtaz Hasan Road,
 Karachi

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 Saturday October 29, 2016 at 12:30 p.m 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 _____ 2016

Witness:

1. Signature _____
Name _____
Address _____

CNIC or _____
Passport No. _____

Witness:

2. Signature _____
Name _____
Address _____

CNIC or _____
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 (Pvt) Limited 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530 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 پرائیکسٹ لمیٹڈ

پرائیکسٹ فارم

اجلاس عام

میں اہم

ستارہ پرائیکسٹ لمیٹڈ کے ممبران رجسٹرڈ فولیو نمبر اشراہ کی آئی ڈی ای سی ڈی ای سی سب اکاؤنٹ نمبر کے مطابق عمومی شیئرز

رکھتے ہیں بذریعہ ہذا _____ کو تقرر کرتے ہیں۔ رجسٹرڈ فولیو نمبر اشراہ کی

آئی ڈی ای سی ڈی ای سی سب اکاؤنٹ نمبر _____ یا اس کے شرکت نہ کرنے کی صورت میں _____

رجسٹرڈ فولیو نمبر اشراہ کی آئی ڈی ای سی ڈی ای سی سب اکاؤنٹ نمبر کو بطور پرائیکسٹ 29 اکتوبر 2016 بوقت 12.30 بجے سہ پہر

بمقام انٹیلیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان چارٹرڈ اکاؤنٹنٹس ایونیو، کلخٹن، کراچی کینی کے منعقد ہونے والے اجلاس عام اور اس کے کسی التواء تک میری اہماری جانب

سے ووٹ دینے اور اجلاس میں شرکت کرنے کا حق دیتا ہوں۔

ریونیو اسٹامپ

5/- روپے

دستخط شیئر ہولڈر

دستخط پرائیکسٹ

۲۰۱۶ء

تاریخ

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

(2) اگر کوئی رکن اجلاس عام میں شرکت کرنے کے قابل نہیں ہے تو وہ اس فارم کو مکمل اور تصدیق شدہ کروا کر کمپنی کے شیئر رجسٹرار میسرز THK ایویوشن، دوسری منزل، اسٹیٹ لائف بلڈنگ نمبر ۳، ڈاکٹر ضیاء الدین احمد روڈ، کراچی 75530 کو اجلاس کے منعقد ہونے سے کم از کم 48 گھنٹے قبل بھجوائیں۔

(3) CDC اکاؤنٹ ہولڈرز کارپوریٹ انٹیلیٹیوٹ مندرجہ بالا کے علاوہ مذکورہ شقوں پر عمل کریں۔

(a) پرائیکسٹ فارم میں دو گواہان کے دستخط نیز ان کے پتے اور شناختی کارڈ نمبر کا اندارج بھی لازمی ہے۔

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

(c) پرائیکسٹ 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 نقول بشمول Power of Attorney دستخط کے ساتھ (جبراً اگر پہلے ہی جمع کروادی گئی ہے) پرائیکسٹ فارم کے ہمراہ کمپنی کے شیئر رجسٹرار کو جمع کروائے۔



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