

NINE MONTHS  
REPORT MARCH 31,

# 2016





## Company Information

<b>Board of Directors</b>	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)
<b>Chief Financial Officer</b>	Mr. Waqas Ashraf (FCA)	
<b>Company Secretary</b>	Mr. Mazhar Ali Khan	
<b>Head of Internal Audit</b>	Mr. Zia-ul-Mustafa	
<b>Audit Committee</b>	Mr. Saim Bin Saeed Mrs. Sharmeen Imran Mr. Waleed Asif Mr. Zia-ul-Mustafa	(Chairman) (Member) (Member) (Secretary)
<b>Human Resource and Remuneration Committee</b>	Mr. Muhammad Asif Pasha Mr. Saim Bin Saeed Mr. Waleed Asif	(Chairman) (Member) (Member)
<b>External Auditors</b>	M/s. Deloitte Yousuf Adil, Chartered Accountants	
<b>Legal Advisor</b>	Sahibzada Waqar Arif	
<b>Registered Office</b>	601-602 Business Centre, Mumtaz Hassan Road, Off. I.I. Chundrigar Road, Karachi-74000. Ph: 021 32401373, 32413944	
<b>Company Website</b>	www.sitaraperoxide.com	
<b>Bankers</b>	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	
<b>Share Registrar</b>	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	
<b>Head Office &amp; Project Location</b>	26 - KM Sheikhpura Road, Faisalabad. Ph : (92 41) 2400900-2, 2400904-5	



On behalf of Board of Directors of Sitara Peroxide Limited, I am pleased to present the condensed interim financial information for nine months ended March 31, 2016.

Capacity utilization of our plant remained 85% of the installed capacity during the first nine months of current financial year against 79% in the corresponding period of last year. During the first nine months of current financial year, your Company achieved net sales of Rs. 1,015 million against Rs. 962 million in same period of last year, thus registering a growth of 5%. Cost of sales stood at Rs. 807 million against Rs. 797 million; showing a mere 1% increase. Gross profit and net profit after taxation in the nine month period remained Rs. 148.9 million and Rs. 25.5 million respectively in the current period against gross profit and net loss of Rs. 85 million and Rs. 37 million in the corresponding period of the last financial year. Earnings per share remained Rs. 0.46 against loss per share of Rs. (0.67).

In third quarter of current financial year, capacity utilization of plant remained 88% of installed capacity as compared to 84% in the comparative period. Your Company achieved net sales and gross profit of Rs. 337 million and Rs. 73 million respectively against net sales and gross profit of Rs. 332 million and Rs. 37 million in the same period of last financial year. The Company earned net profit after tax of Rs. 23 million in last quarter against loss of Rs. 27 million; and earnings per share remained Rs. 0.41 against loss of Rs. (0.49).

Due to continuous efforts of management of your Company, National Tariff Commission (NTC) 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.

Demand of our product is expected to remain strong during last quarter of current financial year. Your Company is focused to continue to strengthen its relationship with its customers through product quality, competitive pricing and effective distribution network.

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

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

On behalf of Board of Directors

IMRAN GHAFUOR  
Chief Executive Officer

Faisalabad  
April 26, 2016



## Condensed Interim Balance Sheet (Un-audited) As At March 31, 2016

	Note	March 31, 2016 (Un-Audited)	June 30, 2015 (Audited)
		Rupees	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	2,191,686,184	2,327,432,515
Long term deposits		3,705,000	3,905,000
		2,195,391,184	2,331,337,515
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		85,112,855	88,108,495
Stock-in-trade		452,840,061	509,269,141
Trade debts		67,851,085	51,924,234
Advances		182,840,898	126,332,952
Deposits and short term prepayments		49,263,656	37,446,075
Sales tax refundable		161,319,690	173,630,975
Cash and bank balances		1,475,666	6,378,894
		1,000,703,911	993,090,766
		3,196,095,095	3,324,428,281
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		551,000,000	551,000,000
Accumulated losses		(187,722,141)	(253,678,095)
		363,277,859	297,321,905
Surplus on revaluation of property, plant and equipment		889,003,343	929,428,187
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	5	479,739,250	662,164,533
Deferred liabilities		290,566,022	291,200,178
Deferred mark-up		219,030,007	190,797,488
		989,335,279	1,144,162,199
<b>CURRENT LIABILITIES</b>			
Trade and other payables		351,230,925	308,722,308
Accrued markup		4,220,550	19,373,851
Running finance under markup arrangement		294,528,586	333,677,696
Current portion of			
- long term financing	5	294,231,489	277,658,084
- liabilities against assets subject to finance lease		-	605,351
Provision for income tax		10,267,064	13,478,700
		954,478,614	953,515,990
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	-	-
		3,196,095,095	3,324,428,281

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information

CHIEF EXECUTIVE OFFICER

DIRECTOR



## Condensed Interim Profit and Loss Account (Un-audited) for the Nine Months Ended March 31, 2016

	Note	Nine months ended		Quarter ended	
		March 31 2016	March 31 2015	March 31 2016	March 31 2015
----- Rupees -----					
Sales - net	7	1,014,667,534	962,838,515	337,481,559	332,041,657
Cost of sales	8	865,803,916	877,947,968	264,016,922	295,377,914
Gross profit		148,863,618	84,890,547	73,464,637	36,663,743
Other operating income		36,018,440	60,555,642	211,340	142,702
		184,882,058	145,446,189	73,675,977	36,806,445
Distribution expenses		23,481,337	20,618,902	7,619,117	7,589,205
Administrative expenses		58,103,468	51,199,235	18,458,838	18,712,123
Other operating expenses		868,185	-	-	-
Finance cost		69,500,646	112,281,120	21,416,849	33,969,780
		151,953,636	184,099,257	47,494,804	60,271,108
Profit / (loss) before taxation		32,928,422	(38,653,068)	26,181,173	(23,464,663)
Provision for income tax		7,397,312	(1,637,392)	3,448,606	3,407,723
Profit / (loss) for the period		25,531,110	(37,015,676)	22,732,567	(26,872,386)
Other comprehensive income		-	-	-	-
Total comprehensive income					
/ (loss) for the period		25,531,110	(37,015,676)	22,732,567	(26,872,386)
Earning / (loss) per share					
- basic and diluted		0.46	(0.67)	0.41	(0.49)

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information

CHIEF EXECUTIVE OFFICER

DIRECTOR



## Condensed Interim Cash Flow Statement (Un-audited) for the Nine Months Ended March 31, 2016

Note	Nine months ended	
	March 31, 2016	March 31, 2014
	----- Rupees -----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	32,928,422	(38,653,068)
Adjustments for:		
Depreciation of property, plant and equipment	136,712,821	129,611,090
Gain on disposal of property, plant and equipment	(450,000)	-
Profit on bank deposits	(726,405)	(1,020,386)
Provision for deferred employee benefits	3,870,633	3,213,624
Finance cost	69,500,646	112,281,120
	208,907,695	244,085,448
	241,836,117	205,432,380
Working capital changes (Increase) / decrease in current assets:		
Stores, spare parts and loose tools	2,995,641	(2,596,979)
Stock-in-trade	56,429,080	7,670,670
Trade debts	(15,926,851)	(15,058,247)
Advances	(36,142,737)	5,025,567
Deposits and prepayments	(11,817,581)	(7,706,553)
Increase / (decrease) in current liabilities:		
Trade and other payables	42,508,618	100,439,342
	38,046,170	87,773,800
Cash generated from operations	279,882,287	293,206,180
Finance cost paid	(56,405,913)	(85,133,914)
Mark-up paid on finance lease	(15,515)	(81,259)
Sales tax refunded / (paid)	12,311,285	(77,934,383)
Employee benefits paid	(1,203,119)	(1,213,811)
Income tax paid	(34,275,827)	(40,195,117)
	(79,589,089)	(204,558,484)
Net cash generated from operating activities	200,293,198	88,647,696
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(966,491)	(14,982,619)
Proceeds from sale of property, plant and equipment	450,000	-
Profit received on bank deposits	726,405	1,020,386
Decrease in long term deposits	200,000	-
Net cash generated from investing activities	409,914	(13,962,233)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term financing	(165,851,878)	(119,928,208)
Net (decrease) / increase in short-term borrowings	(39,149,111)	60,006,381
Lease rental paid	(605,351)	(462,811)
Net cash used in financing activities	(205,606,340)	(60,384,638)
(Decrease) / Increase in cash and cash equivalents	(4,903,228)	14,300,825
<b>Cash and cash equivalents at beginning of period</b>	<b>6,378,894</b>	<b>847,908</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,475,666</b>	<b>15,148,733</b>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information

CHIEF EXECUTIVE OFFICER

DIRECTOR



## Condensed Interim Statement of Changes In Equity (Un-audited) for the Nine Months Ended March 31, 2016

	Share capital	Accumulated losses	Total
	Rupees		
<b>Balance as at July 01, 2014</b>	551,000,000	(256,140,394)	294,859,606
Total comprehensive income for the period ended March 31, 2015			
Loss for the period	-	(37,015,676)	(37,015,676)
Other comprehensive income	-	-	-
	-	(37,015,676)	(37,015,676)
Incremental depreciation for the period on surplus on revaluation	-	75,177,320	75,177,320
Deferred tax relating to incremental depreciation on surplus on revaluation	-	24,470,217	24,470,217
	-	50,707,103	50,707,103
<b>Balance as at March 31, 2015</b>	551,000,000	(242,448,967)	308,551,033
<b>Balance as at July 01, 2015</b>	551,000,000	(253,678,095)	297,321,905
Total comprehensive income for the period ended March 31, 2016			
Profit for the period	-	25,531,110	25,531,110
Other comprehensive income	-	-	-
	-	25,531,110	25,531,110
Incremental depreciation for the period on surplus on revaluation	-	59,448,300	59,448,300
Deferred tax relating to incremental depreciation on surplus on revaluation	-	19,023,456	19,023,456
	-	40,424,844	40,424,844
<b>Balance as at March 31, 2016</b>	551,000,000	(187,722,141)	363,277,859

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information

CHIEF EXECUTIVE OFFICER

DIRECTOR



## Selected Explanatory Notes to the Condensed Interim Financial Information (Un-audited) for the Nine Months Ended March 31, 2016

### 1. GENERAL INFORMATION

Sitara Peroxide Limited (the Company) is limited by shares, incorporated in Pakistan on March 08, 2004 as a public limited company under the Companies Ordinance, 1984. The Company is listed on Pakistan Stock Exchange. 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.

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

### 2. STATEMENT OF COMPLIANCE

**2.1** This condensed interim financial information of the Company for the nine month period ended March 31, 2016 has been prepared in accordance with the International Accounting Standard - 34 "Interim Financial Reporting" provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

**2.2** This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2015. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2015 whereas comparative profit and loss account, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed interim financial information for the nine months ended on March 31, 2015.

**2.3** This condensed interim financial information is un-audited.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended 30 June 2015. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2015, which do not have any impact on this condensed interim financial information except for IFRS 13 "Fair Value Measurement".

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it 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.





	(Un-Audited) March 31, 2016	(Audited) June 30, 2015
	----- Rupees -----	
<b>4. PROPERTY PLANT AND EQUIPMENT</b>		
<b>Operating assets</b>		
Written down value at beginning of the period / year	2,327,432,515	2,490,671,198
Additions during the period / year	966,491	18,180,832
	<u>2,328,399,006</u>	<u>2,508,852,030</u>
Deletions at WDV during the period / year	-	-
Less: depreciation charge during the period / year	136,712,821	181,419,515
Written down value at the end of the period / year	<u>2,191,686,185</u>	<u>2,327,432,515</u>
<b>5. LONG TERM FINANCING</b>		
<b>Secured - from financial institutions</b>		
<b>Under Sukuk arrangements</b>		
Balance at beginning of period / year	826,864,283	990,667,494
Less: paid during the period / year	(140,004,657)	(163,803,211)
Less: current portion	(256,898,156)	(242,477,526)
Balance at the end of period / year	429,961,470	584,386,757
<b>Others</b>		
Balance at beginning of period / year	112,958,334	124,458,329
Less: paid during the period / year	(25,847,221)	(11,499,995)
Less: current portion	(37,333,333)	(35,180,558)
Balance at the end of period / year	49,777,780	77,777,776
	<u>479,739,250</u>	<u>662,164,533</u>
<b>6. CONTINGENCIES AND COMMITMENTS</b>		
<b>6.1 Contingencies</b>		
Bank guarantee issued by a bank in favour of SNGPL	53,538,000	53,538,000
<b>6.2 Commitments</b>		
Irrevocable letters of credit	33,160,760	23,850,456



	Nine months ended		Three months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
----- Rupees -----				
<b>7. SALES - NET</b>				
Local sales	1,031,373,111	986,751,026	345,329,940	338,083,266
Export sales	9,766,120	5,686,306	-	3,935,000
	1,041,139,231	992,437,332	345,329,940	342,018,266
Less: Commission on sales	21,804,984	26,741,374	7,379,001	8,730,087
Less: Trade discount	4,666,713	2,857,443	469,380	1,246,522
	1,014,667,534	962,838,515	337,481,559	332,041,657
<b>8. COST OF SALES</b>				
Raw material consumed	124,332,780	242,369,734	39,713,255	53,321,506
Fuel and power	285,694,879	258,864,459	99,548,792	83,466,992
Packing material consumed	153,081,291	197,317,336	45,641,872	67,051,981
Stores, spare parts and loose tools consumed	10,727,878	12,219,734	3,488,515	3,487,000
Salaries wages and benefits	50,304,222	48,122,512	15,648,942	14,979,667
Repairs and maintenance	18,828,182	14,943,842	4,366,184	5,390,153
Insurance	3,791,592	3,597,091	1,263,864	1,218,599
Depreciation	133,060,620	126,702,770	44,362,159	42,235,373
Traveling and conveyance	575,793	1,144,184	6,214	260,971
Vehicle running and maintenance	358,295	690,101	63,783	203,625
Entertainment	1,424,375	754,455	161,733	239,432
	782,179,907	906,726,218	254,265,313	271,855,299
Work-in-process				
Balance at beginning of period	433,639,504	336,697,220	418,451,304	446,116,393
Balance at end of period	410,602,796	448,224,253	410,602,796	448,224,253
	23,036,708	(111,527,033)	7,848,508	(2,107,860)
Cost of goods manufactured	805,216,615	795,199,185	262,113,821	269,747,439
Finished goods				
Balance at beginning of period	6,120,813	19,471,146	6,431,613	11,042,838
Balance at end of period	4,528,512	17,542,363	4,528,512	17,542,363
	1,592,301	1,928,783	1,903,101	(6,499,525)
Cost of goods sold - own manufactured goods	806,808,916	797,127,968	264,016,922	263,247,914
Finished goods purchased	58,995,000	80,820,000	-	32,130,000
Cost of goods sold	865,803,916	877,947,968	264,016,922	295,377,914



## 9. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	Nine months ended	
		March 31, 2016 (Un-audited)	March 31, 2015 (Un-audited)
		----- Rupees -----	
<b>Associated companies</b>			
	Organizational expenses charged	637,487	320,382
	Purchases	12,173,898	24,773,818
	Sales	211,266	-
<b>Key management personnel</b>			
	Remuneration and other benefits	25,735,145	20,236,844
<b>Employee benefit plan</b>			
	Provision for the period	3,870,633	3,213,624
	Payment during the period	1,203,119	1,213,811

## 10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 26, 2016.

## 11. GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR



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