

Nine Months Report  
March 31, 2015



Mrs. Sharmeen Imran Mr. Imran Ghafoor Mr. Muhammad Asif Pasha Mr. Muhammad Khalil Mr. Saim Bin Saeed Mr. Waleed Asif	Chairperson CEO	<b>Board of Directors</b>
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Mr. Waqas Ashraf (FCA)		<b>Chief Financial Officer</b>
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Mr. Mazhar Ali Khan		<b>Company Secretary</b>
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Mr. Zia-ul-Mustafa		<b>Head of Internal Audit</b>
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Mr. Saim Bin Saeed Mrs. Sharmeen Imran Mr. Waleed Asif Mr. Zia-ul-Mustafa	Chairman Member Member Secretary	<b>Audit Committee</b>
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Mr. Muhammad Asif Pasha Mr. Saim Bin Saeed Mr. Waleed Asif	Chairman Member Member	<b>Human Resource and Remuneration Committee</b>
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M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants		<b>External Auditors</b>
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Sahibzada Waqar Arif		<b>Legal Advisor</b>
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601-602 Business Centre, Mumtaz Hassan Road, Off. I.I. Chundrigar Road, Karachi-74000. Ph: 021 32401373, 32413944		<b>Registered Office</b>
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www.sitaraperoxide.com		<b>Company Website</b>
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Askari Bank Limited Al-Baraka Islamic 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>Bankers</b>
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<b>THK Associates (Private) Limited</b> 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>Share Registrar</b>
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26 - KM Sheikhpura Road, Faisalabad. Ph : (92 41) 2400900-2, 2400904-5		<b>Head Office &amp; Project Location</b>
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The directors of your Company have pleasure in presenting you the condensed interim financial information of Sitara Peroxide Limited for the nine months ended March 31, 2015.

Period under review was really challenging for your Company. We not only have to face challenge of increasing imports of hydrogen peroxide in local market but also of rising cost of inputs; which made it even tougher for us to compete with cheap imports. Marketing situation has become extremely competitive due to dumping of hydrogen peroxide from Bangladesh. Due to above phenomenon, we are forced to reduce our current prices to be more competitive in local market. We have taken this challenge upfront by lodging an application to National Tariff Commission (NTC) for levy of anti-dumping duty on import of hydrogen peroxide. In the meanwhile, we have no choice but to continue our business in extremely price sensitive market at low margins. Despite above challenges, we were still successful in maintaining our share in local market.

During the third quarter, your Company achieved capacity utilization of 84% as compared to 82% in the corresponding quarter of the last financial year. Total net sales in last quarter remained Rs. 332 million against Rs. 375 million. Drop in turnover is attributed to fall in prices of product. Gross profit during the third quarter remained Rs. 36.7 million against Rs. 67.9 million last year. Net loss after tax remained Rs. 26.9 million in the third quarter and loss per share remained Rs 0.49.

In first nine months of current financial year, your Company achieved capacity utilization of 79%. Net turnover during the nine month period has been Rs. 963 million. Gross profit for the period has been Rs. 85 million. Operating expenses during first nine months remained Rs. 72 million as against Rs. 75 million in corresponding period of last financial year. Net loss after tax remained 37 million and loss per share has been Rs. 0.67.

Proceedings on application for levy of anti-dumping duty on imports of hydrogen peroxide by NTC in progress and management is confident of positive outcome. This will help local hydrogen peroxide industry to get a fair market competition and increase in prices of hydrogen peroxide within next few months. On the other hand, your management is also optimistic about the volumetric growth in last quarter of the current financial year. Casual vacancy occurred in Board of Directors of the Company. It will be accordingly filled by the Board within stipulated time. Your Directors take this opportunity to express their deep gratitude to all stakeholders for their continued encouragement and support. We would like to place on record our appreciation for the commitment, dedication and hard work put in by our employees.

For and on the behalf of Board of Directors

On behalf of Board of Directors



IMRAN GHAFFOR  
Chief Executive Officer

Faisalabad  
April 27, 2015

## Condensed Interim Balance Sheet (Un-audited) As At March 31, 2015

		March 31, 2015 (Un-Audited)	June 30, 2014 (Audited)
	Note	----- Rupees -----	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	2,376,042,727	2,490,671,198
Long term deposits		3,905,000	3,905,000
		<u>2,379,947,727</u>	<u>2,494,576,198</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		93,912,458	91,315,479
Stock-in-trade		513,443,801	521,114,471
Trade debts		46,242,956	31,184,709
Advances		116,169,439	96,137,520
Deposits and short term prepayments		31,580,812	23,874,259
Sales tax refundable		168,988,440	91,054,056
Cash and bank balances		15,148,733	847,908
		<u>985,486,639</u>	<u>855,528,402</u>
		<u>3,365,434,366</u>	<u>3,350,104,600</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		551,000,000	551,000,000
Accumulated losses		(242,448,967)	(256,140,395)
		<u>308,551,033</u>	<u>294,859,605</u>
Surplus on revaluation of property, plant and equipment		932,620,876	983,327,979
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	6	721,470,737	893,735,288
Liabilities against assets subject to finance lease		100,863	604,818
Deferred liabilities		310,284,563	320,418,033
Deferred mark-up		186,137,467	138,342,357
		<u>1,217,993,630</u>	<u>1,353,100,496</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		294,265,111	193,825,769
Accrued markup		6,586,101	27,315,264
Running finance under markup arrangement		321,182,307	261,175,926
Current portion of			
- long term financing		273,726,879	221,390,536
- liabilities against assets subject to finance lease		669,493	628,349
Provision for income tax		9,838,936	14,480,676
		<u>906,268,827</u>	<u>718,816,520</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	-	-
		<u>3,365,434,366</u>	<u>3,350,104,600</u>

The annexed notes from 1 to 12 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, 2015

	Note	Nine months ended		Quarter ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
----- Rupees -----					
Sales - net	8	962,838,515	1,096,317,278	332,041,657	375,387,875
Cost of sales	9	877,947,968	853,628,191	295,377,914	307,409,879
Gross profit		84,890,547	242,689,087	36,663,743	67,977,996
Other operating income		60,555,642	5,459,278	142,702	1,222,081
		145,446,189	248,148,365	36,806,445	69,200,077
Distribution expenses		20,618,902	25,870,823	7,589,205	9,089,969
Administrative expenses		51,199,235	41,075,780	18,712,123	11,765,540
Other operating expenses		-	8,442,189	-	-
Finance cost		112,281,120	125,977,478	33,969,780	40,387,610
		184,099,257	201,366,270	60,271,108	61,243,119
<b>(Loss) / profit before taxation</b>		<b>(38,653,068)</b>	<b>46,782,095</b>	<b>(23,464,663)</b>	<b>7,956,958</b>
Provision for income tax		(1,637,392)	22,284,158	3,407,723	7,638,015
<b>(Loss) / profit for the period</b>		<b>(37,015,676)</b>	<b>24,497,937</b>	<b>(26,872,386)</b>	<b>318,943</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive (loss)</b>					
<b>/ income for the period</b>		<b>(37,015,676)</b>	<b>24,497,937</b>	<b>(26,872,386)</b>	<b>318,943</b>
<b>(Loss) / Earning per share</b>					
- basic and diluted		(0.67)	0.44	(0.49)	0.01

The annexed notes from 1 to 12 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, 2015

	<b>Nine Months Ended March 31,</b> <b>2015</b> <b>2014</b> <b>----- Rupees -----</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(38,653,068)	46,782,095
Adjustments for:		
Depreciation of property, plant and equipment	129,611,090	127,258,785
Gain on disposal of property, plant and equipment	-	(1,731,159)
Profit on bank deposits	(1,020,386)	(2,415,486)
Provision for deferred employee benefits	3,213,624	1,171,464
Finance cost	112,281,120	125,977,478
	244,085,448	250,261,082
	205,432,380	297,043,177
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(2,596,979)	(5,546,353)
Stock-in-trade	7,670,670	21,398,841
Trade debts	(15,058,247)	(26,179,908)
Advances	5,025,567	(23,555,456)
Deposits and prepayments	(7,706,553)	(13,499,749)
Increase / (decrease) in current liabilities:		
Trade and other payables	100,439,342	80,971,805
	87,773,800	33,589,180
Cash generated from operations	293,206,180	330,632,357
Finance cost paid	(85,133,914)	(94,323,573)
Markup paid on finance lease	(81,259)	(651,502)
Sales tax (paid) / refunded	(77,934,383)	(4,696,252)
Employee benefits paid	(1,213,811)	(1,228,678)
Income tax paid	(40,195,117)	(5,860,583)
	(204,558,484)	(106,760,588)
Net cash generated from operating activities	88,647,696	223,871,769
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(14,982,619)	(11,663,429)
Proceeds from suppliers of capital work	-	11,450,000
Profit received on bank deposits	1,020,386	2,415,486
Decrease in long term deposits	-	31,300,000
Net cash generated from investing activities	(13,962,233)	33,502,057
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term financing	-	135,000,000
Repayment of long-term financing	(119,928,208)	(143,420,230)
Net increase / (decrease) in short-term borrowings	60,006,381	(210,531,992)
Lease rental paid	(462,811)	(9,418,441)
Net cash used in financing activities	(60,384,638)	(228,370,663)
Increase in cash and cash equivalents	14,300,825	29,003,163
<b>Cash and cash equivalents at beginning of period</b>	847,908	15,972,007
<b>Cash and cash equivalents at end of period</b>	15,148,733	44,975,170

The annexed notes from 1 to 12 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, 2015

	Share capital	Accumulated losses	Total
	..... Rupees .....		
<b>Balance as at July 01, 2013</b>	551,000,000	(289,753,009)	261,246,991
Total comprehensive income for the period ended March 31, 2014			
Profit for the period	-	24,497,937	24,497,937
Other comprehensive income	-	-	-
	-	24,497,937	24,497,937
Incremental depreciation for the period on surplus on revaluation - net of deferred tax	-	33,915,486	33,915,486
Deferred tax relating to incremental depreciation on surplus on revaluation	-	11,531,265	11,531,265
	-	22,384,221	22,384,221
<b>Balance as at March 31, 2014</b>	551,000,000	(242,870,851)	308,129,149
<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 charged during the period transferred to accumulated losses	-	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

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

## Notes to the Condensed Interim Financial Information - (Un-audited) for the Nine Months Ended March 31, 2015

### 1. GENERAL INFORMATION

Sitara Peroxide Limited (the Company) is limited by shares, incorporated in Pakistan on March 08, 2004 as a public limited company under the Companies Ordinance, 1984. The Company has been listed on Karachi Stock Exchange since July 23, 2007. 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

This condensed interim financial information is un-audited and is being submitted to the shareholders as required by the Securities and Exchange Commission of Pakistan u/s 245 of the Companies Ordinance, 1984.

This condensed interim financial information has been prepared in compliance with the requirements of IAS-34 - "Interim Financial Reporting". This condensed interim financial information does not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2014.

Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2014 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 March 31, 2014.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the company for preparation of this condensed interim financial information are the same as those applied in the preparation of the last audited published financial statements for the financial year ended June 30, 2014.

### 4. ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the company accounting policies and the key sources of estimation were same as those applied to the financial statements for the year ended June 30, 2014.



	March 31, 2015 (Un-Audited)	June 30, 2014 (Audited)
	----- Rupees -----	
<b>5. PROPERTY PLANT AND EQUIPMENT</b>		
<b>Operating assets</b>		
Written down value at beginning of the period / year	2,490,671,198	1,826,370,173
Revaluation surplus on revaluation of property, plant and equipment	-	861,277,500
Additions / transfer during the period / year	14,982,619	5,404,633
	<u>2,505,653,817</u>	<u>2,693,052,306</u>
Deletions during the period / year	-	32,833,841
Less: depreciation charge during the period / year	129,611,090	169,547,267
	<u>2,376,042,727</u>	<u>2,490,671,198</u>
<b>6. LONG TERM FINANCING</b>		
<b>Secured</b>		
<b>From banking companies</b>		
<b>Under diminishing musharaka arrangements</b>		
Balance at beginning of period / year	990,667,495	1,178,921,055
Less: paid during the period / year	111,303,211	188,253,560
Less: current portion	245,004,655	209,890,536
	634,359,629	780,776,959
<b>Under diminishing musharaka arrangements</b>		
Balance at beginning of period / year	124,458,329	135,000,000
Less: paid during the period / year	8,624,997	10,541,671
Less: current portion	28,722,224	11,500,000
	87,111,108	112,958,329
<b>Un-secured</b>		
<b>Other</b>		
Balance at beginning of period / year	-	29,200,000
Add: obtained during the period / year	-	2,150,000
Less: paid during the period / year	-	31,350,000
Balance at the end of period / year	-	-
	<u>721,470,737</u>	<u>893,735,288</u>
<b>7. CONTINGENCIES AND COMMITMENTS</b>		
<b>7.1 Contingencies</b>		
Bank guarantee issued by a bank in favour of SNGPL for supply of natural gas	53,538,000	53,538,000
<b>7.2 Commitments</b>		
Irrevocable letters of credit	36,138,854	25,922,738

	Nine months ended		Three months ended	
	March 31, 2015 (Un-Audited)	March 31, 2014 (Un-Audited)	March 31, 2015 (Un-Audited)	March 31, 2014 (Un-Audited)
----- Rupees -----				
<b>8 SALES - NET</b>				
Local sales	986,751,026	1,109,305,714	338,083,266	378,213,465
Export sales	5,686,306	14,380,531	3,935,000	6,182,560
	992,437,332	1,123,686,245	342,018,266	384,396,025
Less: Commission on sales	26,741,374	26,513,850	8,730,087	8,476,258
Less: Trade discount	2,857,443	855,117	1,246,522	531,892
	962,838,515	1,096,317,278	332,041,657	375,387,875
<b>9. COST OF SALES</b>				
Raw material consumed	242,369,734	118,151,314	53,321,506	41,900,492
Fuel and power	258,864,459	189,442,542	83,466,992	62,985,539
Packing material consumed	197,317,336	183,601,138	67,051,981	61,268,200
Stores, spare parts and loose tools consumed	12,219,734	13,674,469	3,487,000	4,919,675
Salaries wages and benefits	48,122,512	40,137,088	14,979,667	13,714,285
Repairs and maintenance	14,943,842	32,386,282	5,390,153	16,802,634
Insurance	3,597,091	4,914,761	1,218,599	1,638,255
Depreciation	126,702,770	125,693,440	42,235,373	42,068,827
Traveling and conveyance	1,144,184	1,122,215	260,971	552,425
Vehicle running and maintenance	690,101	1,187,723	203,625	231,513
Entertainment	754,455	672,515	239,432	240,596
	906,726,218	710,983,487	271,855,299	246,322,441
Work-in-process Balance at beginning of period	336,697,220	341,025,388	446,116,393	329,958,890
Balance at end of period	448,224,253	327,941,480	448,224,253	327,941,480
	(111,527,033)	13,083,908	(2,107,860)	2,017,410
Cost of goods manufactured	795,199,185	724,067,395	269,747,439	248,339,851
Finished goods Balance at beginning of period	19,471,146	11,545,648	11,042,838	8,645,964
Balance at end of period	17,542,363	6,562,096	17,542,363	6,562,096
	1,928,783	4,983,552	(6,499,525)	2,083,868
Cost of goods sold - own manufactured goods	797,127,968	729,050,947	263,247,914	250,423,719
Purchased goods	80,820,000	124,577,244	32,130,000	56,986,160
Cost of goods sold	877,947,968	853,628,191	295,377,914	307,409,879

**10 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:

		Ninth months ended	
		March 31, 2015 (Un-Audited)	March 31, 2014 (Un-Audited)
		.....Rupees .....	
<b>Relationship</b>	<b>Nature of transactions</b>		
<b>Associated companies</b>			
	Organizational expenses charged	320,382	254,878
	Purchases	24,773,818	25,550,594
<b>Key management personnel</b>			
	Repayment of loan to Chief Executive Officer	-	14,800,465
	Remuneration and other benefits	20,236,844	18,397,131
<b>Employee benefit plan</b>			
	Provision for the period	3,213,624	1,171,464
	Payment during the period	1,213,811	1,228,678

**11. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements have been approved on April 27, 2015 by the Board of Directors of the Company.

**12. GENERAL**

Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR



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