

Nine Months Report

March 31, 2018



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

DIRECTORS REVIEW

The directors of your Company have pleasure in presenting you the un-audited condensed interim financial statements of Sitara Peroxide Limited for the nine months ended March 31, 2018.

During the third quarter, your Company achieved capacity utilization of 73% as compared to 77% in the corresponding quarter of the last financial year. Total net sales in last quarter remained Rs. 324 million against Rs. 293 million. Increase in net turnover is attributed to increase in sales prices during the quarter. Gross profit during the third quarter remained Rs. 21.9 million which have been Rs. 38.9 million last year. Net loss after tax remained Rs. 25.6 million and loss per share remained Rs. 0.47 against net loss after tax of Rs. 6.9 million and loss per share of Rs. 0.13 respectively in corresponding period of last financial year.

In first nine months of current financial year, your Company achieved capacity utilization of 66% as compared to 66% in the corresponding period of the previous financial year. Net turnover during the nine month period remained Rs. 807 million against Rs. 758 million. Cost of sales remained Rs. 846 million against Rs. 750 million in corresponding period. Increase in cost of sale is due to increase in fuel cost i.e. cost of RLNG increased. Gross loss for the period has remained Rs. 39.5 million against gross profit of Rs. 7.5 million in the corresponding period. Operating expenses during nine months remained Rs. 80.7 million as against Rs. 78 million in corresponding period of previous financial year. Net loss after tax remained Rs. 153.3 million and loss per share has been Rs. 2.78 against net loss after tax of Rs. 92.6 million and loss per share of Rs. 1.68 respectively.

Your management is optimistic about volumetric growth in last quarter of the current financial year. The new imported catalyst has been taken into service in February 2018 which will contribute in achieving higher capacity utilization. Demand and price of hydrogen peroxide are expected to remain strong in last quarter and we are optimistic about positive financial results in coming days.

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.

On behalf of Board of Directors



IMRAN GHAFOOR
Chief Executive Officer

Faisalabad
April 28, 2018

ڈائریکٹران کا جائزہ

کمپنی کے بورڈ آف ڈائریکٹرز آپ کی خدمت میں 31 مارچ 2018 کو ختم ہونے والے نو ماہ کے غیر محاسب عبوری مالی نتائج پیش کرتے ہیں۔

حالیہ مالی سال کی تیسری سہ ماہی کے دوران آپ کی کمپنی نے اپنی کل پیداواری استعداد کا 73% فیصد ہدف حاصل کیا جو گزشتہ مالی سال کی اسی سہ ماہی میں 77% فیصد تھا۔ تیسری سہ ماہی کے دوران آمدن 324 ملین روپے رہی جو گزشتہ مالی سال کی اس سہ ماہی میں 293 ملین روپے تھی۔ کمپنی کی آمدن میں اضافے کی وجہ پراڈکٹ کی قیمت میں اضافہ تھا۔ تیسری سہ ماہی میں 21.9 ملین روپے خام نفع حاصل ہوا جو گزشتہ سال 38.9 ملین روپے تھا۔ زیر نظر سہ ماہی میں خالص نقصان 25.6 ملین روپے اور فی حصص خسارہ 0.47 روپے رہا جو گزشتہ سال کی اسی سہ ماہی میں بالترتیب 6.9 ملین روپے اور 0.13 روپے فی حصص تھا۔

حالیہ مالی سال کے پہلے نو ماہ کے دوران آپ کی کمپنی نے پیداواری استعداد کا 66% فیصد ہدف حاصل کیا جو تقابلی مدت کے دوران بھی 66% فیصد رہی تھا۔ نو ماہ کے دوران آمدن 807 ملین روپے رہی جو تقابلی مدت میں 758 ملین روپے تھی۔ جبکہ فروخت کی لاگت 846 ملین روپے رہی جو گزشتہ سال اسی مدت میں 750 ملین روپے تھی۔ لاگت میں اضافے کی بنیادی وجہ توانائی کی قیمت میں اضافہ تھا یعنی RLNG کی قیمت میں اضافہ۔ حالیہ نو ماہ کے دوران خام خسارہ 39.5 ملین روپے رہا جبکہ تقابلی مدت کے دوران 7.5 ملین روپے کا خام نفع حاصل ہوا تھا۔ نو ماہ کے دوران آپریٹنگ اخراجات 80.7 ملین روپے رہے جو تقابلی مدت میں 78 ملین روپے تھے۔ حالیہ نو ماہ کے دوران اعداد و ارقام 153.3 ملین کا خسارہ ہوا اور فی حصص خالص خسارہ 2.78 روپے رہا جو تقابلی مدت کے دوران بالترتیب 92.6 ملین روپے اور 1.68 روپے فی حصص رہا۔

آپ کی کمپنی حالیہ مالی سال کی آخری سہ ماہی کے حوالے سے اچھی امید رکھتی ہے۔ درآمد شدہ کیفٹس کا استعمال شروع کر دیا گیا ہے جس سے کمپنی کی پیداواری استعداد بہتر ہوگی۔ آخری سہ ماہی میں ہائیڈروجن پراکسائیڈ کی کھپت اور قیمت بلند رہنے کی توقع ہے اور ہم اچھے مالی نتائج کے حوالے سے پرامید ہیں۔

آپ کے ڈائریکٹران اس موقع پر تمام سٹیک ہولڈرز کی حوصلہ افزائی اور حمایت کے مشکور ہیں۔ ہم اپنے تمام ملازمین کے عزم، لگن اور بھرپور محنت کی حوصلہ افزائی کرنا چاہیں گے۔



عمران نفور
چیف ایگزیکٹو آفیسر

فیصل آباد

28 اپریل 2018

Balance Sheet

Condensed Interim Balance Sheet as at March 31, 2018

	Note	March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
		Rupees	
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,853,741,701	1,989,257,614
Long term deposits		4,205,000	3,705,000
		<u>1,857,946,701</u>	<u>1,992,962,614</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		85,848,771	84,984,312
Stock-in-trade		516,682,618	468,637,071
Trade debts		67,289,678	88,821,845
Advances		198,253,384	180,591,777
Deposits and short term prepayments		39,285,691	57,944,376
Sales tax refundable		110,813,533	91,384,236
Cash and bank balances		10,307,150	4,761,969
		<u>1,028,480,825</u>	<u>977,125,586</u>
		<u>2,886,427,526</u>	<u>2,970,088,200</u>
SHARE CAPITAL AND RESERVES			
Share capital		551,000,000	551,000,000
Accumulated losses		(325,257,928)	(213,606,545)
		<u>225,742,072</u>	<u>337,393,455</u>
Surplus on revaluation of property, plant and equipment		777,636,861	819,250,671
NON-CURRENT LIABILITIES			
Long-term financing	5	-	155,765,725
Deferred liabilities		232,884,960	243,118,116
Deferred mark-up		217,349,533	246,041,890
		<u>450,234,493</u>	<u>644,925,731</u>
CURRENT LIABILITIES			
Trade and other payables		437,915,058	371,654,842
Accrued markup		29,614,777	17,886,641
Running finance under markup arrangement		409,447,394	330,907,213
Current portion of long term financing	5	545,516,869	437,246,773
Provision for income tax		10,320,002	10,822,874
		<u>1,432,814,100</u>	<u>1,168,518,343</u>
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		<u>2,886,427,526</u>	<u>2,970,088,200</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Interim Profit and Loss Account (Un-audited) For The Nine Months Ended March 31, 2018

	Note	Nine months ended		Quarter ended	
		March 31 2018	March 31 2017	March 31 2018	March 31 2017
----- Rupees -----					
Sales - net	7	806,693,758	757,960,585	323,678,805	293,286,043
Cost of sales	8	846,189,654	750,466,230	301,743,458	254,418,041
Gross (loss) / profit		(39,495,896)	7,494,355	21,935,347	38,868,002
Other operating income		1,665,868	1,176,746	461,901	700,117
		(37,830,028)	8,671,101	22,397,248	39,568,119
Distribution expenses		19,237,341	19,473,465	6,766,887	7,422,181
Administrative expenses		60,870,529	57,192,054	19,285,798	19,326,465
Other operating expenses		619,724	1,347,300	619,724	-
Finance cost		52,839,088	53,863,221	17,229,717	16,719,902
		133,566,682	131,876,040	43,902,126	43,468,548
Loss before taxation		(171,396,710)	(123,204,939)	(21,504,878)	(3,900,429)
Provision for income tax		(18,131,519)	(30,622,288)	4,134,045	3,005,498
Loss for the period		(153,265,191)	(92,582,651)	(25,638,923)	(6,905,927)
Other comprehensive income		-	-	-	-
Total comprehensive loss					
for the period		(153,265,191)	(92,582,651)	(25,638,923)	(6,905,927)
Loss per share - basic					
and diluted		(2.78)	(1.68)	(0.47)	(0.13)

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Cash Flow Statement

Condensed Interim Cash Flow Statement (Un-audited) For The Nine Months Ended March 31, 2018

Note	Nine months ended	
	March 31, 2018	March 31, 2017
	----- Rupees -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(171,396,710)	(123,204,939)
Adjustments for:		
Depreciation of property, plant and equipment	135,515,913	135,381,224
Loss on disposal of property, plant and equipment	-	1,347,300
Profit on bank deposits	(254,943)	(726,296)
Provision for deferred employee benefits	4,594,085	4,345,320
Finance cost	52,839,088	53,863,221
	192,694,143	194,210,769
	21,297,433	71,005,830
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(864,459)	3,992,053
Stock-in-trade	(48,045,547)	(31,860,215)
Trade debts	21,532,167	(41,094,178)
Advances	(13,881,542)	(2,926,711)
Deposits and prepayments	18,658,685	1,373,107
Other receivables	-	21,520,274
Increase / (decrease) in current liabilities:		
Trade and other payables	66,260,212	(10,088,028)
	43,659,516	(59,083,698)
Cash generated from operations	64,956,949	11,922,132
Finance cost paid	(54,267,882)	(36,100,484)
Sales tax (paid) / refunded	(19,429,298)	86,143,059
Employee benefits paid	(1,911,147)	(2,085,946)
Income tax paid	(14,602,936)	(21,122,143)
	(90,211,263)	26,834,486
Net cash (used in) / generated from operating activities	(25,254,314)	38,756,618
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(13,744,483)
Proceeds from sale of property, plant and equipment	-	7,500,000
Profit received on bank deposits	254,943	726,296
Increase in long term deposits	(500,000)	-
Net cash used in investing activities	(245,057)	(5,518,187)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(47,495,629)	(109,791,575)
Net increase in short-term borrowings	78,540,181	55,849,014
Net cash obtained from / (used in) financing activities	31,044,552	(53,942,561)
Increase / (decrease) in cash and cash equivalents	5,545,181	(20,704,130)
Cash and cash equivalents at beginning of period	4,761,969	35,860,754
Cash and cash equivalents at end of period	10,307,150	15,156,624

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Interim Statement of Changes In Equity (Un-audited) For The Nine Months Ended March 31, 2018

	Share capital	Accumulated losses	Total
	Rupees		
Balance as at July 01, 2016	551,000,000	(181,156,914)	369,843,086
Total comprehensive income for the period ended March 31, 2017			
Loss for the period	-	(92,582,651)	(92,582,651)
Other comprehensive income	-	-	-
	-	(92,582,651)	(92,582,651)
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	-	18,428,973	18,428,973
	-	41,019,327	41,019,327
Balance as at March 31, 2017	551,000,000	(232,720,238)	318,279,762
Balance as at July 01, 2017	551,000,000	(213,606,545)	337,393,455
Total comprehensive income for the period ended March 31, 2018			
Loss for the period	-	(153,265,191)	(153,265,191)
Other comprehensive income	-	-	-
	-	(153,265,191)	(153,265,191)
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	-	17,834,492	17,834,492
	-	41,613,808	41,613,808
Balance as at March 31, 2018	551,000,000	(325,257,928)	225,742,072

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-audited) For The Nine Months Ended March 31, 2018

1. GENERAL INFORMATION

Sitara Peroxide Limited ("the Company") is limited by shares, incorporated in Pakistan on March 08, 2004 as a public limited company under the Companies Ordinance, 1984. The Company is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hassan Road, Karachi in the province of Sindh and the manufacturing 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).

2. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Company for the nine months period ended March 31, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. In case where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2017. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2017 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed interim financial statements for the nine months ended on March 31, 2017.

2.3 These condensed interim financial statements are un-audited.

2.4 These condensed interim financial statements have been presented in Pak Rupee, which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(Un-Audited) March 31, 2018	(Audited) June 30, 2017
----- Rupees -----	

4 PROPERTY PLANT AND EQUIPMENT**Operating assets**

Written down value at beginning of the period / year	1,989,257,614	2,146,156,501
Additions during the period / year	-	32,489,621
	1,989,257,614	2,178,646,122
Deletions at WDV during the period / year	-	8,847,300
Less: depreciation charged during the period / year	135,515,913	180,541,208
	1,853,741,701	1,989,257,614
Capital work-in-progress	-	-
Written down value at the end of the period / year	1,853,741,701	1,989,257,614

5. LONG TERM FINANCING

Under Sukuk arrangements

Sukuk arrangement - syndicated	520,627,976	549,456,939
Term finance loan	24,888,893	43,555,559
	545,516,869	593,012,498
Less: Current maturity of long term loan	545,516,869	437,246,773
	-	155,765,725

6. CONTINGENCIES AND COMMITMENTS**6.1 Contingencies****6.1.1** Bank guarantees issued by banks in favour of SNGPL

54,640,000	54,640,000
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6.2 Commitments

Irrevocable letters of credit

36,759,360	18,450,319
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Notes to the Financial

	Nine months ended		Three months ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	(Un-audited)		(Un-audited)	
----- Rupees -----				
7. SALES - NET				
Sales	825,610,677	775,898,472	330,725,094	301,127,247
Less: Commission and discount	18,916,919	17,937,887	7,046,289	7,841,204
	<u>806,693,758</u>	<u>757,960,585</u>	<u>323,678,805</u>	<u>293,286,043</u>
8. COST OF SALES				
Raw material consumed	207,490,259	171,860,166	149,100,856	105,458,238
Fuel and power	335,042,601	282,297,507	135,740,494	100,015,832
Packing material consumed	113,333,110	107,622,149	42,608,311	38,489,908
Stores, spare parts and loose tools consumed	11,898,441	10,229,358	3,453,505	2,633,730
Salaries wages and benefits	60,406,688	55,959,674	19,294,770	18,082,478
Repairs and maintenance	27,235,760	26,069,470	9,371,152	8,143,859
Insurance	4,344,527	4,264,423	1,448,176	1,475,775
Depreciation	134,423,226	133,414,324	44,807,744	44,505,424
Traveling and conveyance	1,889,341	1,693,271	281,998	707,467
Vehicle running and maintenance	366,381	271,015	177,315	101,193
Entertainment	850,503	1,223,406	159,366	293,338
	<u>897,280,837</u>	<u>794,904,763</u>	<u>406,443,687</u>	<u>319,907,242</u>
Work-in-process				
Balance at beginning of period	411,376,825	389,563,786	375,858,549	365,935,414
Balance at end of period	480,585,124	425,109,328	480,585,124	425,109,328
	<u>(69,208,299)</u>	<u>(35,545,542)</u>	<u>(104,726,575)</u>	<u>(59,173,914)</u>
Cost of goods manufactured	<u>828,072,538</u>	<u>759,359,221</u>	<u>301,717,112</u>	<u>260,733,328</u>
Finished goods				
Balance at beginning of period	21,801,453	817,024	3,710,683	3,394,728
Balance at end of period	3,684,337	9,710,015	3,684,337	9,710,015
	<u>18,117,116</u>	<u>(8,892,991)</u>	<u>26,346</u>	<u>(6,315,287)</u>
Cost of goods sold	<u>846,189,654</u>	<u>750,466,230</u>	<u>301,743,458</u>	<u>254,418,041</u>

9. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	Nine months ended	
		March 31, 2018 (Un-audited)	March 31, 2017 (Un-audited)
		----- Rupees -----	
Associated companies	Organizational expenses charged	6,856,333	5,830,061
Key management personnel	Loan obtained from chief executive officer	-	80,000,000
	Loan repaid to chief executive officer	-	80,000,000
	Remuneration and other benefits	36,994,271	29,595,417
Employee benefit plan	Provision for the period	4,594,085	4,345,320
	Payment during the period	1,911,147	2,085,946

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 28, 2018.

11. GENERAL

Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



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