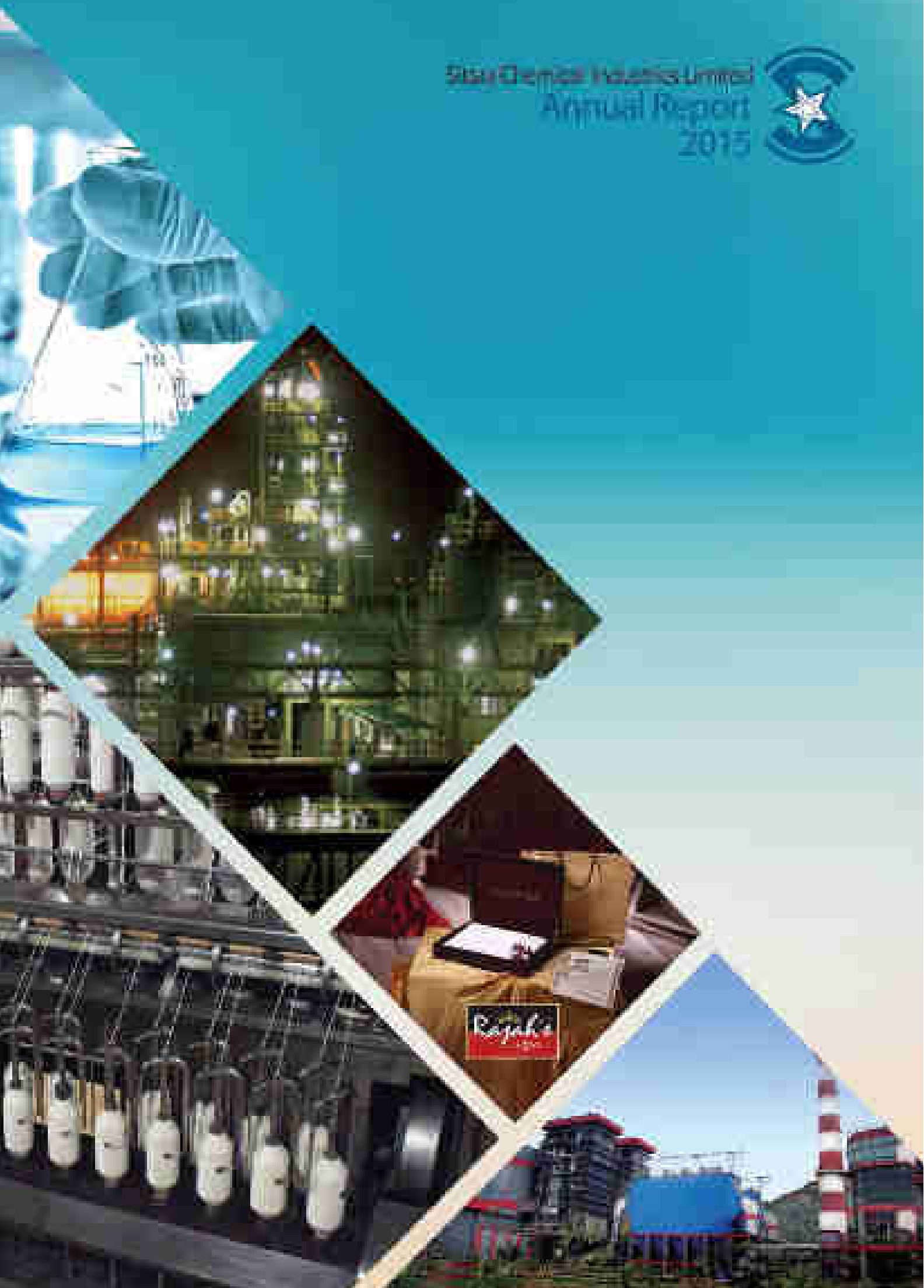


Sila Chemical Holdings Limited  
Annual Report  
2015







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# Financial Performance 2015

Earning Per Share  
Rs. 46.03

Cash Dividend  
90%  
(2014: 105%)

Profit After Tax %  
11.31%

Gross Profit %  
18.02%

Profit Before Tax %  
12.75%

Operating Profit %  
16.57%

Market value per share  
Rs. 300.20  
(2014: Rs. 296.50)

# Vision

Strive to develop and employ innovative technological solutions to add value to business with progressive and proactive approach.

# Mission

Continuing growth and diversification for bottom line results with risks well contained.



# Code of Ethics and Business Practices

We believe in stimulating and challenging team oriented work environment that encourages, develops and rewards excellence and diligently serve communities, maintaining high standards of moral and ethical values.



# Company Information

## Board of Directors

Mr. Nawaz ul Haq  
(Chairman)

Mr. Muhammad Adrees  
(Chief Executive Officer)

Mr. Haseeb Ahmed

Mr. Muhammad Khalil

Mr. Waheed Akhter Sher

Mr. Muhammad Yousuf Adil

## Company Secretary

Mr. Mazhar Ali Khan

## Chief Financial Officer

Mr. Anwar-ul-Haq (FCA)

## Audit Committee

Chairman Mr. Abdul Awal

Member Mr. Muhammad Khalil  
Mr. Nawaz ul Haq

## Human Resource and Remuneration Committee

Chairman Mr. Muhammad Khalil

Members Mr. Muhammad Adrees  
Mr. Abdul Awal

## Head of Internal Audit

Mr. Zakir Hussain (ACA)

## Auditors

Deloitte Yousuf Adil  
Chartered Accountants

## Legal Advisor

Mr. Sahibzada Muhammad Arif

## Bankers

Meezan Bank Limited

National Bank of Pakistan

Allied Bank Limited

United Bank Limited

Bank Alfalah Limited

Dubai Islamic Bank Pakistan Limited

The Bank of Punjab

MCB Bank Limited

Standard Chartered Bank Pakistan Limited

Al-Baraka Islamic Bank B.S.C. (E.C.)

Faysal Bank Limited

Habib Bank Limited

Burj Bank Limited

Bank Islami Pakistan Limited

Habib Metropolitan Bank Limited

Bank Al-Habib Limited

Soneri Bank Limited

The Bank of Khyber

## Website of the Company

[www.sitara.com.pk](http://www.sitara.com.pk)

## Registered Office

601-602 Business Centre, Mumtaz Hassan Road, Karachi

## Shares Registrar Address

THK Associates (Private) Limited  
Ground Floor, State Life Building No.3  
Dr. Ziauddin Ahmed Road  
Karachi-75530.

## Factories

28/32 KM, Faisalabad - Sheikhpura  
Road, Faisalabad.



# CEO's Message



## Overall Review:

All praises to Almighty Allah who blessed us to successfully face the massive challenges during Year 2014-15 and enabled us to keep aligned the pace of progress.

Pakistan economy witnessed improvement in some key parameters during the year 2014-2015. Stabilization of the economy to some extent, inflation hitting the lowest level at 4.8% for the year 2014-15, reduction in benchmark discount rate. The decline in international crude oil prices not only helped in stabilization of exchange rate parity of PKR to USD and building up of foreign exchange reserves but also to generate electricity at cheaper rate as compared to previous year. While there is some improvement in GDP growth, there are significant concerns on the economic performance for the year. These include reduction in growth of commodity producing sectors of Agriculture and Industry which are generally supposed to create employment in the economy and the decline in foreign direct investment (FDI). Besides this the energy and power crisis continue to dominate the debate on growth prospects.

Further, alongside all improved parameters, during the Year 2014-15, Pakistan economy faced uncertain political scenario. Imposition of GIDC at a quite higher rate especially to power companies has lead to higher electricity generation cost. Deteriorating Geopolitical coupled with comparative international prices had immense pressure on Exports. Despite all the challenges, by the grace Allah, your company has increased its share of Chemical business.

We always ensure our products quality at par with international standards and keep alive our BMR process throughout the year. During the year under review, renovation of one electrolyzer and overhauling of two engines of Captive Power Plant was accomplished

Our inspiration is governed by self employed Principles. Your Company is committed to the stakeholders and the communities for mutual growth and sustainability and to providing a fair, safe and diverse work environment for our employees.

In the name of Allah,  
the Most Beneficent, the Most Gracious,  
the Most Merciful

On behalf of the Board of Directors of  
Sitara Chemical Industries Limited, I am  
pleased to present the audited financial  
statements for the Year ended June 30,  
2015.

## Financial Performance:

Alhamdulillah, your Company had posted 14.54% increase in net profits over the last year. Total net sales for the year are Rs. 8,723 million against Rs. 8,807 million of last year whereas sales for the Chemical Division are Rs. 7,132 million against Rs. 6,787 million of last year and Sales for Textile Division are Rs. 1,591 against Rs. 2,020 million of last year. Net Profit after for the year 2014-15 is Rs. 986 million against 861 million in corresponding year, whereas earning per share for the year is Rs. 46.03.

## Future Outlook:

Shipments of Boiler and Turbine for Coal Fired Power Plant have arrived at site along with balance of plant equipments. Country renowned contractors are engaged for civil, mechanical and other commissioning works. We are consistently following the project timelines and hopeful to achieve our targets.

Your company continues to be committed to enhancing its product base through innovation and renovation which remains an integral part of the Company's vision. LC in favor of world renowned European supplier has been established for import Calcium Chloride plant having 30 MT per day Capacity.

The economic environment for our business will remain challenging in next year due to competitive market.

## Acknowledgments:

We take this opportunity to thank our valued business partner and stakeholders for their continuous support, trust and assistance. The Company is also immensely proud of and thankful to employees for their committed and passionate efforts, loyalty and dedication.

Muhammad Adrees  
Chief Executive Officer  
Sitara Chemical Industries Limited  
Faisalabad.  
September 21, 2015

# Directors' Report

Gentlemen,

The Directors have pleasure in submitting their report and audited accounts of the Company for the year ended June 30, 2015

Profit and Loss Account	Rupees
Net profit for the year after tax before WPPF	1,069,069,306
Workers Profit Participation Fund	(82,637,992)
Net Profit for the year	986,431,314
Surplus realised on disposal of assets	-
Incremental depreciation including deferred tax	75,197,152
Un-appropriated profit brought forward	4,252,684,208
Amount available for appropriation	5,314,312,674
Appropriations:	
Proposed cash dividend @ 9.00 per share	(192,864,663)
Un-appropriated profit carried forward	5,121,448,011
Earning per share- basic and diluted	46.03

## Staff Retirement Benefits

Company has maintained recognized provident fund, based on audited accounts as at June 30, 2015 value of investment thereof was Rs.50,544,892/-.

Employees of Textile Division are entitled to gratuity as per law and appropriate provision has been made in accordance with IAS-19 in the accounts.

## Board of Directors

The Board comprises of two Executive and five non-executive directors. The non-executive directors are independent to management. The Board has delegated day-to-day operations of the Company to the Chief Executive.

During the year, Mr. Muhammad Arif and Mr. Imran Ghafoor has resigned from the board of directors of company and Mr. Abdul Awal and Mr. Yousuf Adil were nominated by the board to fill the casual vacancies. The board placed on record its appreciation for valuable contribution made by Mr. Muhammad Arif and Mr. Imran Ghafoor and well come Mr. Abdul awal and Mr. Yousuf Adil as new directors of the company.

### Board of Directors Meeting

During the year Six board meetings were held and attended as follows:

1	Mr. Muhammad Adrees	6
2	Mr. Haseeb Ahmed	6
3	Mr. Muhammad Khalil	6
4	Mr. Waheed Akhtar Sher	6
5	Mr. Nawaz ul-Haq	6
6	Mr. Imran Ghafoor	5
7	Mr. Abdul Awal	4
8	Mr. Muhammad Arif	1

### Audit Committee Meetings

During the year Seven meetings were held and attended as follows:

1	Mr. Muhammad Khalil	7
2	Mr. Nawaz ul-Haq	7
3	Mr. Muhammad Arif	4
4	Mr. Abdul Awal	3

### Human Resource and Remuneration Committee

During the year Three meetings were held and attended as follows:

1	Mr. Muhammad Khalil	4
2	Mr. Muhammad Adrees	4
3	Mr. Abdul Awal	4

### Corporate Governance

Statement of Compliance of Corporate Governance is annexed.

### Pattern of Shareholding

The pattern of shareholding of the Company is annexed along with trading in shares of the Company by its Directors their spouse and minor children, CEO, CFO, head of internal audit and Company Secretary.

### Auditors

The existing auditors M/s Deloitte Yousuf Adil , Chartered Accountants, shall retire on the conclusion of 34th Annual General Meeting. Being eligible, they have offered themselves for re-appointment as Auditors of the Company from conclusion of the 34th Annual General Meeting until the conclusion of 35th Annual General Meeting. The Audit Committee has recommended the appointment of aforesaid M/s Deloitte Yousuf Adil , as external auditors for the year ending June 30, 2016. The external auditors have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm, and all its partners are in compliance with the International Federation of Accountants' Guidelines on Code of Ethics, as adopted by the ICAP.

### Contribution to National Exchequer

During the year, The Company's contribution to the national exchequer amounting to Rs. 1,721.02/- million in respect of payment towards sales tax and income tax. This does not include the import duties, withholding tax deducted by the company from deducted by the company from employees, suppliers and contractors and deposited into the treasury.

### Production Operations:

During the year your company has produced 113,196 Metric Tons of Caustic Soda against last year's production of 97,600 Metric Tons. Production of Textile Division remained 8,862,784 Kgs of Yarn against 9,289,072 Kgs in the last year. During the year all 26,304 spindles remained operational. By grace of Almighty Allah renovation of one electrolyzes and overhauling of 2 engine has been completed during the year. Renovation of one electrolyzer is under process and shall be completed in next year, and overhauling of one engine is scheduled in next year.

# Directors' Report



Current view of Coal Fired Power Plant

## Coal Fired power plant

Shipments of Boiler and Turbine for Coal Fired Power Plant have arrived at site along with balance of plant equipments. Country renowned contractors are engaged for civil, mechanical and other commissioning works. We are consistently following the project timelines and hopeful to achieve our targets.



## 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 utilization of excessive chlorine produced as by-product, R&D department performed marvelous job introducing various products and we hope further achievements in coming years.

## Information Technology:

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

For its commitment to implement paperless environment in managing its day to day business affairs, company is running successfully the state of the art and world's best ERP solution SAP along with in house developed software applications for managing its information system. The transactions generated through different modules of these applications become the source of real time information for effective, correct and timely business decisions.

## Environment, Health and Safety:

We are a Health & Safety conscious organization, recognized to an international standards. Alhamdulillah, We have successfully attained OHSAS 18001:2007 Certification from SGS during the year under review.

Your company is strongly committed to continued improvement of its environmental management system by adaptation of appropriate pollution prevention measures and complying with all relevant legislation and standards especially ISO 9001:2008 and ISO 14001:2004. Company is also committed to the slogan of "safety starts from the entrance". Trainings, awareness sessions and workshops are held continually at the plant for safety measures, emergency response and preparedness, chemical spillages, chlorine leakage, security and fire fighting drills etc. During the year under review various courses/ workshops/awareness sessions were held at the site. On average 350 persons are trained per year on the above mentioned subjects.



Safety Drill on Caustic Soda Liquid leakage

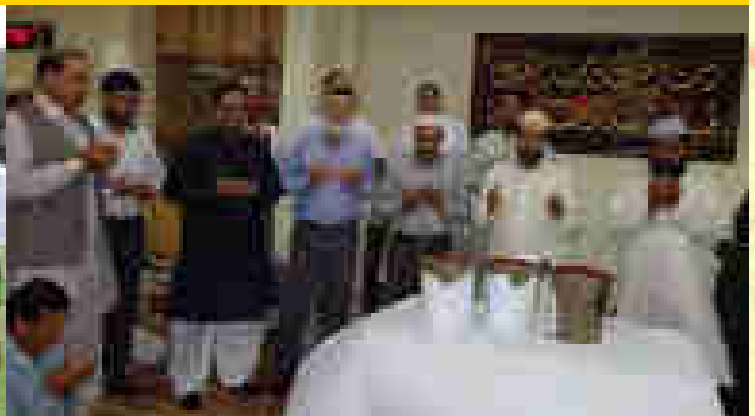


### Human Resource Development:

Human Resource planning and management is one of the most focused point at the highest management level. The company has a Human Resource and Management committee which is involved in selection, evaluation, compensation and succession planning of the key management personal. it is also involved in recommending improvement in human resource policy and its periodic review. Your company always welcomed the opportunities for staff training, broadening their knowledge, vision and skill and awareness about changing technological and learning developments. For this purpose multiple workshops / courses / seminars were held during the year under review wherein renowned consultants were called for to train the staff. Company has sent 45 employees to attend courses and workshops held at various well known institutions of Pakistan .



Annual Sport Gala 2015



Annual Hajj draw 2015



View of Aziz Fatima Hospital

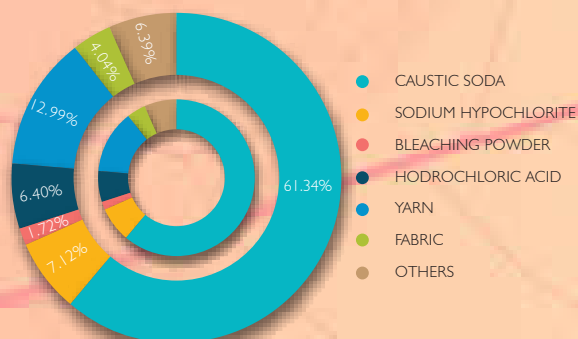
### Corporate Social Responsibility

Your company always remains proactive to contribute towards general public welfare activities. We manage and arrange medical camps and health awareness campaigns frequently. In this regard various activities have been also held at factory site



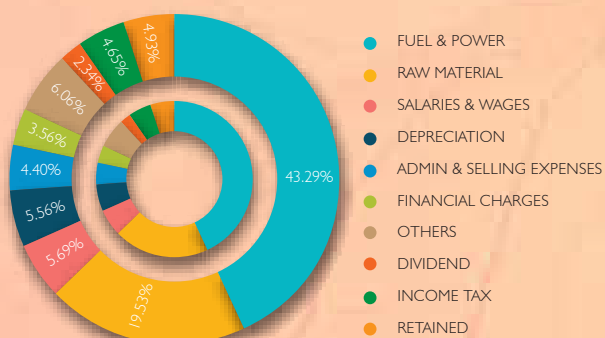
Sitara Institute of Management and Technology

# Directors' Report



## SOURCES OF REVENUE

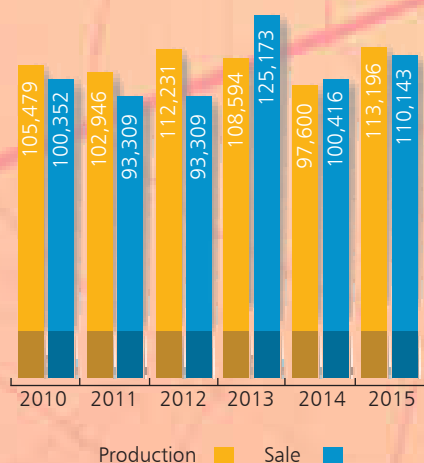
	RS. IN MILLIONS	%
CAUSTIC SODA	5,739	61.34
SODIUM HYPOCHLORITE	666	7.12
BLEACHING POWDER	161	1.72
HODROCHLORIC ACID	599	6.40
YARN	1,215	12.99
FABRIC	378	4.04
OTHERS	598	6.39
	9,356	100.00



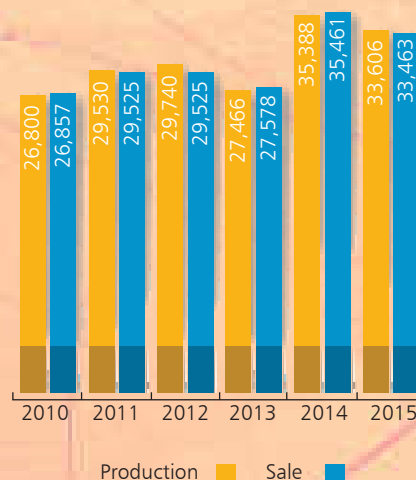
## APPLICATION OF REVENUE

	RS. IN MILLIONS	%
FUEL & POWER	4,050	43.29
RAW MATERIAL	1,827	19.53
SALARIES & WAGES	532	5.69
DEPRECIATION	520	5.56
ADMIN & SELLING EXPENSES	412	4.40
FINANCIAL CHARGES	333	3.56
OTHERS	567	6.06
DIVIDEND	219	2.34
INCOME TAX	435	4.65
RETAINED	461	4.93
	9,356	100.00

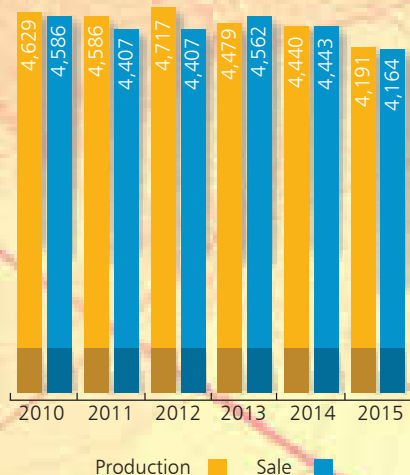
Caustic Soda  
(Quantity "M.TON")



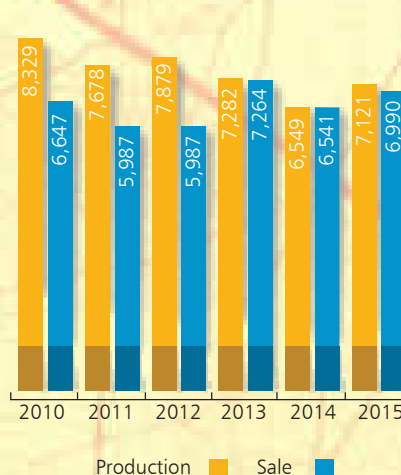
Sodium Hypochlorite  
(Quantity "M.TON")



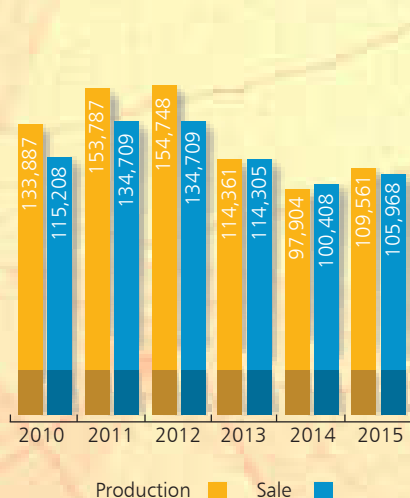
**Bleaching Powder**  
(Quantity "M.TON")



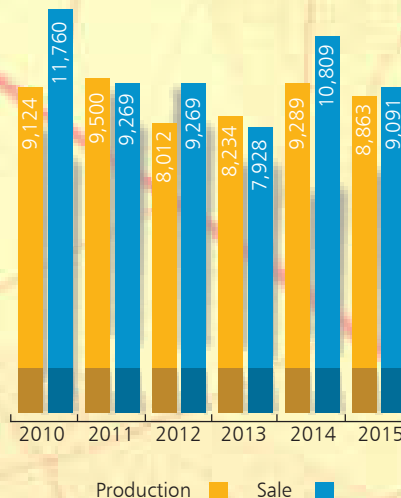
**Liquid Chlorine**  
(Quantity "M.TON")



**Hydrochloric Acid**  
(Quantity "M.TON")



**Cotton yarn converted into 20/s count**  
Quantity (Kgs) "000"



### Acknowledgement

Our people are our strength and key drivers behind all our achievements. We acknowledge valuable contribution of every employee of the company in consistent growth and marvelous performance in the Financial Year 2015. We also cannot forget to say thanks to customers for the trust they put in our products all the time. Directors also wish to express their gratitude to the shareholders of the company and financial institutions for their support and confidence in the management.

For and on behalf of the  
BOARD OF DIRECTORS

Muhammad Adrees  
Chief Executive Officer  
Faisalabad.  
September 21, 2015

# Six Years at a Glance

Operating results (Rupees in Millions)	2015	2014	2013	2012	2011	2010
Sales	8,723	8,807	8,100	7,464	6,217	5,736
Gross profit	1,572	2,139	2,505	2,070	1,554	1,539
Operating profit	1,446	1,551	1,863	1,717	1,221	1,220
Profit before tax	1,112	1,146	1,376	984	518	610

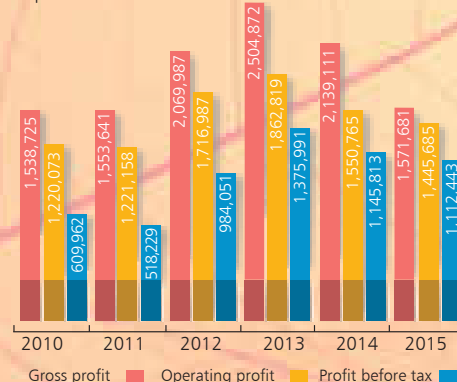
## Financial ratios

Gross Profit %	18.02	24.29	30.93	27.73	25.00	26.83
Operating Profit %	16.57	17.61	23.00	23.00	19.64	21.27
Profit before tax %	12.75	13.01	16.99	13.18	8.33	10.63
Earnings per share - Basic (Rs.)	46.03	40.19	48.40	32.13	19.97	22.67
Market value per share - (Rs.)	300.20	296.50	199.99	105.05	99.81	134.93
Cash Dividend Per Share - (Rs.)	9.00	10.50	10.00	8.00	6.25*	2.50*
Inventory turn over (times)	8.94	7.05	5.85	6.03	6.72	6.58
Current ratio	1.04:1	0.87:1	0.73:1	0.61:1	0.87:1	0.84:1
Fixed assets turn over (times)	1.51	1.53	1.36	1.23	1.13	1.04
Price earning ratio	6.52	7.38	4.14	3.27	5.00	5.95
Return to capital employed %	10.96	12.42	15.59	11.44	6.88	7.45
Debt equity	14:86	17:83	21:79	33:67	42:58	51:49

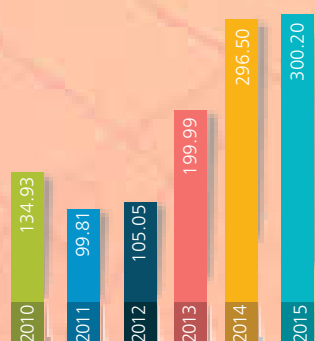
Sales  
Rupees in Million



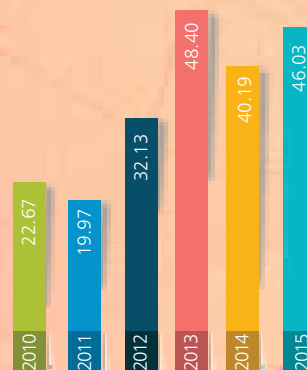
Gross profit, Operating profit &  
Profit before tax  
Rupees "000"



Market value per share - (Rs.)



Earnings per share - Basic (Rs.)



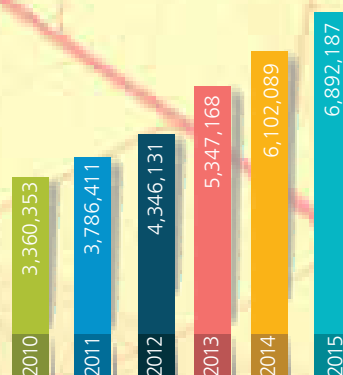


Assets Employed (Rs. '000')	2015	2014	2013	2012	2011	2010
Property, Plant and equipment	5,790,536	5,765,295	6,068,942	6,339,937	6,195,031	5,675,577
Intangible assets	16,159	17,955	19,950	-	-	-
Investment property	2,716,463	3,004,815	2,868,379	2,820,036	1,576,856	2,724,588
Long Term Investment	99,192	68,280	63,431	67,608	-	-
Advances and deposits	1,375,492	928,309	929,735	937,791	229,142	130,815
Current assets	4,446,080	3,601,755	3,008,549	2,475,187	3,262,718	1,779,477
Current liabilities	(4,293,654)	(4,160,633)	(4,135,006)	(4,039,282)	(3,731,902)	(2,128,504)
	10,150,268	9,225,776	8,823,980	8,601,277	7,531,845	8,181,953
Financed by						
Ordinary capital	214,294	214,294	214,294	214,294	214,294	204,091
Reserves	6,677,893	5,887,795	5,132,874	4,131,837	3,572,117	3,156,262
Shareholders' equity	6,892,187	6,102,089	5,347,168	4,346,131	3,786,411	3,360,353
Surplus on revaluation	1,305,696	1,347,409	1,429,501	1,521,196	920,622	944,619
Long term and deferred liabilities	1,952,385	1,776,278	2,047,311	2,733,950	2,824,812	3,876,981
	10,150,268	9,225,776	8,823,980	8,601,277	7,531,845	8,181,953

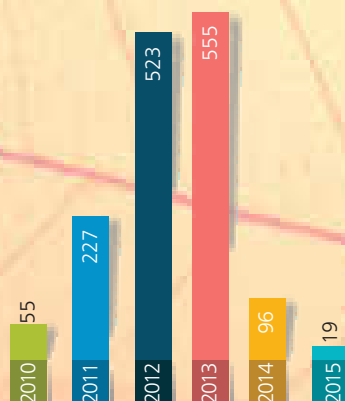
Fixed assets  
Rupees "000"



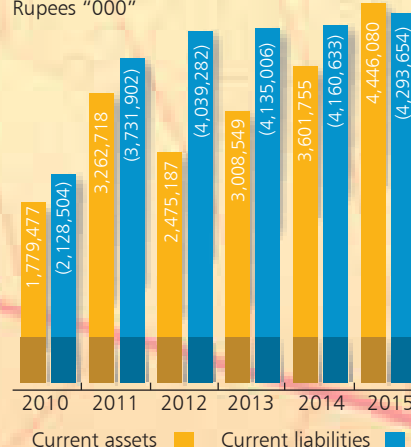
Shareholders' equity  
Rupees "000"



Export Sales  
Rupees in millions



Current assets &  
Current liabilities  
Rupees "000"



# Corporate Governance

## Statement of Directors' Responsibilities

Board of Directors is mindful of its responsibilities and duties under legal and corporate framework. The Board defines and establishes Company's overall objectives and directions and monitors status thereof. Short term and long term plans and business performance targets are set by Chief Executive officer under overall policy framework of the Board.

There has been no-material departure from the best practices of the Corporate Governance, as detailed in the Listing Regulations.

## Presentation of Financial Statements

The financial statements prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

## Books of Account

Company has maintained proper books of account.

## Accounting Policies

Appropriate accounting policies have been consistently applied, in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

## Application of International Accounting Standards

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

## Internal Control System

System of internal control is sound in design and has been effectively implemented and monitored.

## Taxation

Information about taxes and levies is given in the notes to and forming part of financial statements.

## Going Concern

There is no doubt about the Company's ability to continue as a going concern.

## Audit Committee

Audit Committee was established to assist Board in discharging its responsibilities for Corporate Governance, Financial Reporting and Corporate Control. The Committee consists of three members.

### Human Resource and Remuneration Committee

Human Resource and Remuneration Committee was framed to monitor the procedure of selection, evaluation, compensation and succession planning of the key management personal along with designing and implementation of Human Resource Policy of the company. This committee comprises of Three members.

# Statement of Compliance

with the Code of Corporate Governance for the year ended June 30, 2015.

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in regulations of Karachi, Lahore and Islamabad Stock Exchanges 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 Board of Directors of the Company comprised of seven directors at year ended June 30, 2015.

Independent	Mr. Abdul Awwal
Executive	Mr. Muhammad Adrees, Mr. Haseeb Ahmed
Non-Executive	Mr. Waheed Akhter Sher, Mr. Muhammad Yousuf Adil, Mr. Muhammad Khalil, Mr. Nawaz ul Haq

The independent director meets the criteria of independence under clause i (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 directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the directors is member of stock exchange.
4. Casual vacancies occurring on the board during the year due to the resignation of two directors were filled up by the directors within 90 days.
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/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his 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. In accordance with the criteria specified in clause (xi) of CCG, one of the seven Directors of the Company is exempted from the requirement of directors' training program, while three directors have got certified with directors training program upto June 30, 2015. Further rest of the Directors will undertake Directors Training Program within specified time.



10. There has been no change in the position of Chief Financial Officer, Company Secretary or 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; all members are non-executive directors including the chairman of the committee.
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 of three members majority of directors are non-executive directors including the chairman of the committee.
18. The Board has set up an effective internal audit function managed by suitably qualified and experience 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 Institute of Chartered Accountants of Pakistan (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 Exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through the Stock Exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with.



Muhammad Adrees  
Chief Executive Officer

# Pattern of Shareholding

for the year ended June 30, 2015

Number of Shareholders	Shareholdings		Total Number of Shares
	From	To	
1036	1	100	25,169
535	101	500	134,625
189	501	1,000	134,927
144	1,001	5,000	329,772
35	5,001	10,000	251,420
12	10,001	15,000	154,538
3	15,001	20,000	53,624
5	20,001	25,000	113,312
3	25,001	30,000	83,180
1	30,001	35,000	30,736
3	40,001	45,000	125,785
1	45,001	50,000	45,565
1	50,001	55,000	50,609
2	55,001	60,000	117,114
2	65,001	70,000	130,764
1	80,001	85,000	84,210
1	85,001	90,000	85,234
1	110,001	115,000	112,775
2	120,001	125,000	242,550
1	145,001	150,000	150,000
1	260,001	265,000	263,002
1	310,001	315,000	314,555
1	370,001	375,000	373,346
1	375,001	380,000	375,540
1	390,001	395,000	395,000
1	520,001	525,000	520,814
1	715,001	720,000	715,216
1	900,001	905,000	904,386
1	1,715,001	1,720,000	1,719,400
1	13,390,001	13,395,000	13,392,402
1398			21,429,407

	Number	Shares Held	Percentage
NIT & ICP			
National Bank of Pakistan - Trustee Department			
Investment Corporation of Pakistan	3	766,522	3.58
Directors, CEO & their Spouse and Minor Children			
Mr. Muhammad Adrees	1	13,392,402	62.50
Mr. Haseeb Ahmed	1	375,540	1.75
Mr. Muhammad Khalil	1	525	0.00
Mr. Muhammad Arif	1	500	0.00
Mr. Nawaz-ul Haq	1	500	0.00
Mr. Waheed Akhter Sher	1	500	0.00
Mr. Muhammad Yousaf Adil			
Bank, Development Finance Institutions,	7	2,241,586	10.46
Non Banking Finance Institutions.			
Insurance Companies	2	1,299,386	6.06
Modarabas and Mutual Funds	8	122,350	0.57
Foreign Companies	2	27,900	0.13
General Public (Local)	1918	2,545,588	11.88
General Public (Foreign)	15	100,526	0.47
Associated Companies, Undertaking and Related Parties	-	-	-
Joint Stock Companies, others, etc.	23	474,396	2.22
Others	4	81,185	0.38
	2,058	21,429,407	100

Detail of purchase/sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Financial Officer and their spouses/minor children during 2014-2015

Mr. Muhammad Adrees, Chief Executive has acquired 164 share through transmission from his late father (Haji Bashir Ahmed)

Following person has shareholding of 5% and above in the company.

a) Mr. Muhammad Adrees, Chief Executive	13,392,238
b) J S Bank Limited	1,719,400

The Board has determined threshold under clause xvi(1) of Code of Corporate Governance 2012 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.

# Notice of Annual General Meeting

Notice is hereby given that the 34th Annual General Meeting of Sitara Chemical Industries Limited will be held at Dr. Abdul Qadeer Khan Auditorium, Haji Abdullah Haroon Muslim Gymkhana, Near Shaheen Complex, Aiwana-e-Sadr Road, Karachi, on Tuesday, October 27, 2015 at 04:30 p.m. to transact the following business:

1. To confirm the minutes of Annual General Meeting held on October 28, 2014.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2015 together with the Reports of Auditors and Directors thereon.
3. To approve payment of Cash Dividend at the rate of 90% (Rs.9/= per share) as recommended by the Directors.
4. To appoint Auditors for the year ending June 30, 2016 and to fix their remuneration.
5. To transact any other ordinary business of the Company with the permission of the Chair.

By order of the Board

Karachi

Dated : September 21, 2015

MAZHAR ALI KHAN  
Company Secretary

## NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS.  
The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from October 21, 2015 to October 27, 2015 (both days inclusive). Transfers received in order at the Share Registrar Office of the company by the close of business on October 20, 2015 will be treated in time for the purpose of payment of final cash dividend, if approved by the shareholders.
2. PARTICIPATION IN THE ANNUAL GENERAL MEETING.  
A member entitled to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote. Proxies in order to be effective must be received at Company's Share Registrar's Office M/s. THK Associates (Pvt) Limited, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi duly stamped and signed not less than 48 hours before the time of meeting.
3. CDC ACCOUNT HOLDERS WILL HAVE TO FOLLOW FURTHER UNDER MENTIONED GUIDELINES AS LAID DOWN BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN.
  - a) For attending the meeting:
    - i) In case of individuals, the account holders or sub-account holders and/or the persons whose securities are in group account and their registration details are uploaded as per the regulations, shall



authenticate their identity by showing their original Computerized National Identity Card (CNIC), or Original Passport at the time of attending the meeting.

- ii) In case of Corporate Entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.
- b) For appointing proxies:
  - i) In case of individuals, the account holders or sub account holders and/or the persons whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form. The proxies shall produce their original CNIC or original passport at the time of meeting.
  - ii) In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the company's registrar.
- 4. Form of proxy is attached to the notice of meeting being sent to the members
  - (a) In compliance with the directives issued by the Securities and Exchange Commission of Pakistan and/or Federal Board of Revenue from time to time, members who have not yet provided their dividend mandate information and CNIC and/or NTN number (as the case may be) are requested to kindly provide the same at their earliest as follows.
    - i. The shareholders who hold company's shares in physical form are requested to submit the above information to the Company's Share Registrars at the address mentioned above.
    - ii. Shareholders maintaining the shareholdings under Central Depository System (CDS) are advised to submit the above information directly to relevant Participant/CDC Investor Account Service.

Members are also requested to update their tax paying status (Filer/Non-Filer) to the Company's Share Registrar. The above information may please be provided as follows:

Folio/ CDS ID/AC #	Name	National Tax #	CNIC # (In case of individuals)	Income Tax return for the year 2014 filed (Yes or No.)

This would enable us to process future dividend payments, if any, in accordance with the tax payment status of the members pursuant to the provisions of Finance Act, 2015, effective July 1, 2015 whereby the rates of deduction of Income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment have been revised as follows:

- |  |        |
|--|--------|
| 1. Rate of tax deduction for filer of income tax returns     | 12.50% |
| 2. Rate of tax deduction for non-filer of income tax returns | 17.50% |

- (b) The FBR has clarified that where the shares are held in joint accounts/names, each account/ joint holder will be treated individually as either a filer or a non-filer and tax will be deducted according to his/her shareholding. The shareholders, who are having joint shareholding status, are requested to kindly intimate their joint shareholding to the Share Registrar of the Company M/s. THK Associates (Pvt) Limited. In the following format:

Folio/ CDC A/c No.	Name of Shareholders (principle/ joint holders)	No. of Shares or percentage (Proportion)	CNIC No.	Signature

- The audited financial statements of the Company for the year ended June 30, 2015 have been placed at the Company's website.
- The SECP has initiated e-dividend mechanism through its Notification 8(4)SM/CDC/2008 DATED April 05, 2013. In order to avail benefits of e-dividend shareholders are hereby advised to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address to Company's Share Registrar M/s. THK Associates (Pvt.) Ltd. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker /CDC.
- 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, THK Associates (Private) Limited.
- Members are requested to promptly notify any change in their addresses.

Auditors' Report  
and **Financial**  
Statements

2015



# Auditors' Report

to the members

We have audited the annexed balance sheet of SITARA CHEMICAL INDUSTRIES LIMITED (the Company) as at June 30, 2015 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) in our opinion, proper books of account have been kept by the Company in respect of as required by 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 Companies Ordinance, 1984, and are in agreement with the books of account 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, 2015 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

*Deloitte Jousuf Adil*

Chartered Accountants

Engagement Partner: Talat Javed  
Lahore  
Date: September 21, 2015

# Review Report

to the members on Statement of Compliance with Best Practices  
of Code of Corporate Governance

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Sitara Chemical Industries Limited (the Company) for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges Limited, 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 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 control 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 recommendations 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 recommendations 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, 2015.

*Deloitte Jousuf Adil*

Chartered Accountants

Engagement Partner: Talat Javed  
Lahore  
Date: September 21, 2015

# Balance Sheet

as at June 30, 2015

	Note	2015 Rupees	2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	5,790,535,775	5,765,295,502
Intangible assets	6	16,159,500	17,955,000
Investment property	7	2,716,463,181	3,004,815,378
Long term investments	8	99,192,142	68,279,962
Long term loans and advances	9	1,265,059,329	817,876,172
Long term deposits	10	110,433,287	110,433,287
		9,997,843,214	9,784,655,301
<b>Current assets</b>			
Stores, spare parts and loose tools	11	380,378,519	401,165,384
Stock in trade	12	717,460,100	881,710,696
Trade debts	13	1,187,078,233	1,262,557,632
Advance sales tax		24,617,271	-
Loans and advances	14	1,658,999,791	413,258,969
Trade deposits and prepayments	15	7,777,958	8,567,010
Other receivables	16	11,726,462	5,901,655
Other financial assets	17	201,064,597	191,826,521
Cash and bank balances	18	256,977,410	436,767,468
		4,446,080,341	3,601,755,335
<b>Total assets</b>		<b>14,443,923,555</b>	<b>13,386,410,636</b>



Muhammad Adrees  
Chief Executive Officer



Haseeb Ahmed  
Director



	Note	2015 Rupees	2014
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	19	214,294,070	214,294,070
Reserves	20	1,363,581,652	1,410,102,556
Un-appropriated profits		5,314,312,674	4,477,692,982
		<u>6,892,188,396</u>	<u>6,102,089,608</u>
<b>Surplus on revaluation of property, plant and equipment</b>			
	21	1,305,695,730	1,347,409,608
<b>Non-current liabilities</b>			
Long term financing	22	858,000,824	566,070,926
Long term deposits	23	9,920,553	6,385,859
Deferred liabilities	24	1,084,464,281	1,203,820,987
		<u>1,952,385,658</u>	<u>1,776,277,772</u>
<b>Current liabilities</b>			
Trade and other payables	25	2,121,584,542	1,690,647,587
Profit / financial charges payable	26	55,225,614	60,465,805
Short term borrowings	27	1,836,486,471	1,682,644,323
Current portion of long term financing	22	280,357,144	690,278,947
Sales tax payable		-	36,596,986
		<u>4,293,653,771</u>	<u>4,160,633,648</u>
<b>Contingencies and commitments</b>			
	28		
<b>Total equity and liabilities</b>			
		<u>14,443,923,555</u>	<u>13,386,410,636</u>

The annexed notes from 1 to 48 form an integral part of these financial statements.



Muhammad Adrees  
Chief Executive Officer



Haseeb Ahmed  
Director

# Profit and Loss Account

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales - net	29	8,722,879,814	8,807,482,117
Cost of sales	30	7,151,198,900	6,668,370,974
Gross profit		1,571,680,914	2,139,111,143
Other income	31	632,761,496	55,427,316
		2,204,442,410	2,194,538,459
Distribution cost	32	230,737,924	199,674,650
Administrative expenses	33	442,810,106	353,114,075
Other operating expenses	34	82,637,992	97,891,659
Finance cost	35	333,242,327	404,951,571
Share of (profit) / loss of associates - net of tax	8.1	2,571,094	(6,906,716)
		1,091,999,443	1,048,725,239
Profit before taxation		1,112,442,967	1,145,813,220
Provision for taxation	36	126,011,653	284,639,086
Profit for the year		986,431,314	861,174,134
Earnings per share - basic and diluted	37	46.03	40.19

The annexed notes from 1 to 48 form an integral part of these financial statements.



Muhammad Adrees  
Chief Executive Officer



Haseeb Ahmed  
Director



# Statement of Comprehensive Income

for the year ended June 30, 2015

	2015	2014
	Rupees	
Profit for the year	986,431,314	861,174,134
Items that may be reclassified subsequently to profit and loss		
(Deficit) / surplus on re-measurement of investments available for sale on fair value	(5,799,350)	29,037,217
Reclassification adjustments relating to available-for-sale financial assets	(38,868,396)	-
Total items that may be reclassified subsequently to profit and loss	(44,667,746)	29,037,217
Item that will not be reclassified to profit or loss		
Remeasurement of post retirement benefits obligation	(2,725,232)	(1,537,167)
Impact of deferred tax	872,074	507,265
Total items that will not be reclassified to profit and loss	(1,853,158)	(1,029,902)
Total comprehensive income for the year	939,910,410	889,181,449

The annexed notes from 1 to 48 form an integral part of these financial statements.



Muhammad Adrees  
Chief Executive Officer



Haseeb Ahmed  
Director

# Cash Flow Statement

for the year ended June 30, 2015

	Note	2015	2014
		Rupees	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,112,442,967	1,145,813,220
Adjustments for:			
Depreciation on property, plant and equipment		520,367,814	554,040,856
Depreciation on investment property		6,114,502	3,330,909
Amortization on intangible assets		1,795,500	1,995,000
Impairment loss on investment		-	-
Finance cost		333,242,327	404,951,571
Share of (profit) / loss of associates - net of tax		2,571,094	(6,906,716)
(Gain) / Loss on disposal of property, plant and equipment		(6,917,546)	4,538,215
(Gain) on disposal of investment property		(527,223,473)	-
(Gain) on sale of available for sale investments		(42,818,478)	-
Provision for employee benefits		10,252,108	4,244,779
Provision for doubtful debts		52,295	11,959,210
Profit on bank deposits		(16,983,632)	(17,435,977)
Dividend income		(9,726,214)	(8,123,130)
Operating cash flows before changes in working capital		1,383,169,264	2,098,407,937
Working capital changes	42	(45,268,839)	(496,587,934)
Cash generated from operations		1,337,900,425	1,601,820,003
Finance cost paid		(338,482,518)	(414,731,753)
Employee benefits paid		(5,458,595)	(3,125,790)
Taxes paid		(434,939,043)	(462,004,336)
Profit received		16,983,632	17,435,977
		(761,896,524)	(862,425,902)
Net cash from operating activities		576,003,901	739,394,101



Muhammad Adrees  
Chief Executive Officer



Haseeb Ahmed  
Director

# Cash Flow Statement

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		19,727,591	20,441,312
Proceeds from disposal of investment property		22,210,464	-
Proceeds from disposal of available for sale investments		129,813,675	-
Additions to property, plant and equipment		(558,418,132)	(275,373,954)
Purchase of available for sale investments		(140,901,019)	-
Purchase of investment property		(58,188,305)	(139,766,987)
Long-term loans and advances		-	1,426,794
Long term deposits		-	(1,000)
Dividend received		9,726,214	8,123,130
Net cash used in investing activities		(576,029,512)	(385,150,705)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		572,287,040	500,000,000
Payment of long term financing		(690,278,945)	(635,375,376)
Short term borrowings-net		153,842,148	153,194,568
Long term deposits		3,534,694	(1,560,196)
Dividend paid		(219,149,384)	(213,269,414)
Net cash used in financing activities		(179,764,447)	(197,010,418)
Net decrease in cash and cash equivalents (A+B+C)		(179,790,058)	157,232,978
Cash and cash equivalents at beginning of the year		436,767,468	279,534,490
Cash and cash equivalents at end of the year	18	256,977,410	436,767,468

The annexed notes from 1 to 48 form an integral part of these financial statements.



Muhammad Adrees  
Chief Executive Officer




Haseeb Ahmed  
Director

# Statement Of Changes In Equity

for the year ended June 30, 2015

	Capital reserves				Revenue reserves		Total
	Share capital	Share premium	Reserve on re-measurement of available for sale investments	re-measurement on post retirement benefits obligation - net of tax	General reserve	Un-appropriated profit	
Balance at July 01, 2013	214,294,070	97,490,410	62,654,843	(3,050,012)	1,225,000,000	3,750,779,545	5,347,168,856
Total comprehensive income	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	861,174,134	861,174,134
Other comprehensive income	-	-	-	-	-	-	-
Surplus on re-measurement of investments available for sale at fair value	-	-	29,037,217	-	-	-	29,037,217
Remeasurement of post retirement benefits - net of tax	-	-	-	(1,029,902)	-	-	(1,029,902)
Total other comprehensive income	-	-	29,037,217	(1,029,902)	-	-	28,007,315
Total comprehensive income	-	-	29,037,217	(1,029,902)	-	861,174,134	889,181,449
Surplus realized on disposal of assets	-	-	-	-	-	167,116	167,116
Transfer to un-appropriated profit on account of incremental depreciation - net of tax	-	-	-	-	-	79,866,257	79,866,257
Transactions with owners	-	-	-	-	-	-	-
Final dividend for the year ended June 30, 2013 @ Rs. 10 per share	-	-	-	-	-	(214,294,070)	(214,294,070)
Balance as at June 30, 2014	214,294,070	97,490,410	91,692,060	(4,079,914)	1,225,000,000	4,477,692,982	6,102,089,608
Balance at July 01, 2014	214,294,070	97,490,410	91,692,060	(4,079,914)	1,225,000,000	4,477,692,982	6,102,089,608
Total comprehensive income	-	-	-	-	-	986,431,314	986,431,314
Profit for the year	-	-	-	-	-	986,431,314	986,431,314
Other comprehensive income	-	-	-	-	-	-	-
Re-measurement of investments available for sale at fair value	-	-	(44,667,746)	-	-	-	(44,667,746)
Remeasurement of post retirement benefits - net of tax	-	-	-	(1,853,158)	-	-	(1,853,158)
Total other comprehensive income	-	-	(44,667,746)	(1,853,158)	-	-	(46,520,904)
Total comprehensive income	-	-	(44,667,746)	(1,853,158)	-	986,431,314	939,910,410
Surplus realized on disposal of assets	-	-	-	-	-	-	-
Transfer to un-appropriated profit on account of incremental depreciation - net of tax	-	-	-	-	-	75,197,152	75,197,152
Transactions with owners	-	-	-	-	-	-	-
Final dividend for the year ended June 30, 2014 @ Rs. 10.5 per share	-	-	-	-	-	(225,008,774)	(225,008,774)
Balance as at June 30, 2015	214,294,070	97,490,410	47,024,314	(5,933,072)	1,225,000,000	5,314,312,674	6,892,188,396

The annexed notes from 1 to 48 form an integral part of these financial statements.

  
Muhammad Adrees  
Chief Executive Officer

  
Haseeb Ahmed  
Director

# Notes to the Financial Statements

for the year ended June 30, 2015

## 1. GENERAL INFORMATION

- 1.1 Sitara Chemical Industries Limited ("the Company") was incorporated in Pakistan on September 08, 1981 as a public limited company under Companies Act, 1913 (now Companies Ordinance, 1984). The Company is currently listed on Karachi, Lahore and Islamabad stock exchanges. The principal activities of the Company are operation of Chlor Alkali plant and yarn spinning unit. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hasan Road, Karachi, in the province of Sindh and the manufacturing facilities are located at 28/32 K.M., Faisalabad - Sheikhpura Road, Faisalabad, in the province of Punjab.

The Company is currently organized into two operating divisions and these divisions are the basis on which the Company reports its primary segment information.

Principal business activities are as follows:

Chemical Division	Manufacturing of caustic soda and allied products
Textile Division	Manufacturing of yarn and trading of fabric

- 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, 2015. 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 IAS 19 Employee Benefits: Employee contributions	Effective from accounting period beginning on or after July 01, 2014
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# Notes to the Financial Statements

## for the year ended June 30, 2015

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required.

**Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities** Effective from accounting period beginning on or after January 01, 2014

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

**IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets** Effective from accounting period beginning on or after January 01, 2014

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. The new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair value Measurements. The amendments require retrospective application.

**IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting** Effective from accounting period beginning on or after January 01, 2014

The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditions are met.

**IFRIC 21 - Levies** Effective from accounting period beginning on or after January 01, 2014

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

# Notes to the Financial Statements

for the year ended June 30, 2015

## 2.2.2 New accounting standards, amendments to published standards and 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 IAS 16 and IAS 38  
Clarification of acceptable methods  
of depreciation and amortization

Effective from accounting period beginning  
on or after January 01, 2016

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or
- b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.  
The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 41  
Agriculture: Bearer plants

Effective from accounting period beginning  
on or after January 01, 2016

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognized in opening retained earnings at the beginning of the earliest period presented.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.



# Notes to the Financial Statements

## for the year ended June 30, 2015

**IAS 27 (Revised 2011) – Separate Financial Statements** Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

**IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures** Effective from accounting period beginning on or after January 01, 2015

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

**IFRS 10 – Consolidated Financial Statements** Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

**IFRS 11 – Joint Arrangements** Effective from accounting period beginning on or after January 01, 2015

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.



# Notes to the Financial Statements

for the year ended June 30, 2015

## IFRS 12 – Disclosure of Interests in Other Entities

Effective from accounting period beginning on or after January 01, 2015

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

## IFRS 13 – Fair Value Measurement

Effective from accounting period beginning on or after January 01, 2015

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.

2.2.3 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

## 3. SIGNIFICANT ESTIMATES

The preparation of financial statements in conformity with IFRS's requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

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

# Notes to the Financial Statements

for the year ended June 30, 2015

cashflow 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.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Basis of preparation

These financial statements have been prepared under the “historical cost convention”, modified by:

- revaluation of certain property, plant and equipment;
- investments in associate valued on equity method;
- financial instruments at fair value;
- recognition of certain employee retirement benefits at present value.

The principal accounting policies adopted are set out below :

### 4.2 Property, plant and equipment

Property, plant and equipment except free hold land, building on freehold land (factory), plant & machinery and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Building on freehold land (factory) and plant and machinery are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount. Capital work-in-progress is stated at cost less impairment in value, if any. Cost includes borrowing cost as referred in accounting policy of borrowing cost.

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.

Repair and maintenance costs are charged to income during the year in which they are incurred.

Depreciation is charged to income applying the reducing balance method at the rates specified in Property, plant and equipment note to these financial statements.

Depreciation on additions and disposals during the year is charged on the basis of proportionate period of use.

Gains or losses on disposal of assets, if any, are recognized as and when incurred.

Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred by the Company to its un-appropriated profit.

# Notes to the Financial Statements

for the year ended June 30, 2015

## Capital work-in-progress

All expenditure 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.

## 4.3 Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliable. Cost of the intangible asset (i.e. Computer software) include purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Cost associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over estimated useful life of the asset on a systematic basis applying the reducing balance method.

Useful life of intangible operating assets are reviewed, at each balance sheet date and adjusted if the impact of amortization is significant.

## 4.4 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on buildings is charged to income on reducing balance method at the rate of 10% per annum. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

Any gain or loss on disposal of investment property, calculated as difference between present value of the proceeds from disposal and the carrying amount is recognised in the profit and loss account.

## 4.5 Investments

### Regular way purchase or sale of investments

All purchases and sales of investments are recognized using trade date accounting. Trade date is the date that the Company commits to purchase or sell the investment.

### Investment in associates

Associates are all entities over which the Company has significant influence, but not control, generally accompanying a shareholding of 20% or more of the voting rights.

These investments are initially recognized at cost and are subsequently valued using equity method less impairment losses, if any.

# Notes to the Financial Statements

## for the year ended June 30, 2015

### Available for sale

Investment securities held by the Company which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognized at fair value plus transaction cost and subsequently re-measured at fair value using quoted market prices. The investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value is recognized in other comprehensive income until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognized in equity is included in profit and loss account.

### De-recognition

All investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

### 4.6 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value 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, up to balance sheet date.

Net realizable value represents estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sales.

### 4.7 Stock-in-trade

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

Raw and packing materials	Average cost except for those in transit which are stated at invoice price plus other charges paid thereon up to the balance sheet date .
Work-in-process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Net realizable value

Net realizable value represents estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

### 4.8 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

### 4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks,

# Notes to the Financial Statements

## for the year ended June 30, 2015

highly liquid short-term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value, and short-term running finance under mark-up arrangements.

### 4.10 Impairment

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.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

### 4.11 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 12 months after the balance sheet date.

### 4.12 Employee Benefit Costs

#### Defined contribution plan - Chemical division

The Company operates an approved funded contributory provident fund scheme for all its employees eligible for benefit. Equal monthly contributions are made by the Company and employees at the rate from 6.5% to 8.33% of basic salary depending upon the length of service of an employee. The Company's contribution to the fund is charged to profit and loss account for the year.

#### Defined benefit plan - Textile division

The Company operates an unfunded gratuity scheme for all those permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provision is made to cover the obligation under scheme on the basis of actuarial valuation and is charged to income. The most recent Actuarial Valuation was carried out at June 30, 2015 using "Projected Unit Credit Method".

The amount recognized in the balance sheet represents the present value of defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

# Notes to the Financial Statements

## for the year ended June 30, 2015

### 4.13 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to the Company or not.

### 4.14 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past event, 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 can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### 4.15 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. The charge for tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessment made during the year. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

#### Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

#### Deferred tax liabilities are generally recognised for taxable temporary differences.

Deferred tax asset is recognized for all deductible temporary differences, unused tax credits 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 tax rates that have been enacted or substantively enacted at the balance sheet date.

### 4.16 Dividend and other appropriations

Dividend is recognized as a liability in the year in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the year in which such appropriations are made.

### 4.17 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability

# Notes to the Financial Statements

## for the year ended June 30, 2015

when the obligation specified in the contract is discharged, cancelled or expired. Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

### 4.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business.

- Sales of goods are recognized when goods are delivered and titles have passed.
- Export rebate is recognized on accrual basis at the time of making the export sale.
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.
- Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

### 4.19 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 in the period in which they are incurred.

### 4.20 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 retranslated 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 net profit or loss for the period.

### 4.21 Segment Reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components. All operating segments' operating results are reviewed regularly by the company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.



# Notes to the Financial Statements

## for the year ended June 30, 2015

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly administrative and other operating expenses, and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

### 4.22 Off setting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the transaction and also intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 4.23 Related party transactions

Transactions with the related parties are carried out at agreed terms. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

### 4.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit after tax attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.



# Notes to the Financial Statements

for the year ended June 30, 2015

## 5. PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
Operating assets	5.1	5,439,242,497	5,707,991,018
Capital work-in-progress	5.7	351,293,278	57,304,484
		<u>5,790,535,775</u>	<u>5,765,295,502</u>

### 5.1 Operating assets - as at June 30, 2015

Description	Cost / revalued amount				Accumulated depreciation			Rate (%)
	At July 01, 2014	Additions / (disposals)	(Write offs) / Transfer	At June 30, 2015	Charge for the year / (on disposals)	(Write offs) / Transfer	At June 30, 2015	
Freehold land	628,362,000	-	-	625,816,000	-	-	-	625,816,000
Building on freehold land:								
Mill	641,848,252	19,713,320	546,000	659,923,472	52,748,010	-	166,766,885	493,156,587
		(2,184,100)	-		(1,075,276)	-	-	
Head office	12,238,041	-	-	12,238,041	223,345	-	10,227,933	2,010,108
Plant and machinery	5,193,889,390	215,579,424	-	5,405,274,008	431,261,260	-	1,355,059,723	4,050,214,285
		(783,220)	(3,411,586)		(665,416)	(1,424,131)	-	
Grid station and electric installation	217,738,937	5,800	-	217,744,737	8,157,979	-	144,317,640	73,427,097
Containers and cylinders	80,608,742	-	-	69,747,464	4,516,016	-	34,225,306	35,522,158
		(10,861,278)	-		(5,218,240)	-	-	
Factory equipment	60,168,389	3,645,820	(210,575)	63,603,634	3,166,342	(183,175)	33,281,763	30,321,871
Electric equipment	54,700,865	10,904,806	(1,147,506)	64,458,165	3,888,665	(632,106)	22,308,748	42,149,417
Office equipment	43,045,810	3,859,342	(1,393,167)	45,511,985	2,073,333	(1,044,500)	25,466,641	20,045,344
Furniture and fittings	23,204,434	1,698,148	-	24,902,582	1,289,755	-	12,320,592	12,581,990
Vehicles	159,383,214	9,914,145	-	155,038,641	13,043,109	-	101,041,001	53,997,640
		(17,670,304)	3,411,586		(13,729,925)	-	-	
	7,115,188,074	265,320,805	(2,751,248)	7,344,258,729	520,367,814	(1,859,781)	1,905,016,232	5,439,242,497
		(33,498,902)			(20,688,857)			

# Notes to the Financial Statements

for the year ended June 30, 2015

## Operating assets - as at June 30, 2014

Description	Cost / revalued amount			Accumulated depreciation			Rate (%)
	At July 01, 2013	Additions / (disposals)	(Write offs) / Transfer	As at June 30, 2014	As at July 01, 2013	Charge for the year / (on disposals)	
							Rupees
Freehold land	628,362,000	-	-	628,362,000	-	-	628,362,000
Building on freehold land:							
Mill	626,725,247	15,123,005	-	641,848,252	57,917,453	57,176,698	10
Head office	12,238,041	-	-	12,238,041	9,756,427	248,161	10
Plant and machinery	4,982,145,581	248,486,321 (36,742,512)	-	5,193,889,390	479,660,662	463,214,256 (16,986,908)	10
Grid station and electric installation	217,738,937	-	-	217,738,937	127,095,296	9,064,365	10
Containers and cylinders	57,278,692	29,452,252 (6,122,202)	-	80,608,742	34,949,660	2,347,435	10
Factory equipment	58,090,365	2,274,824 (196,800)	-	60,168,389	27,266,035	(2,369,565)	10
Electric equipment	34,245,791	20,455,074	-	54,700,865	16,975,403	2,076,786	10
Office equipment	41,540,246	2,104,378 (598,814)	-	43,045,810	22,770,241	1,988,014	10
Furniture and fittings	21,302,041	1,902,393	-	23,204,434	9,774,480	1,256,357	10
Vehicles	158,646,855	8,160,264 (7,423,905)	-	159,383,214	93,095,249	13,497,700 (6,289,263)	20
	6,838,313,796	327,958,511 (51,084,233)	-	7,115,188,074	879,260,906	554,040,856 (26,104,706)	

2015 2014  
Rupees

## 5.2 Depreciation for the year has been allocated as under:

Cost of sales	30	490,438,744	524,397,446
Administrative expenses	33	29,929,070	29,643,410
		520,367,814	554,040,856

# Notes to the Financial Statements

for the year ended June 30, 2015

- 5.3 The Company has its freehold land, building and plant & machinery revalued in June 30, 2012 by Hamid Mukhtar & Company (Private) Ltd, independent value not connected with the Company. The basis used for the revaluation of these property plant and equipment were as follows:

## Land

Fair market rate of the land was assessed through inquiries in the vicinity of land and information obtained through property dealers of the area.

## Building

New construction value (new replacement value of each item of the buildings) was arrived at by looking at the condition of the buildings, value applied 3% per annum depreciation on "Written Down Value" basis to arrive at fair depreciated market value on "Going Concern" basis.

## Machinery (Textile)

Inquiries were made in market to obtain prevalent replacement values of similar local and imported machinery items.

## Machinery (Chemical)

Capitalized cost of the plant and machinery each year since its commissioning was taken as basis for revaluation. This cost has been escalated because of exchange rate increase. An average inflation rate in international prices with due consideration on the increase in international prices of the metals like mild steel, copper etc. has then been applied to arrive at an "Escalation Rate Factor", which has been instrumental for arriving at "New Replacement Values".

Depreciation due to usage has been applied on all assets of machinery at 10% per annum on written down value basis to arrive at a fair present / depreciated market value of the assets.

- 5.4 The revaluation surplus, net of deferred tax, is credited to surplus on revaluation of property, plant and equipment.
- 5.5 Had there been no revaluation the cost, accumulated depreciation and book value of revalued assets as at June 30, 2015 would have been as follows:

	Cost Rupees	Accumulated depreciation Rupees	Book Value Rupees
Land	200,415,091	-	200,415,091
Building on free hold land	570,708,856	136,918,538	433,790,318
Plant and Machinery	4,388,648,142	1,015,395,885	3,373,252,257
2015	<u>5,159,772,089</u>	<u>1,152,314,423</u>	<u>4,007,457,666</u>
2014	<u>4,930,312,251</u>	<u>782,051,531</u>	<u>4,148,260,720</u>

# Notes to the Financial Statements

## for the year ended June 30, 2015

### 5.6 The following assets were disposed off during the year:

Description	Revalued amount / cost	Accumulated depreciation	Carrying value	Sale proceeds	Mode of disposal	Particulars of buyer
	Rupees					
Land & building						
Land	2,000,000	-	2,000,000	2,500,000	Negotiation	Muhammad Ansar
Building	2,184,100	1,075,276	1,108,824	1,400,000	Negotiation	Arslan Iftikhar
Plant & machinery						
Economizer for boiler	783,220	665,416	117,804	-	Auction	Muhammad Usman
Containers and cylinders						
Cylinder for O2 Gas	10,861,278	5,218,240	5,643,038	6,781,591	Negotiation	Al-Madina Oxygen Works
Vehicles						
Hino tanker- 2033	858,050	805,416	52,634	1,230,000	Negotiation	Mahmood Ahmad
Mercedes car	9,451,818	8,713,561	738,257	1,800,000	Negotiation	Car and Cars
Motor cycle 70cc	42,550	31,758	10,792	16,000	Negotiation	Mahmood Ahmad
Truck hino detro	7,317,886	4,179,190	3,138,696	6,000,000	Negotiation	Trans Pack Enterprises
2015	33,498,902	20,688,857	12,810,045	19,727,591		
2014	51,084,233	26,104,706	24,979,527	20,441,312		

# Notes to the Financial Statements

for the year ended June 30, 2015

	Note	2015 Rupees	2014
<b>5.7 Capital work-in-progress</b>			
Civil work		237,498,148	5,694,434
Plant and machinery including in transit		72,412,385	8,527,442
Advance for property, plant and equipment		18,942,514	17,465,015
Major spare parts and stand-by equipment qualifying as property, plant and equipment		22,440,231	25,617,593
		<u>351,293,278</u>	<u>57,304,484</u>
<b>6. INTANGIBLE ASSETS</b>			
Computer software		21,000,000	21,000,000
Accumulated amortization	6.1	(4,840,500)	(3,045,000)
		<u>16,159,500</u>	<u>17,955,000</u>

6.1 Computer software are being amortized using reducing balance method.

	Note	2015 Rupees	2014
<b>7. INVESTMENT PROPERTY</b>			
Land	7.1	2,657,057,656	2,939,295,351
Building	7.2	59,405,525	65,520,027
		<u>2,716,463,181</u>	<u>3,004,815,378</u>
<b>7.1 Land</b>			
Balance at beginning of the year		2,939,295,351	2,864,413,464
Add:			
Acquisitions during the year		874,314,695	74,881,887
Less:			
Disposal during the year	7.3.	(1,156,552,390)	-
Balance at end of year		<u>2,657,057,656</u>	<u>2,939,295,351</u>
<b>7.2 Building</b>			
Cost		77,920,666	77,920,666
Accumulated depreciation			
At the beginning of year		12,400,639	9,069,730
For the year	33.	6,114,502	3,330,909
At the end of year		<u>18,515,141</u>	<u>12,400,639</u>
Written down value at the end of year		<u>59,405,525</u>	<u>65,520,027</u>

# Notes to the Financial Statements

for the year ended June 30, 2015

For the purpose of capital appreciation and earning rental income, the Company has invested in freehold land, residential plots and building portions covering area of 3,139 kanals and 10 marlas. These properties are purchased within the Province of Punjab.

The fair value of the investment property as at June 30, 2015 is Rs 2,683 million. The fair value has been arrived at on the basis of a valuation carried out by W. W. Engineering Services (Private) Limited, independent valuer not connected with the Company. The valuation was arrived at by reference to market evidence of transaction price for similar items.

The rental income earned by the Company from its investment property amounted to Rs. 24.307 million (2014: Rs.11.732 million).

- 7.3** During the year company entered into an agreement to sell 1474 kanals of land situated at 199 RB to a cooperative housing society at Rs 2.015 billion receivable in instalments over next 5 years. The present value of receivable has been determined as Rs 1,663,223,951 using discounted cash flows method. The receivable is secured by way of retention of title of land which will be transferred to the buyer over the payment term.

8.	LONG TERM INVESTMENTS	Note	2015	2014
			Rupees	
	Investments in associates	8.1	94,192,142	63,279,962
	Other investment	8.2	5,000,000	5,000,000
			<u>99,192,142</u>	<u>68,279,962</u>
<b>8.1</b>	<b>Investments in associates</b>			
	<b>Quoted company</b>			
	Sitara Peroxide Limited	8.1.1	72,515,576	42,620,096
	<b>Unquoted company</b>			
	Takaful Pakistan Limited	8.1.2	21,676,566	20,659,866
			<u>94,192,142</u>	<u>63,279,962</u>



# Notes to the Financial Statements

for the year ended June 30, 2015

		2015	2014
8.1.1 Sitara Peroxide Limited	Note	Rupees	
Cost		38,692,338	38,692,338
Share of post acquisition loss		(20,161,425)	(16,573,631)
Share of revaluation surplus		59,221,426	25,738,152
Accumulated impairment losses		(5,236,763)	(5,236,763)
		<u>72,515,576</u>	<u>42,620,096</u>
		2015	2014
Market value per share	Rupees	13.15	15.87
No. of shares held	Number	3,500,000	3,500,000
Ownership interest	Percent	6.35%	6.35%

Summarized financial information in respect of the Company's associate is set out below:

		At March 31, 2015	At March 31, 2014
		Rupees	
Non-current assets		2,379,947,727	1,722,452,232
Current assets		985,486,639	791,060,098
		<u>3,365,434,366</u>	<u>2,513,512,330</u>
Non-current liabilities		(1,217,993,630)	(1,134,386,177)
Current liabilities		(906,268,827)	(665,671,770)
		<u>(2,124,262,457)</u>	<u>(1,800,057,947)</u>
Net assets		<u>1,241,171,909</u>	<u>713,454,383</u>
Revenue		1,292,985,514	1,418,551,392
Profit / (loss) for the period		(56,500,696)	65,768,153
Company's share of associate's profit / (loss)		(3,587,794)	4,176,278

At the date of authorization for issue of these financial statements equity method has been applied on latest available un-audited financial statements for the nine months ended March 31, 2015 and for the quarter ended June 30, 2014. (2014: For the nine months ended March 31, 2014 and for the quarter ended June 30, 2013.)

		2015	2014
8.1.2 Takaful Pakistan Limited	Note	Rupees	
Cost		30,000,000	30,000,000
Share of post acquisition loss		(8,323,434)	(9,340,134)
		<u>21,676,566</u>	<u>20,659,866</u>

# Notes to the Financial Statements

for the year ended June 30, 2015

		2015	2014
No. of shares held	Number	3,000,000	3,000,000
Ownership interest	Percent	10%	10%

Summarized financial information in respect of the Company's associate is set out below:

	At March 31, 2015	At March 31, 2014
	Rupees	
Non-current assets	54,651,856	55,541,120
Current assets	547,147,022	454,966,404
	601,798,878	510,507,524
Non-current liabilities	(259,273,725)	(200,783,534)
Current liabilities	(188,330,161)	(150,772,139)
	(447,603,886)	(351,555,673)
Net assets	154,194,992	158,951,851
Revenue	186,480,542	268,008,166
Profit for the period	10,166,999	27,304,377
Company's share of associate's profit	1,016,700	2,730,438

Due to non availability of annual audited financial statements of associate at the date of authorization for issue of these financial statements, equity method has been applied on latest available un-audited financial statements for three months ended March 31, 2015, and for the nine months ended December 31, 2014. (2014: on latest available un-audited financial statements for three months ended March 31, 2014, for six months ended December 31, 2013 and for the three months ended June 30, 2013).

		2015	2014
8.2 Other Investment	Note	Rupees	

Available for sale (Unquoted - at cost)

Dawood Family Takaful Limited 500,000 (2014: 500,000) fully paid ordinary shares of Rs.10/- each

8.2.1	5,000,000	5,000,000
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- 8.2.1 At the year end, carrying value of investment is compared with break up value of shares for calculation of impairment loss. Amount of impairment loss is immaterial in the overall context of the financial statement.

# Notes to the Financial Statements

for the year ended June 30, 2015

	Note	2015 Rupees	2014
<b>9. LONG TERM LOANS AND ADVANCES</b>			
Advance for investment property - considered good	9.1	-	816,126,890
Deferred consideration on sale of investment property		1,663,223,951	-
Less: Current portion	14	(400,000,000)	-
	9.2	1,263,223,951	-
Loans and advances	9.3	1,835,378	1,749,282
		1,265,059,329	817,876,172

**9.1** The Company had entered into an agreement to purchase 887 Kanals of land situated at 199 RB Faisalabad, at fair market value from Sitara Developers (Private) Limited on June 5, 2011. These advances include Rs. 816,126,890 given to Sitara Developer (Private) Limited for purchase of this land. The ownership right of property against which advances were made has been transferred to the company during the year and is settled in full during the year.

**9.2** During the year company entered into an agreement to sell 1474 kanals of land situated at 199 RB to a cooperative housing society at Rs 2.015 Billion receivable in installments over next 5 years. The present value of receivable has been determined as Rs 1,663,223,951 using discounted cash flows method. The receivable is secured by way of retention of title of land which will be transferred gradually over the payment term. Current portion is Rs. 400 million (2014: Nil).

	Note	2015 Rupees	2014
<b>9.3 Loans and advances</b>			
<b>Considered good</b>			
<b>Secured</b>			
Executives - related parties	9.2.1	-	716,286
Staff	9.2.2	2,963,428	4,167,531
<b>Unsecured</b>			
Staff		141,275	117,400
		3,104,703	5,001,217
Less: current portion shown in current assets	14	1,269,325	3,251,935
	9.2.3	1,835,378	1,749,282

**9.2.1** These advances are given to executives as per terms of their employment for purchase of cars and are secured by way of registration of cars in the name of the Company.

**9.2.2** These are secured by way of registration of vehicles in the name of the company.

**9.2.3** The maximum aggregate amount due at the end of any month during the year was Rs. 3.747 million (2014 : Rs. 4.184 million).

# Notes to the Financial Statements

for the year ended June 30, 2015

		2015	2014
10. LONG TERM DEPOSITS	Note	Rupees	
Security deposits for:			
Electricity		38,775,110	38,775,110
Gas		71,599,777	71,599,777
Others		58,400	58,400
		<u>110,433,287</u>	<u>110,433,287</u>
11. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		344,803,163	364,440,696
Spare parts		34,138,700	35,078,978
Loose tools		1,436,656	1,645,710
		<u>380,378,519</u>	<u>401,165,384</u>
12. STOCK IN TRADE			
Raw and packing material		229,404,002	405,581,919
Work in process		8,101,608	10,253,979
Finished goods		459,787,706	450,406,526
Waste		20,166,784	15,468,272
		<u>717,460,100</u>	<u>881,710,696</u>
13. TRADE DEBTS			
Related parties - considered good			
Sitara Textile Industries Limited		24,502,812	35,951,223
Sitara Fabrics Limited		-	149,405
Sitara Peroxide Limited		3,555,407	5,532,286
Sitara Chemtex Limited		37,070,115	27,096,401
Sitara Spinning Mills Limited		30,365	15,378
Aziz Fatima Trust Hospital		155,868	79,636
	13.1	<u>65,314,567</u>	<u>68,824,329</u>
Others			
- Considered good			
Local - unsecured		1,121,763,666	1,193,670,867
Foreign - secured		-	62,436
- Considered doubtful			
Unsecured		<u>25,036,496</u>	<u>24,984,201</u>
		<u>1,146,800,162</u>	<u>1,218,717,504</u>
Provision for doubtful debts	13.5	<u>(25,036,496)</u>	<u>(24,984,201)</u>
		<u>1,121,763,666</u>	<u>1,193,733,303</u>
		<u>1,187,078,233</u>	<u>1,262,557,632</u>

# Notes to the Financial Statements

for the year ended June 30, 2015

13.1 These are recoverable in ordinary course of business.

13.1.1 Aging analysis of the amounts due from related parties is as follows

	Upto 2 months	2 to 6 months	More than 6 months	As at June 30, 2015	As at June 30, 2014
	Rupees				
Sitara Textile Industries Limited	6,526,838	17,134,697	841,277	24,502,812	35,951,223
Sitara Fabrics Limited	-	-	-	-	149,405
Sitara Peroxide Limited	473,346	1,400,069	1,681,992	3,555,407	5,532,286
Sitara Chemtex Limited	2,353,738	9,259,433	25,456,944	37,070,115	27,096,401
Sitara Spinning Mills Limited	15,061	15,304	-	30,365	15,378
Aziz Fatima Trust Hospital	155,868	-	-	155,868	79,636
	9,524,851	27,809,503	27,980,213	65,314,567	68,824,329

13.2 Trade receivables are non-interest bearing and relates to different products being sold on credit to customers. The credit period allowed on these products are generally on fifteen (15) days terms for dealers and twenty five (25) days terms for institutions.

13.3 The Company has provided fully for all receivables over three years because historical experience is such that receivables that are past due beyond three years are generally not recoverable. Trade debts between one year and three years are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

13.4 Before accepting any new customer, the Company makes its own survey to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year.

	Note	2015	2014
13.5 Movement in provision for doubtful debts		Rupees	
At beginning of the year		24,984,201	13,024,991
Charged during the year		52,295	11,959,210
Amount recovered during the year		-	-
At end of the year		25,036,496	24,984,201

13.5.1 In determining the recoverability of a trade debt, the Company considers any change in the credit quality of the trade debt from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further provision required in excess of the allowance for doubtful debts.

# Notes to the Financial Statements

for the year ended June 30, 2015

14. LOANS AND ADVANCES	Note	2015	2014
		Rupees	
Loans to employees - considered good		-	10,644
Current portion of long term loans and advances	9.3	1,269,325	3,251,935
Current portion of deferred consideration on sale of investment property	9.2	400,000,000	-
		401,269,325	3,262,579
Advance tax		238,755,873	57,276,180
Advances - considered good			
For expenses		10,468,165	13,618,780
Letters of credit fee, margin and expenses 14.1		636,731,563	85,781,962
Suppliers and contractors		371,774,865	253,319,468
		1,018,974,593	352,720,210
Advances - considered doubtful			
For expenses		49,203	49,203
Suppliers and contractors		10,100	10,100
Provision for doubtful advances		(59,303)	(59,303)
		-	-
		1,658,999,791	413,258,969
14.1 This includes advances against L/Cs for Coal Fired Power Plant amounting Rs. 420 million ( 2014: Nil)			
15. TRADE DEPOSITS AND PREPAYMENTS	Note	2015	2014
		Rupees	
Trade deposits		6,957,773	7,708,023
Prepayments		820,185	858,987
		7,777,958	8,567,010
16. OTHER RECEIVABLES	Note	2015	2014
		Rupees	
Unsecured - considered good			
Related parties	16.1	6,243,449	5,531,822
Insurance claim	16.2	3,886,887	-
Others		1,596,126	369,833
		11,726,462	5,901,655



# Notes to the Financial Statements

for the year ended June 30, 2015

	Note	2015	2014
		Rupees	
16.1	It represents the following balances due from related parties:		
Sitara Peroxide Limited		4,988,204	4,677,626
Sitara Chemtek (Private) Limited		300,000	300,000
Sitara Spinning Mills Limited		657,963	315,307
Sitara Fabrics Limited		94,387	94,387
Sitara Textile Industries Limited		199,994	141,601
Sitara Trade and Services (Private) Limited		2,901	2,901
		<u>6,243,449</u>	<u>5,531,822</u>

16.1.1 These represent common nature expenses, of joint facilities, borne on behalf of related parties.

16.2 The claims were lodged to recover some losses of power plant engine and damages of finished goods. These claims have been recovered fully subsequently.

## 17. OTHER FINANCIAL ASSETS

Available for sale financial assets	17.1	201,064,597	166,826,521
Term deposit certificates		-	25,000,000
		<u>201,064,597</u>	<u>191,826,521</u>

## 17.1 Available for sale financial assets

Fully paid ordinary shares of Rs. 10 each (unless otherwise stated)

2015	2014		2015	2014
No. of shares / units			Rupees	
519,506	519,506	Meezan Bank Limited	21,299,746	22,463,439
933,661	933,661	Sitara Energy Limited	34,545,457	31,511,059
		D.G Khan Cement		
72,000	197,000	Company Limited	10,279,440	17,328,120
352,505	352,505	Descon Oxychem Limited	1,663,824	2,107,980
		Engro Polymer & Chemical		
446,250	446,250	Limited	4,368,788	6,037,763
-	65,625	Fauji Fertilizer Company Limited	-	7,366,406
-	100,000	Hub Power Company Limited	-	5,874,000
50,000	50,000	Ittehad Chemicals Limited	2,339,500	1,615,000
1,736,844	-	Meezan Cash Fund	87,015,870	-
		(Units having face value of Rs. 50 each)		
-	9,500	National Refinery Limited	-	2,046,015
		(Face value Rs. 5 each)		
-	150,000	Pace (Pakistan) Limited	-	598,500
55,000	68,000	Pakistan Oilfield Limited	22,210,100	39,052,400
14,020	34,020	Pakistan Petroleum Limited	2,302,925	7,632,047
-	23,760	Pakistan State Oil Company Limited	-	9,239,076
-	50,000	Pakistan Telecommunication Limited	-	1,273,500
-	10,000	Pakistan Tobacco Company Limited	-	12,650,000
278,501	-	Meezan Sovereign Fund	15,016,754	-
		Meezan Cash Fund		
443	1,079	(Units having face value of Rs. 50 each)	22,193	31,216
			<u>201,064,597</u>	<u>166,826,521</u>

# Notes to the Financial Statements

for the year ended June 30, 2015

	Note	2015 Rupees	2014
<b>18. CASH AND BANK BALANCES</b>			
Cash in hand		23,088,130	31,453,240
Cash at banks			
In current accounts	18.1	68,954,102	297,572,203
In saving accounts		164,935,178	107,742,025
		233,889,280	405,314,228
		256,977,410	436,767,468

**18.1** Effective mark-up rate in respect of deposit accounts range from 4.93% to 8.79% (2014 : 4.93% to 9.02%) per annum.

## 19. SHARE CAPITAL

2015 No. of shares	2014		2015 Rupees	2014
		<b>Authorized</b>		
		Ordinary shares of Rs. 10 each		
40,000,000	40,000,000	Class "A"	400,000,000	400,000,000
20,000,000	20,000,000	Class "B"	200,000,000	200,000,000
		<b>Issued, subscribed and paid up</b>		
		Class "A" ordinary shares of Rs.10/- each		
8,640,000	8,640,000	- fully paid in cash	86,400,000	86,400,000
10,804,398	10,804,398	- issued as fully paid bonus shares	108,043,980	108,043,980
		- issued as fully paid under scheme		
1,985,009	1,985,009	of arrangement for amalgamation	19,850,090	19,850,090
21,429,407	21,429,407		214,294,070	214,294,070

**19.1** Class "B" ordinary shares do not carry any voting rights.

**19.2** No shares are held by any associated Company or related party.

**19.3** The Company has no reserved shares under options and sales contracts.

	Note	2015 Rupees	2014
<b>20. RESERVES</b>			
<b>Capital</b>			
Share premium	20.1	97,490,410	97,490,410
<b>Revenue</b>			
General reserve	20.2	1,225,000,000	1,225,000,000
<b>Other</b>			
Reserve on re-measurement of available for sale investments	20.3	47,024,314	91,692,060
Reserve on re-measurement of post retirement benefits net of tax		(5,933,072)	(4,079,914)
		1,363,581,652	1,410,102,556

# Notes to the Financial Statements

for the year ended June 30, 2015

- 20.1** This represents premium realized on issue of right shares amounting to Rs. 34,551,000 during 1991-92, 1993-94 and 1994-95 at the rates of 10%, 10% and 12.50% respectively and amounting to Rs. 62,939,400 on issue of 1,985,009 fully paid ordinary shares to the shareholders of Sitara Spinning Mills Ltd under scheme of amalgamation of Sitara Chemical Industries Limited and Sitara Spinning Mills Limited, sanctioned by Honorable Sindh High Court in 1999.
- 20.2** The general reserve is used from time to time to transfer profits from retained profits. There is no policy of regular transfer.
- 20.3** This reserve represents the unrealized surplus on remeasurement of available for sale investments as at June 30, 2015.

	Note	2015 Rupees	2014
<b>21. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
At beginning of the year		1,321,671,456	1,401,704,829
Addition during the year - net of tax		-	-
Surplus realized on disposal of assets		-	(167,116)
Transfer to un-appropriated profit in respect of incremental depreciation charged during the year – (net of tax)	21.1	(75,197,152)	(79,866,257)
At end of the year		1,246,474,304	1,321,671,456
Share from associate		59,221,426	25,738,152
		<u>1,305,695,730</u>	<u>1,347,409,608</u>
<b>21.1 Incremental depreciation charged during the year transferred to un-appropriated profit</b>		110,584,048	122,871,165
Less: tax liability relating to incremental depreciation		35,386,896	43,004,908
		<u>75,197,152</u>	<u>79,866,257</u>

# Notes to the Financial Statements

## for the year ended June 30, 2015

					Note	2015	2014
						Rupees	
22.	LONG TERM FINANCING						
From banking companies and other financial institutions - secured							
Diminishing Musharka (from financial institutions - secured) Term finances					22.1	858,000,824	566,070,926
					22.2	-	-
					858,000,824	566,070,926	
22.1	Diminishing Musharka (from financial institutions - secured)						
						2015	2014
Description	Note	Profit	Security	Repayment		Rupees	
Faysal Bank Limited	22.1.1	Three months KIBOR plus 2% per annum payable on quarterly basis. (2014: Three months KIBOR plus 2%)	First pari - passu hypothecation charge of Rs. 700 million over Membrane - III of the Company	Repayable in 20 quarterly installments commencing from September 29, 2010 and ending on June 29, 2015. This facility has been repaid in full during the year.	-	61,600,000	
Faysal Bank Limited	22.1.1	Three months KIBOR plus 2% per annum payable on quarterly basis. (2014: Three months KIBOR plus 2 %)	First pari - passu hypothecation charge of Rs. 700 million over Membrane - III of the Company	Repayable in 20 equal quarterly installments commencing from July 31, 2011 and ending on April 12, 2016.	50,000,000	100,000,000	
Syndicated Facility	22.1.1	Three months KIBOR plus 1.93 % per annum payable on quarterly basis. (2014: Three month KIBOR plus 1.93%)	1st Exclusive charge on plant & accessories of M-1 (135 M.T),CSP-IV 100 (M.T), Bleaching plant 1 & 2 and Am m o n i u m C h l o r i d e plant 1 and 2 amounting to Rs.1,200 million.	"This syndicated Diminishing Musharka facility was sanctioned for amount Rs. 900 million arranged by Standard Chartered Bank (Pakistan) Limited. Other participants are MCB Bank Limited, Habib Bank Limited, Habib Metropolitan Bank Limited and Soneri Bank Limited, however withdrawn amount is aggregated to Rs. 825 million. Facility is repayable in 16 quarterly installments commenced from July 14, 2011 and ending on April 14, 2015. This facility has been repaid in full during the year."		206,250,373	
Soneri Bank Limited.	22.1.1	Three months KIBOR plus 1.4 % per annum payable on quarterly basis. (2014: Three months KIBOR plus 1.4 % per anum)	First pari-passu charge amounting to Rs. 280. million over Membrane -Unit III plant of the Company.	This Diminishing Musharka facility was sanctioned for amount Rs. 196.875 million . Facility is repayable in 9 quarterly installments commencing from March 31, 2014 and ending on March 31, 2016.	87,499,500	174,999,500	

# Notes to the Financial Statements

## for the year ended June 30, 2015

					2015	2014
Description	Note	Profit	Security	Repayment	Rupees	
Dubai Islamic Bank Limited	22.1.1	Three months KIBOR plus 1.25 % per annum payable on quarterly basis.	1st Exclusive charge of Rs.667 million over Plant and Machinery of Company's BMR-II Caustic Soda plant.	This Shirkat ul melk (Musharka) facility was sanctioned for an amount of Rs.500 million, Facility is repayable in 14 quarterly installments commencing from March 26, 2015 and ending on June 26, 2018.	428,571,428	500,000,000
MCB Syndicated Diminishing Musharkah Facility		Three months KIBOR plus 1.15 % per annum payable on quarterly basis.	a) Exclusive hypothecation charge over all the Present and Future Fixed Assets (Excluding Land and Building) of the Customer in respect of the CFPP project of the Customer Located on land measuring 444 Kanals and 06 Marlas situated at Chak No. 97 R.B, Tehsil Jaranwala, District Faisalabad. b) Specific/ exclusive mortgage charge over Project Land and Building.	This syndicated Diminishing Musharka finance facility was sanctioned for amount Rs. 2,000 million arranged by MCB Bank & Meezan Bank Limited. Other participants are UBL, Faysal Bank Limited, Albaraka Bank Ltd and The Bank of Khyber. However, withdrawn amount is Rs. 572.287 million upto June 30, 2015. Facility is repayable in 14 quarterly installments commenced from October 10, 2014 and ending on Oct 10, 2019.	572,287,040	-
Less: Current portion					1,138,357,968 280,357,144 858,000,824	1,042,849,873 476,778,947 566,070,926

22.1.1 Effective rate of profit for the year is ranging from 8.25% to 12.17% (2014 : 11.08% to 12.16%) per annum.

### 22.2 Term finances

Description	Note	Profit	Security	Repayment	2015	2014
					Rupees	
The Bank of Punjab	22.2.1	Three months KIBOR plus 1.5 % per annum payable on quarterly basis. (2014: Three months KIBOR plus 1.5 % per annum)	Specific and exclusive charge amounting to Rs. 120 million over CSP-III.	Repayable in 20 equal quarterly installments commencing from June 30, 2010 and ending on March 31, 2015. This facility has been repaid in full during the year.	-	13,500,000
Syndicated Facility	22.2.1	Three months KIBOR plus 1.50 % per annum payable on quarterly basis. (2014: Three months KIBOR plus 1.50 % per annum)	1st Exclusive charge on power plant -1 in favor of the investment agent (i.e Standard Chartered Bank Pakistan Ltd) for the benefit of the participants amounting to Rs.533.333(M)	This syndicated Term Finance facility amounting to Rs. 400 million arranged by Standard Chartered Bank (Pakistan) Limited. Other participants are Burj Bank Limited + Standard Chartered Modarabah. Facility is repayable in 8 equal quarterly installments commencing from September 01, 2013 and ending on June 01, 2015. This facility has been repaid in full during the year.	-	200,000,000
Less: Current portion					- - -	213,500,000 213,500,000 -

# Notes to the Financial Statements

for the year ended June 30, 2015

22.2.1 Effective rate of profit for the year is from 9.94% to 11.71% (2014 : from 11.13% to 11.30%) per annum.

22.3 The exposure of the Company's borrowings to interest rate changes and the contractual reprising dates at the balance sheet dates are as follows:

	2015	2014
	Rupees	
<b>Maturity</b>		
6 months or less	140,178,572	307,275,187
6 - 12 months	140,178,572	383,003,760
1 - 5 years	858,000,824	566,070,926
	<u>1,138,357,968</u>	<u>1,256,349,873</u>

22.4 The carrying amount under long term financing is same as fair value.

		2015	2014
	Note	Rupees	
<b>23. LONG TERM DEPOSITS</b>			
From customers		8,750,553	5,215,859
Others	23.1	1,170,000	1,170,000
		<u>9,920,553</u>	<u>6,385,859</u>

23.1 This represents interest free security deposit received from Habib Bank Limited for renting floor in sitara tower and is repayable on cancellation or withdrawal of contract.



# Notes to the Financial Statements

for the year ended June 30, 2015

	Note	2015 Rupees	2014
<b>24. DEFERRED LIABILITIES</b>			
Deferred taxation	24.1	1,060,304,214	1,187,179,665
Staff retirement benefits - gratuity	24.2	24,160,067	16,641,322
		<u>1,084,464,281</u>	<u>1,203,820,987</u>
<b>24.1 Deferred taxation</b>			
<b>This comprises the following:</b>			
Deferred tax liability on taxable temporary differences arising in respect of:			
Tax depreciation allowance		898,648,834	988,315,445
Surplus on revaluation of property, plant and equipment		177,346,949	212,733,845
		<u>1,075,995,783</u>	<u>1,201,049,290</u>
Deferred tax asset on deductible temporary difference arising in respect of:			
Provision for employee benefits		(7,714,213)	(5,544,889)
Provision for doubtful debts		(7,977,356)	(8,324,736)
		<u>(15,691,569)</u>	<u>(13,869,625)</u>
		<u>1,060,304,214</u>	<u>1,187,179,665</u>
<b>24.2 Staff retirement benefits - gratuity</b>			
Movement in liability			
At beginning of year		16,641,322	13,985,166
Charge for the year		10,252,108	4,244,779
Remeasurement loss recognized in other comprehensive income		2,725,232	1,537,167
Benefits paid during the year		(5,458,595)	(3,125,790)
At end of year		<u>24,160,067</u>	<u>16,641,322</u>
<b>Balance sheet reconciliation as at June 30, 2015</b>			
Present value of unfunded obligation		24,160,067	16,641,322
Net liability recognized in the balance sheet		<u>24,160,067</u>	<u>16,641,322</u>
<b>Charge to profit and loss account:</b>			
Current service cost		8,373,978	2,816,218
Interest cost		1,878,130	1,428,561
		<u>10,252,108</u>	<u>4,244,779</u>

## Risk associated with defined benefit plans

### Investment risks

The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

# Notes to the Financial Statements

for the year ended June 30, 2015

## Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

The sensitivity of defined obligation benefit to changes in weighted principal assumptions is:

Impact on defined benefit obligation			
Change in assumption	Increase in assumption	Decrease in assumption	
	2015	2014	
	Rupees		
Discount rate	1%	(2,038,293)	(1,708,048)
Salary growth	1%	2,357,906	1,996,276
Principal actuarial assumptions			
Discount rate (per annum)		9.8%	13.5%
Expected rate of increase in salaries (per annum)		8%	11.5%
Expected average remaining working lives of employees (years)		3	3
	2015	2014	
	Rupees		
<b>25. TRADE AND OTHER PAYABLES</b>			
Creditors		756,035,469	338,912,338
Accrued liabilities		573,477,692	482,620,022
Advances from customers		44,559,381	54,947,932
Murabaha payable	25.1	624,997,416	698,586,681
Payable to provident fund - related party	25.2	1,575,430	1,341,340
Unclaimed dividend		13,717,113	7,857,723
Retentions / security deposits		51,829,867	46,848,451
Withholding tax		2,227,957	1,928,129
Workers' profit participation fund	25.3	1,878,672	1,477,855
Workers' welfare fund		51,161,183	56,060,128
Others		124,362	66,988
		<b>2,121,584,542</b>	<b>1,690,647,587</b>

**25.1** The aggregate unavailed facilities available to the company from banking companies amounted to Rs. 1,114 million (2014: 1,474 million). These are subject to profit margin ranging from 7.68% to 11.68% (2014: 10.48% to 11.27%) per annum and are secured against joint pari-passu charge over present and future current assets of the chemical division and pledge of stocks and charge over present and future current assets of the textile division.

**25.2** This represents contribution of the Company and employees in respect of contribution from last month's salary. Subsequent to year end same was deposited in the provident fund's separate bank account.

# Notes to the Financial Statements

for the year ended June 30, 2015

		2015	2014
25.3	Workers' profit participation fund	Note	Rupees
	Workers' profit participation fund	25.4	1,460,502
	Unclaimed Workers' profit participation fund		418,170
			1,878,672
25.4	Movement		
	At beginning of year		1,052,635
	Less: Amount paid to workers on behalf of the fund		(8,640,309)
			59,474,736
			(58,422,101)
	Allocation for the year	34	59,882,603
	At end of year		63,409,579
			1,460,502
			1,052,635
26.	PROFIT / FINANCIAL CHARGES PAYABLE		
	Long term financing		16,848,300
	Murabaha financing / short term borrowings		21,725,536
			38,377,314
			55,225,614
			60,465,805
27.	SHORT TERM BORROWINGS		
	Secured		
	From banking companies	25.1	1,835,710,936
	Bank Overdraft		775,535
			1,836,486,471
			1,680,162,756
			2,481,567
			1,682,644,323

## 28. CONTINGENCIES AND COMMITMENTS

### 28.1 Contingencies

In 1996, a demand of Rs. 2,297,292 was raised by Sales Tax authorities on account of input tax claimed on imported plant and machinery items which was alleged by taxation authorities as inadmissible. The Company had filed appeal before Appellate Tribunal, however, deposited the demanded amount under protest. The case has been remanded back to the Additional Collector Sales Tax Faisalabad. Pending the outcome of case, since the Company is expecting favorable result of the matter, no provision has been made in these financial statements. In another matter, Sales Tax authorities have raised additional demand amounting to Rs. 1,100,844 by considering the amount of freight as part of value of supply. The Company lost the case upto Appellate Tribunal and has deposited the demanded amount under protest. An appeal has been filed by the Company in Honorable Lahore High Court against the decision of Appellate Tribunal. The Company's management is expecting favorable outcome of the case and no provision has been made in these financial statements. In 1996, a supplier had filed an appeal before Honorable Senior Civil Judge (Rajun Pur) against the Company for recovery of disputed amount of Rs. 889,867 in respect of supply of cotton. Pending the outcome of the case, the management is confident that the outcome of the case would be in the favor of the Company and no provision in this regard has been recognized in the financial statements.

# Notes to the Financial Statements

for the year ended June 30, 2015

	Note	2015	2014
		Rupees	
28.1.2	Guarantees issued by banks on behalf of the Company	180,908,165	179,509,365
28.2	Commitments		
	Outstanding letters of credit for raw material and spares	603,071,207	36,465,584
29.	SALES - NET		
	Chemical	8,799,091,419	8,249,038,961
	Textile	1,600,858,490	2,026,041,165
		10,399,949,909	10,275,080,126
	Less:		
	Commission and discount	431,895,959	298,857,761
	Sales tax	1,245,174,136	1,168,740,248
	Sales - net	8,722,879,814	8,807,482,117
30.	COST OF SALES		
	Raw material consumed	1,827,288,040	2,034,133,644
	Fuel and power	4,049,773,197	3,242,839,816
	Salaries, wages and benefits	300,541,064	265,572,219
	Stores and spares	400,615,765	283,001,429
	Repair and maintenance	44,256,132	47,344,556
	Vehicle running and maintenance	2,152,230	1,761,274
	Traveling and conveyance	25,095,007	26,717,274
	Insurance	17,328,749	17,462,433
	Depreciation	490,438,744	524,397,446
	Amortization	1,795,500	1,995,000
	Others	3,841,793	4,075,196
		7,163,126,221	6,449,300,287
	Work in process		
	Opening stock	10,253,979	48,731,237
	Closing stock	(8,101,608)	(10,253,979)
		2,152,371	38,477,258
	Cost of goods manufactured	7,165,278,592	6,487,777,545
	Finished stocks		
	Opening stock - including waste	465,874,798	448,708,708
	Finished goods purchased	-	197,759,519
	Closing stock - Including waste	(479,954,490)	(465,874,798)
		(14,079,692)	180,593,429
		7,151,198,900	6,668,370,974

# Notes to the Financial Statements

for the year ended June 30, 2015

	Note	2015	2014
		Rupees	
<b>30.1 Raw material consumed</b>			
Opening stock		405,581,919	513,369,180
Purchases		1,651,110,123	1,926,346,383
		2,056,692,042	2,439,715,563
Closing stock		(229,404,002)	(405,581,919)
		<u>1,827,288,040</u>	<u>2,034,133,644</u>
<b>30.2</b>	Salaries, wages and benefits include Rs. 8,266,219 (2014: Rs. 3,285,432) in respect of employee retirement benefits.		
<b>31. OTHER INCOME</b>		2015	2014
		Rupees	
<b>Income from financial assets</b>			
Profit on term deposits certificate		3,747,751	716,163
Profit on bank deposits		13,235,881	16,719,814
Dividend income		9,726,214	8,123,130
Exchange gain		-	2,310,169
Gain on sale of available for sale investments		42,818,478	-
		<u>69,528,324</u>	<u>27,869,276</u>
<b>Income from other than financial assets</b>			
Gain on disposal of property, plant and equipment		6,917,546	-
Gain on disposal of investment Property		527,223,473	-
Sale of scrap and waste		3,850,918	15,623,352
Rent income		24,306,799	11,732,351
Others		934,436	202,337
		<u>563,233,172</u>	<u>27,558,040</u>
		<u>632,761,496</u>	<u>55,427,316</u>
<b>32. DISTRIBUTION COST</b>			
Staff salaries and benefits		17,089,402	14,911,477
Freight, octroi and insurance		189,204,143	145,424,839
Advertisement		17,595,112	17,398,967
Vehicles running and maintenance		1,396,229	17,009,179
Traveling and conveyance		2,563,463	2,427,331
Postage and telephone		867,458	991,648
Printing and stationery		157,571	212,194
Others		1,864,546	1,299,015
		<u>230,737,924</u>	<u>199,674,650</u>

# Notes to the Financial Statements

for the year ended June 30, 2015

33. ADMINISTRATIVE EXPENSES	Note	2015 Rupees	2014
Directors' remuneration		28,249,709	27,235,276
Staff salaries and benefits	33.1	186,992,725	152,778,024
Postage, telephone and telex		4,055,988	3,618,317
Vehicles running and maintenance		15,580,068	2,510,773
Printing and stationery		3,038,304	1,818,137
Electricity		27,707,793	5,123,563
Rent, rates and taxes		5,629,200	5,355,560
Traveling and conveyance		16,012,384	13,221,119
Advertisement		9,960,047	9,582,329
Books and periodicals		158,839	588,779
Fees and subscription		18,027,233	16,744,124
Legal and professional		3,170,240	5,838,468
Repairs and maintenance		22,463,332	7,601,841
Auditors' remuneration	33.2	2,620,000	2,620,000
Entertainment		7,879,415	7,152,003
Donations	33.3	51,745,741	39,227,767
Insurance		2,494,964	6,146,643
Depreciation	5.2	29,929,070	29,643,410
Depreciation on investment property	7.2	6,114,502	3,330,909
Provision for bad debts and doubtful advances		157,237	10,660,123
Others		823,315	2,316,910
		<u>442,810,106</u>	<u>353,114,075</u>
33.1 Salaries, wages and benefits include Rs.1,963,688 (2014: Rs.1,422,560) in respect of employee retirement benefits.			
33.2 Auditors' remuneration			
Annual statutory audit		1,500,000	1,500,000
Half yearly and COCG compliance reviews		500,000	500,000
Out of pocket		120,000	120,000
Tax advisory services		500,000	500,000
		<u>2,620,000</u>	<u>2,620,000</u>
33.3 It includes Rs. 19.92 million (2014: Rs. 21.16 million) donated to Aziz Fatima Trust (AFT), Faisalabad which is primarily running a charitable hospital for needy and poor people. Mr. Muhammad Adrees and Imran Ghafoor, the directors of the Company are also the Trustees of the AFT.			
34. OTHER OPERATING EXPENSES	Note	2015 Rupees	2014
Worker's profit participation fund	25.4	59,882,603	63,409,579
Worker's welfare fund		22,755,389	29,938,981
Loss on disposal of property, plant and equipment		-	4,538,215
Others		-	4,884
		<u>82,637,992</u>	<u>97,891,659</u>

# Notes to the Financial Statements

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
<b>35. FINANCE COST</b>			
Long term financing		102,281,614	123,150,472
Murabaha payable / short term borrowings		228,928,647	278,730,129
Bank charges and commission		2,032,066	3,070,970
		<u>333,242,327</u>	<u>404,951,571</u>
<b>36. PROVISION FOR TAXATION</b>			
Current	36.2	247,210,052	428,188,251
Prior years		4,804,978	(39,823,792)
Deferred		(126,003,377)	(103,725,373)
		<u>126,011,653</u>	<u>284,639,086</u>
		<b>2015 %</b>	<b>2014 %</b>
<b>36.1 Numerical reconciliation between the applicable and effective tax rate</b>			
Applicable tax rate		33.00	34.00
Prior year adjustments		0.43	(3.48)
Lower rate applicable to certain income		(0.03)	(5.29)
Effect of tax credits		3.46	5.59
Super tax rate		3.00	-
Effect of change in statutory rate change		(11.28)	3.32
Income taxed at different rates		(17.11)	(9.30)
Effective tax rate		<u>11.47</u>	<u>24.84</u>

**36.2** For the current financial year, 3% super tax has also been levied as per the Finance Act, 2015.

## **37. EARNINGS PER SHARE - BASIC AND DILUTED**

There is no dilutive effect on basic earnings per share of the Company, basic is computed as follows:

		2015	2014
Profit for the year	Rupees	986,431,314	861,174,134
Weighted average number of ordinary shares outstanding during the year	Number	21,429,407	21,429,407
Earnings per share	Rupees	46.03	40.19



# Notes to the Financial Statements

for the year ended June 30, 2015

## 38. FINANCIAL RISK MANAGEMENT

The Company has exposure 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 ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### 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, sundry receivables and other financial assets.

The Company does not hold collateral as security.

# Notes to the Financial Statements

for the year ended June 30, 2015

The Company's credit risk exposures are categorized under the following headings:

## 38.1.1 Counterparties

The Company conducts transactions with the following major types of counterparties:

### Trade debts

Trade debts are essentially due from local customers against sale of yarn, caustic soda, hydrochloric acid, agri chemicals and other allied products and from foreign customers against supply of ammonium chloride and allied products and the Company does not expect these counterparties to fail to meet their obligations. The majority of 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 any shipments to foreign customers are generally covered by letters of credit or other form of credit insurance.

### Bank and investments

The Company limits its exposure to credit risk by only investing in highly liquid securities and 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.

## 38.1.2 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:

	2015	2014
	Rupees	
Trade debts	1,187,078,233	1,262,557,632
Loans and advances	2,045,466,981	266,948,892
Other receivables	11,726,462	5,901,655
Bank balances	233,889,280	405,314,228
	<u>3,478,160,956</u>	<u>1,940,722,407</u>

Geographically there is no concentration of credit risk.

# Notes to the Financial Statements

for the year ended June 30, 2015

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer is:

	2015	2014
	Rupees	
Chemical - local	817,367,721	871,594,912
Textile - local	369,710,512	390,962,720
	<u>1,187,078,233</u>	<u>1,262,557,632</u>

There is no single significant customer in the trade debts of the Company.

The maximum exposure to credit risk for trade debts at the reporting date by type of product is:

Chemicals	817,367,721	871,594,912
Textile	369,710,512	390,962,720
	<u>1,187,078,233</u>	<u>1,262,557,632</u>

### 38.1.3 Impairment losses

The aging of trade receivables at the reporting date is:

	Gross 2015	Impairment 2015	Gross 2014	Impairment 2014
	Rupees			
Not past due	-	-	-	-
Past due 0-30 days	763,871,155	-	655,061,546	-
Past due 30-60 days	212,818,408	-	223,308,409	-
Past due 60-90 days	16,343,137	-	69,683,298	-
Over 90 days	219,082,029	25,036,496	339,488,580	24,984,201
	<u>1,212,114,729</u>	<u>25,036,496</u>	<u>1,287,541,833</u>	<u>24,984,201</u>

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	2015	2014
	Rupees	
Balance at 1 July	24,984,201	13,024,991
Charge for the period	52,295	11,959,210
Impairment loss reversed	-	-
<b>Balance at 30 June</b>	<u>25,036,496</u>	<u>24,984,201</u>

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.

# Notes to the Financial Statements

for the year ended June 30, 2015

The movement in the allowance for impairment in respect of loans and advances during the year is as follows:

	Note	2015 Rupees	2014
At beginning of year		59,303	59,303
Impairment loss (recovered) / recognized		(59,303)	-
At end of year	14.	-	59,303

The allowance accounts in respect of trade receivables and loans and advances are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

## 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 customer.

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. Included in note 24.3 to these financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

### 38.2.1 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 markup rate please see relevant notes to these financial statements.

Carrying amount and contractual cash flows of trade and other financial liabilities are approximately same.

# Notes to the Financial Statements

for the year ended June 30, 2015

	Carrying amount	
	2015	2014
	Rupees	
<b>Trade and other payables</b>		
Maturity up to one year	1,441,319,314	932,594,794
<b>Short term borrowings</b>		
Maturity up to one year	1,211,489,055	2,381,231,004
<b>Long term financing</b>		
Maturity up to one year	280,357,144	690,278,947
Maturity after one year and up to five years	858,000,824	566,070,926
Maturity after five years	-	-
	<u>3,791,166,337</u>	<u>4,570,175,671</u>

## 38.3 Market risk

Market risk is the risk that changes in 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.

### 38.3.1 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 comprise;

- 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 is 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.

# Notes to the Financial Statements

for the year ended June 30, 2015

## Exposure to foreign currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	2015 US dollar	2014 US dollar
Trade debts	-	634

Commitments outstanding at year end amounted to Rs. 603.071 million (2014: Rs. 36.466 million) relating to letter of credits for import of plant and machinery, stores spare parts and raw material.

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
US\$ 1	102.15	101.64	101.70	98.55

## Sensitivity analysis

A 5 percent weakening of the Pak Rupee against the USD at June 30, 2015 would have decreased profit or 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, 2014.

	2015 Rupees	2014
(Increase) / Decrease in profit and loss account	-	3,124

A 5 percent strengthening of the Pak Rupee against the US \$ at June 30, 2015 would have had the equal but opposite effect on US \$ to the amounts shown above, on the basis that all other variables remain constant.

## 38.3.2 Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The effects of changes in fair value of such investments made by Company, on the future profits are not considered to be material in the overall context of these financial statements.

# Notes to the Financial Statements

for the year ended June 30, 2015

## 38.3.3 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.

### Profile

At the reporting date, the Company does not have any fixed rate interest bearing financial instruments.

	2015 %	2014 %	2015 Rupees	2014
<b>Floating rate instruments</b>				
<b>Financial assets</b>				
Bank balances	4.93% to 8.79%	4.93% to 9.02%	164,935,178	107,742,025
Term deposits	4.81% to 6.50%	4.93% to 8.77%	-	25,000,000
<b>Financial liabilities</b>				
Long term financing	8.25% to 12.17%	11.08% to 12.16%	858,000,824	566,070,926
			<u>(693,065,646)</u>	<u>(433,328,901)</u>

### Fair value sensitivity analysis for floating rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in floating interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings). There is only an immaterial impact on the Company's equity.

	Increase / (decrease) in basis points %	Effect on profit before tax Rupees
<b>2015</b>		
Short term borrowings	-1.00%	(22,444,832)
Long term financing		(10,228,161)
		<u>(32,672,993)</u>
<b>2014</b>		
Short term borrowings	-1.00%	(23,634,914)
Long term financing		(13,591,606)
		<u>(37,226,520)</u>



# Notes to the Financial Statements

for the year ended June 30, 2015

## 38.4 Equity Price Risk Management

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the balance sheet date, the exposure to unlisted equity securities at fair value was Rs 5,000,000.

At the balance sheet date, the exposure to listed equity securities at fair value was Rs. 201,064,597 (2014: Rs. 166,826,521). An increase of 25% on the KSE market index would have an impact of approximately Rs. 50,266,149 on the income or equity attributable to the Company, depending on whether or not the increase is significant and prolonged. A decrease of 25% in the value of the listed securities would impact equity in a similar amount but will not have an effect on income unless there is an impairment charge associated with it.

### 38.4.1 Fair value hierarchy

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

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)

	Level 1	Level 2 Rupees	Level 3	Total
<b>Financial assets at FVTPL</b>				
Derivative financial assets	-	-	-	-
Non-derivative financial assets held for trading	-	-	-	-
<b>Available-for-sale financial assets</b>				
Quoted equity securities	201,064,597	-	-	201,064,597
Unquoted equity securities	-	-	5,000,000	5,000,000
Debt investments	-	-	-	-
<b>Total</b>	<b>201,064,597</b>	<b>-</b>	<b>5,000,000</b>	<b>206,064,597</b>
<b>Financial liabilities at FVTPL</b>				
Derivative financial liabilities	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There were no transfers between Level 1 and 2 in the year.

# Notes to the Financial Statements

for the year ended June 30, 2015

## 38.5 Determination of fair values

### Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction other than in a forced or liquidation sale.

Available for sale investments as disclosed in other financial assets, are presented at fair value by using quoted prices at Karachi Stock Exchange as at June 30, 2015. The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

## 38.6 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. 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 capital reserves or/and issue new shares.

	2015	2014
	Rupees	
Total Borrowings	2,974,844,439	2,938,994,196
Less: Cash and bank balances	256,977,410	436,767,468
Net debt	2,717,867,029	2,502,226,728
Total equity including revaluation on land, building and plant and machinery	8,197,884,126	7,449,499,216
Total capital	10,915,751,155	9,951,725,944
Gearing ratio	24.90%	25.14%

# Notes to the Financial Statements

for the year ended June 30, 2015

## 39. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2015			2014		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	Rupees					
Remuneration	10,000,008	2,800,008	56,271,765	10,000,008	2,800,008	38,954,944
Perquisites						
House rent	3,999,996	1,119,996	15,142,670	3,999,996	1,119,996	10,585,827
Utilities	999,996	279,996	5,299,643	999,996	279,996	3,703,909
Medical allowance	-	-	5,324,511	-	-	3,704,219
Special allowance	-	-	514,833	-	-	350,110
Income tax	5,148,432	931,897	-	3,630,037	931,897	-
Reimbursement of expenses	1,139,098	1,830,282	-	-	-	-
	<u>21,287,530</u>	<u>6,962,179</u>	<u>82,553,422</u>	<u>18,630,037</u>	<u>5,131,897</u>	<u>57,299,009</u>
Number of persons	1	1	58	1	1	38

39.1 The Chief Executive, certain Directors and Executives are provided with free use of Company's cars and telephone etc. having value amounting to Rs 4.18 million (2014: Rs. 7.26 million).

39.2 Directors have waived their meeting fee.

## 40. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise holding company, subsidiary and associated undertakings, other related group companies, directors of the company, 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 to related parties are shown under receivables and payables and remuneration of directors and key management personnel is disclosed in note 39.

# Notes to the Financial Statements

for the year ended June 30, 2015

Other significant transactions with related parties are as follows:

		2015	2014
		Rupees	
Relationship with the Company	Nature of transactions		
Associated undertakings	Sales	70,798,971	165,075,061
	Purchases	85,784	69,681,831
	Organizational expenses recovered	893,379	2,047,879
	Organizational expenses paid	1,395,083	1,771,011
	Donation	23,073,252	21,164,785
Key management personnel	Remuneration to Executives	110,803,131	88,418,694

All transactions with related parties have been carried out on commercial terms and conditions.

## 41. PLANT CAPACITY AND PRODUCTION

Chemical Division	Designed capacity		Actual production		Reason of variation
	2015	2014	2015	2014	
	Tons				
Caustic soda	201,300	201,300	113,196	97,600	Due to energy and gas crisis
Sodium hypochlorite	66,000	66,000	33,606	35,388	Demand based production
Liquid chlorine	9,900	9,900	7,121	6,549	Demand based production
Ammonium chloride	6,600	6,600	-	-	Demand based production
Bleaching powder	7,500	7,500	4,191	4,440	Demand based production
Hydrochloric acid	212,200	212,200	109,561	97,904	Due to energy and gas crisis

Textile Division	2015	2014
Ring Spinning		
Number of spindles installed	26,304	22,080
Number of spindles worked	26,304	22,080
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count (Kgs)	9,151,720	10,110,166
Actual production of yarn after conversion into 20/s count (Kgs)	8,862,784	9,289,072

# Notes to the Financial Statements

for the year ended June 30, 2015

42	.WORKING CAPITAL CHANGES	Note	2015 Rupees	2014
	(Increase) / decrease in current assets			
	Stores, spare parts and loose tools		20,786,865	(64,805,107)
	Stock in trade		164,250,596	129,098,429
	Trade debts		75,427,104	(337,587,357)
	Advance Sales Tax		(24,617,271)	-
	Loans and advances		(664,261,129)	(100,067,709)
	Trade deposits and short-term prepayments		789,052	1,045,715
	Other receivables		(5,824,807)	10,697,364
			(433,449,590)	(361,618,665)
	Increase / (decrease) in current liabilities			
	Trade and other payables		424,777,737	(139,141,883)
	Sales tax payable		(36,596,986)	4,172,614
			(45,268,839)	(496,587,934)

## 43. OPERATING RESULTS

	Chemical		Textile		Total	
	2015	2014	2015	2014	2015	2014
	Rupees					
Sales:						
Local						
Caustic soda	6,685,076,499	6,375,390,765	-	-	6,685,076,499	6,375,390,765
Sodium hypochlorite	776,362,513	759,386,504	-	-	776,362,513	759,386,504
Bleaching powder	188,945,486	157,081,562	-	-	188,945,486	157,081,562
Liquid chlorine	218,312,341	177,905,570	-	-	218,312,341	177,905,570
Hydrochloric acid	675,652,131	394,949,850	-	-	675,652,131	394,949,850
Ammonium chloride	-	286,864	-	-	-	286,864
Magnesium chloride and others	228,794,744	216,517,646	-	-	228,794,744	216,517,646
Agri chemicals	6,939,233	69,292,350	-	-	6,939,233	69,292,350
Yarn	-	-	1,215,279,635	1,619,900,407	1,215,279,635	1,619,900,407
Waste	-	-	7,936,070	16,094,322	7,936,070	16,094,322
Fabrics	-	-	377,642,785	390,046,436	377,642,785	390,046,436
Export	-	-	-	-	-	-
Caustic soda flakes	13,934,860	61,828,352	-	-	13,934,860	61,828,352
Liquid chlorine	-	-	-	-	-	-
Others	5,073,612	36,399,498	-	-	5,073,612	36,399,498
	8,799,091,419	8,249,038,961	1,600,858,490	2,026,041,165	10,399,949,909	10,275,080,126
Less:						
Commission and discount	421,597,229	293,098,491	10,298,730	5,759,270	431,895,959	298,857,761
Sales tax	1,245,174,136	1,168,740,248	-	-	1,245,174,136	1,168,740,248
Sales - net	7,132,320,054	6,787,200,222	1,590,559,760	2,020,281,895	8,722,879,814	8,807,482,117

# Notes to the Financial Statements

## for the year ended June 30, 2015

	Chemical		Textile		Total	
	2015	2014	2015	2014	2015	2014
	Rupees					
Sales - net	7,132,320,054	6,787,200,222	1,590,559,760	2,020,281,895	8,722,879,814	8,807,482,117
Cost of sales	(5,651,985,202)	(4,836,087,458)	(1,499,213,698)	(1,832,283,516)	(7,151,198,900)	(6,668,370,974)
Gross profit	1,480,334,852	1,951,112,764	91,346,062	187,998,379	1,571,680,914	2,139,111,143
Other income	618,689,749	52,557,145	14,071,747	2,870,171	632,761,496	55,427,316
Distribution cost	(213,041,473)	(183,248,053)	(17,696,451)	(16,426,597)	(230,737,924)	(199,674,650)
Administrative expenses	(390,573,920)	(316,381,616)	(49,616,186)	(34,112,459)	(440,190,106)	(350,494,075)
Finance cost	(328,532,012)	(388,446,556)	(4,710,315)	(16,505,015)	(333,242,327)	(404,951,571)
	(313,457,656)	(835,519,080)	(57,951,205)	(64,173,900)	(371,408,861)	(899,692,980)
Reportable segments profit before tax	1,166,877,196	1,115,593,684	33,394,857	123,824,479	1,200,272,053	1,239,418,163
Unallocated income / (expenses)						
Administrative expenses					(2,620,000)	(2,620,000)
Other operating expenses					(82,637,992)	(97,891,659)
Share of income / (loss) of associated company					(2,571,094)	6,906,716
Profit before taxation					1,112,442,967	1,145,813,220
Provision for taxation					126,011,653	284,639,086
Profit for the year					986,431,314	861,174,134
Other information						
Segment assets	8,455,002,150	8,445,858,065	1,508,230,272	1,743,910,672	9,963,232,422	10,189,768,737
Unallocated corporate assets					4,480,691,133	3,196,641,899
					14,443,923,555	13,386,410,636
Segment liabilities	1,269,557,139	3,869,429,970	121,035,267	356,251,000	1,390,592,406	4,225,680,970
Unallocated corporate liabilities					13,053,331,149	9,160,729,666
					14,443,923,555	13,386,410,636
	Chemical		Textile		Total	
	2015	2014	2015	2014	2015	2014
	Rupees					
Capital expenditure	200,969,803	301,311,522	68,308,589	26,646,989	269,278,392	327,958,511
Depreciation	478,303,717	511,518,314	42,064,097	42,522,542	520,367,814	554,040,856

### 43.1 Inter-segment pricing / sales

There is no purchase and sale between the segments.

### 43.2 Products and services from which reportable segments derive their revenues

For management purposes, the Company is organized into business units based on their products and services and has the following two reportable operating segments. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Company's CEO reviews internal management reports on at least a quarterly basis:

The Chemicals segment produces and supplies various chemicals used in textile and fertilizer industry.

The textile segment is a spinning unit which produces yarn and also trading of fabric.

The Company does not have any geographical segment.

# Notes to the Financial Statements

for the year ended June 30, 2015

- 43.3 For the purposes of monitoring segment performance and allocating resources between segments:

All assets are allocated to reportable segments other than investments in associates, and tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

All liabilities are allocated to reportable segments other than current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

	Note	2015	2014
		Rupees	

## 44. Provident Fund Related Disclosure

The following is based on latest audited financial statement of the Fund:

Size of the Funds - Total Assets		64,463,875	54,825,933
Cost of Investments made		30,500,000	30,500,000
Percentage of investments made		78%	77%
Fair Value of investments	44.1	50,544,892	41,963,554

## 44.1 Break up of fair value of investments

	2015		2014	
	Rupees	....%....	Rupees	....%....
Mutual Funds	35,723,627	70.7%	30,181,288	72%
Bank Balances	4,821,265	9.5%	1,944,989	5%
Debt Securities	10,000,000	19.8%	9,837,277	23%
	50,544,892	100%	41,963,554	100%

- 44.2 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

45. The total average number of employees during the year and as at June 30, 2015 and 2014 respectively are as follows:

	2015	2014
Average number of employees during the year		
Permanent	885	868
Contractual	910	891
Number of employees as at June 30, 2015		
Permanent	837	879
Contractual	921	878



# Notes to the Financial Statements

for the year ended June 30, 2015

## 46. EVENTS AFTER THE BALANCE SHEET DATE

In respect of current year, the directors have proposed to pay final cash dividend of Rs.192.865 million (2014: Rs. 225.008 million) at Rs. 9.00 (2014: Rs. 10.50) per ordinary share of Rs. 10 each for approval of the shareholders at the forthcoming Annual General Meeting. Financial effect of the proposed dividend has not been taken in these financial statements and will be accounted for subsequently in the year when such dividend is approved.

Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

## 47. GENERAL

Figures have been rounded off to the nearest Rupee.

## 48. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on September 21, 2015 by the Board of Directors of the Company.



Muhammad Adrees  
Chief Executive Officer



Haseeb Ahmed  
Director

I/We \_\_\_\_\_ of \_\_\_\_\_  
 \_\_\_\_\_ being a member of Sitara Chemical Industries Limited and holder of \_\_\_\_\_  
 Ordinary Shares as per share register Folio No. \_\_\_\_\_ hereby appoint \_\_\_\_\_  
 \_\_\_\_\_ of \_\_\_\_\_  
 another member of the company Folio No. \_\_\_\_\_ ( or failing him/her \_\_\_\_\_  
 \_\_\_\_\_ of \_\_\_\_\_ who is also member  
 of the Company,  
 Folio No. \_\_\_\_\_

For beneficial owners as per CDC List  
CDC Participant I.D. No. Sub-Account No.

[illegible]

hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
 who is also a member of the  
 Company, Folio No. \_\_\_\_\_ or failing him/her \_\_\_\_\_ of  
 \_\_\_\_\_ who is also a member of the Company, Folio No. \_\_\_\_\_  
 as my/our proxy to vote and act for me/our behalf at the 34th Annual General Meeting of the  
 Company to be held on Tuesday October 27, 2015 or at any adjournment thereof.



Signature of Shareholder  
(The Signature should agree with the specimen registered with the Company)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015. Signature of Proxy \_\_\_\_\_

For beneficial owners as per CDC list

Witnesses:

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_

2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_

CNIC  CNIC 

or Passport No. \_\_\_\_\_ or Passport No. \_\_\_\_\_

Note: Proxies, in order to be effective, must be received at the Company's Share Registrar's Office at M/s.THK Associates (Pvt) Limited, 2nd Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi-75530 not less than 48 hours before the meeting. CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their CNIC or Passport with the proxy form before submission to the Company.



Sitara Chemical  
Industries Limited

AFFIX  
CORRECT  
POSTAGE

**THK Associates (Private) Limited**  
**Ground Floor, State Life Building No.3**  
**Dr. Ziauddin Ahmed Road**  
**Krachi-75530**



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**Sitara Chemical** Industries Limited

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