



**Sitara Chemical  
Industries Limited**

**EXCELLENCE, QUALITY, TRUST.**



**ANNUAL  
REPORT  
2023**



# CONTENTS

Vision and Mission	04
Code of Ethics and Business Practices	05
Company Information	06
Chairman's Review Report	07
Directors' Report	08
Six Years at a Glance	21
Corporate Governance	23
Statement of Compliance with Best Practices of Code of Corporate Governance	24
Shariah Compliance Review Report	28
Pattern of Shareholding	29
Notice of Annual General Meeting	31
Independent Auditor's Report	38
Independent Auditor's Review Report of Code of Corporate Governance	41
Independent Assurance Report on Shariah Compliance	42
Statement of Financial Position	44
Statement of Profit or Loss	46
Statement of Comprehensive Income	47
Statement of Changes in Equity	48
Statement of Cash Flows	49
Notes to the Financial Statement	51
Form of Proxy	105
Dividend Mandate Form	109
Circulation of Annual Audited Accounts	111



# FINANCIAL PERFORMANCE 2023







**Profit  
Before Tax %**  
5.37%  
(2022: 4.15%)

**Gross  
Profit %**  
16.29%  
(2022: 13.28%)

**Earning Per  
Share**  
Rs. 46.35  
(2022: Rs. 30.60)

**Revenue - net**  
+27.13%  
Rs. 27,493M  
(2022:  
Rs. 21,626M)

**Profit After  
Tax %**  
3.61%  
(2022: 3.03%)

**Cash  
Dividend %**  
100%  
(2022: 80%)

**Operating  
Profit %**  
11.23%  
(2022: 8.30%)

**Market Value  
Per Share**  
Rs. 225.58  
(2022: Rs. 310)



# VISION

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

# MISSION

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



# CODE OF ETHICS AND BUSINESS PRACTICES

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





# COMPANY INFORMATION

## Board of Directors

Chairman	Mr. Ahmad Hassan
Chief Executive Officer	Mr. Muhammad Adrees
Directors	Mr. Haseeb Ahmad
	Mr. Haroon Ahmad Zuberi
	Mr. Ahmad Nawaz
	Mr. Najmul Hoda Khan
	Mrs. Shala Waheed Sher

## Company Secretary

Mr. Mazhar Ali khan

## Chief Financial Officer

Mr. Zakir Hussain (FCA)

## Audit Committee

Chairman	Mr. Haroon Ahmad Zuberi
Members	Mr. Najmul Hoda Khan
	Mr. Ahmad Nawaz

## Human Resource and Remuneration Committee

Chairman	Mr. Ahmad Hassan
Members	Mr. Muhammad Adrees
	Mrs. Shala Waheed Sher

## Head of Internal Audit

Mr. Asghar Ali (ACMA)

## Auditors

M/s. Yousuf Adil  
Chartered Accountants

## Legal Advisor

Mr. Sahibzada Muhammad Arif

## Shariah Advisor

M/s. Alhamd Shariah Advisory Services  
(Pvt.) Limited

## Bankers

Meezan Bank Limited  
Bank Alfalah Limited  
Habib Bank Limited  
Standard Chartered Bank Pakistan Limited  
Al-Baraka Bank (Pakistan) Limited  
Faysal Bank Limited  
National Bank of Pakistan  
MCB Bank Limited  
MCB Islamic Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Bank Islami Pakistan Limited  
The Bank of Khyber  
Askari Bank Islamic Banking  
The Bank of Punjab  
United Bank Limited  
Soneri Bank Limited  
Bank Al-Habib Limited  
Habib Metropolitan Bank Limited  
Allied Bank Limited

## Website of the company

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

## Registered office

601-602 Business Centre, Mumtaz  
Hassan Road, Karachi-74000

## Shares Registrar Address

THK Associates (Pvt) Limited  
Plot No. 32-C, Jami Commercial Street  
2, D.H.A., Phase , Karachi-75500

## Factories

28/32 KM, Faisalabad-  
Sheikhupura  
Road, Faisalabad



# REVIEW REPORT BY THE CHAIRMAN

(On the overall performance of Board u/s 192 of the Companies Act 2017)

At the conclusion of another financial year for the year ended June 30, 2023, it is my great pleasure to present the review report as mandated under section 192 of the Companies Act, 2017. Throughout the year under review, company has steadfastly adhered to the execution of its business strategies while diligently working to add value to company and its shareholders. This report aims to highlight the company's performance and the pivotal role played by the Board of Directors in guiding the management towards fulfilling its responsibilities for the betterment of our valued stakeholders.

Company complies with all the requirements as set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Sitara Chemical Industries Limited is carried out.

## Overall performance of the Board

For the financial year ended June 30, 2023, Board's overall performance and effectiveness has been assessed as Satisfactory. Improvements are an ongoing process leading to action plans. The overall assessment as satisfactory is based on an evaluation of integral components including composition of Board and its Committees, which have a direct bearing on the Board's role in achievement of company's objectives, including vision, mission and values, engagement in strategic planning, monitoring the organization's business activities, monitoring financial resource management, effective fiscal oversight, diversity, governance and control environment.

The board ensured that all the legal and regulatory requirements have been complied with by the management of the company.



Ahmad Hassan  
Chairman

Date: September 18, 2023

# DIRECTORS' REPORT



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, we are pleased to present the audited financial statements of the Company together with Auditors' Report thereon and report of external Shariah auditors for the year ended June 30, 2023.

## BUSINESS OVERVIEW:

Financial year 2022-23 has remained a challenging year for Pakistan's economy starting from unprecedented episode of torrential rains followed by flash flooding at the beginning of the financial year. The proliferation of risks, including the global economic slowdown and flood damages, coupled with the SBP's restrictive policies such as high-interest rates, import restrictions and the closure of LCs under PCT heading 84 & 85 to correct the balance of payments and control inflation, domestic supply shocks created headwinds for businesses in Pakistan and dampened the overall GDP growth to just 0.29% in FY2023 (5.97% last year), with 1.55% growth in agriculture, -2.94% in industrial sector, and 0.86 percent in services sector. Large Scale Manufacturing remained on the negative side at negative 8.11% during July-March FY2023 against the growth of 10.61% in the corresponding period last year. Moreover, to control persistent inflationary pressures and external sector imbalances, SBP continued with monetary tightening and the policy rate were cumulatively increased by 825 bps during the FY 2023.

In view of the foregoing, adverse economic environment prevailing in Pakistan, quantitative sale of caustic & other allied chemicals and yarn remained contracted during the FY 2023. However, in monetary terms net sales of the company have increased to Rs. 27,493 million as against net sales of Rs. 21,626 recorded last year, witnessing growth of 27.13%.

Gross profits of the company earned during the year remained at Rs 4,480 million as against Rs. 2,873 million last year. GP in percentage terms has improved from 13.3% last year to 16.3% during FY 2023 which was due to upward revision of selling prices of chemical products to compensate against rising cost of production and other input cost factors like energy (electricity, RLNG cost in PKR terms, POL). Increase in selling and distribution cost is mainly attributable to increase in diesel prices during the FY 2023 as compared with diesel prices prevalent during last financial year since caustic soda liquid is sold on delivered basis. Increase in financial cost is mainly attributable to increase in bank borrowing rates after SBP consistently increased policy rate during the year as discussed in preceding paragraphs.

In textile division of your company, quantitative sale of yarn and gross margins witnessed contraction



during the FY 2023 due to factors like overall slowdown in global economy leading to decline in exports of textile products particularly textile / knitting from Pakistan to US and EU markets. Local cotton prices surged after torrential rain flood hitting cotton producing areas of the country resulting into massive decline in local production and causing surge in the prices of imported cotton. PKR depreciation also added increase in the landed cost of imported cotton. Despite the fact that SBP adopting the import restrictive policies to correct balance of payment crises, your company managed to open LCs for imported cotton. Prices of polyester yarn also witnessed significant increase after PKR devaluation and pressure on local supply chain and contraction of yarn margins.

Given the challenging economic situation as described above, your company has earned profit before tax of Rs. 1,476 million as against Rs. 898 million last year. Profit after tax remained at Rs. 993 million with earning per share of Rs. 46.35/- as compared with profit after tax of Rs. 656 million with earning per share of Rs. 30.60/- during the last FY 2022.

### JCR-VIS CREDIT RATING

During the FY 2023, credit rating of the Company was reassessed by JCR-VIS Credit Rating Co. Ltd. and assigned long term entity's rating at A+ / A-2 (Single A plus / A-Two), while outlook on the assigned ratings has also been maintained as 'Stable'.

Medium to long term rating of A+ signifies good credit quality with strong protection factors. The short term rating of A-2 denotes good certainty of timely payments, sound liquidity factors, sound company fundamentals, and access to capital market is good.

### QUALITY, ENVIRONMENT, HEALTH AND SAFETY:

Your company is strongly committed to continual improvement of its Integrated Management System by adoption of appropriate pollution prevention as well as injury & illness prevention measures and complying with all relevant legislation and International standards like ISO 9001, ISO 14001, ISO 45001, ISO 22716, ISO 50001, FSSC 22000, Pakistan Halal Standard PS 3733:2019, UAE.S 2055-1:2015 Halal Food Standard, GSO 2055-1:2015 Halal Food Standard, PS 5319 General Guidelines on Halal Cosmetics & Personal Care Products & UAE.S 2055-4:2014 Halal Cosmetics & Personal Care Products Standard.



Company is also a member of SEDEX (Supplier Ethical Data Exchange) and qualified SMETA (Sedex Members Ethical Trade Audit) SMETA 4 Pillar Audit i.e Labor Standards, Health & Safety, Environment and Business Ethics). Further, the company has also qualified sourcing audit for MNCs, which are audit protocols enabling an independent assessment of a supplier's performance and compliance against all applicable laws and regulations.

Company is also committed to the slogan of “safety starts from the entrance” and is cognizant of its responsibility to the environment as a socially caring organization and thus has taken all adequate and appropriate measures to safeguard its people and environment.

#### HUMAN RESOURCE DEVELOPMENT:

Human Resource Department of Sitara Chemical Industries Limited has a regular capacity development program for their employees. The untiring efforts were made to increase the skills and efficiencies to ensure that our employees are equipped with the right abilities to perform their assigned tasks efficiently. Your company ensures to promote and maintain a positive work environment while ensuring compliance of prevailing labor laws and follows best practices in industry to make it a great place to work.



In-House Training Session

The in-house training program not only provides opportunity to learn from others but also helps team building. Training and development play a pivotal role in the growth and success of our business. Training allows employees to acquire new skills, sharpen existing ones, perform better, increase productivity and be a better leader. Your company has continuously conducted training programs for their employees and always welcomes the opportunities for staff training, broadening their knowledge, vision, skill, and awareness about technological and learning developments. For this purpose, multiple in-house workshops / training sessions were held during the year to train the staff. During the year 2022-23, company trained 1,245 employees as against 951 employees last year.

#### INFORMATION TECHNOLOGY:

Information Technology (IT) is an essential part of enterprise governance and consists of leadership, organizational structures, and processes at. Your company aims to ensure that IT activities are aligned with business objectives, risk & resource optimization and support the decision-making process for growth of the company. We are committed to develop IT infrastructure and systems to ensure the necessary protection of data/resources through optimization of IT risk management with compliance of legal and regulatory requirements, internal controls and monitoring.

#### STAFF RETIREMENT BENEFITS:

Company has maintained a recognized provident fund for its employees at chemical division and has made an agreement with M/s Pak Qatar Takaful Limited to offer its employee a Family Group Savings Takaful Plan. Group Savings Takaful Plan is a Takaful plan that is issued to each provident fund member, and their total balance of provident fund goes to their individual policies after permanently withdrawing the fund under sub-section (h) of section 103 (Permitted Withdrawals) of Income Tax Rules, 2002.



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.

#### CONTRIBUTION TO NATIONAL EXCHEQUER:

During the year 2022-23, Company's contribution to the national exchequer amounts to Rs. 4,506 million towards payment of income tax and sales tax (Last year Rs. 4,012 million). This does not include the import duties, withholding tax deducted by the company from employees, suppliers and contractors and deposited into the treasury.

#### CORPORATE SOCIAL RESPONSIBILITY:

Your company always remains proactive to contribute towards public welfare activities. Welfare and development in our communities and for the underprivileged section of society are at the heart of our values. Therefore, as a part of company's CSR activities your Company continues to donate to charitable hospitals and organizations. Moreover, free medical camps were arranged during the year for the benefit of ailing community. Company also continued to install and run clean water treatment plants at the surrounding areas of Faisalabad.



A View of Aziz Fatima Trust Hospital



Water Treatment Plant

#### SIGNIFICANT FEATURES OF DIRECTORS' REMUNERATION POLICY:

The Board of Directors has approved a formal policy for remuneration of executive directors depending upon their responsibility in affairs of the Company. The remuneration is commensurate with their level of responsibility and expertise needed to govern the Company successfully. The Company does not pay any remuneration to non-executive and independent directors except fees for attending the meetings of the Board or its committees. Remuneration of executive directors is approved by the Board as recommended by the Human Resource and Remuneration Committee.

Aggregate amount of the remuneration paid to chief executive and executive director has been disclosed in note 40 of the annexed financial statements.

#### BOARD OF DIRECTORS:

The Board comprises of two executive directors, two independent, two non-executive male directors and one non-executive female director. The independent and non-executive directors are independent to management. The Board has delegated day-to-day operations of the Company to the Chief Executive Officer.

During the year 2022-23, total 05 board meetings were held and attendance of Directors is as follows:

Sr.#	Name	Category	No. of Meetings Attended
1	Mr. Abdul Awal	Independent Director	-
2	Mr. Ashraf Shahzad Ahmad	Non-executive Director	-
3	Mr. Muhammad Adrees	Executive Director	05
4	Mr. Haseeb Ahmed	Executive Director	01
5	Mr. Haroon Ahmad Zuberi	Independent Director	04
6	Mr. Ahmad Nawaz	Non-executive Director	05
7	Mrs. Shala Waheed Sher	Non-executive Director	05
8	Mr. Ahmad Hassan	Independent Director	05
9	Mr. Najmul Hoda Khan	Non-executive Director	05

Leave of absence was granted to the members of Board, who did not attend the meetings. Mr. Ahmad Hassan, Independent Director, Mr. Najmul Hoda Khan, Non-Executive Director have been elected on July 28, 2022 for the three years term.

#### AUDIT COMMITTEE MEETINGS:

Audit committee was established to assist board in discharging its responsibilities for corporate governance, financial reporting and corporate controls. Committee consists of three members. During the year 2022-23, 04 meetings were held and attendance of members of audit committee is as follows:

Sr.#	Name	Category	No. of Meetings Attended
1	Mr. Abdul Awal	Member Audit Committee	-
2	Mr. Haroon Ahmad Zuberi	Chairman Audit Committee	04
3	Mr. Ahmad Nawaz	Member Audit Committee	04
4	Mr. Najmul Hoda Khan	Member Audit Committee	04

Mr. Najmul Hoda Khan, Non-executive Director appointed as Member Audit Committee on August 11, 2022 after Election of Board of Directors held on July 28, 2022 for the next three years term.

#### HUMAN RESOURCE AND REMUNERATION COMMITTEE:

Human Resource and Remuneration Committee was formed to monitor the procedure of selection, evaluation, compensation and succession planning of the key management personals. The committee comprises of three members. During the year 2022-23, 02 meetings were held and attendance of members is as follows:

Sr.#	Name	Category	No. of Meetings Attended
1	Mr. Abdul Awal	Chairman HR&RC Committee	01
2	Mr. Muhammad Adrees	Member HR&RC Committee	02
3	Mrs. Shala Waheed Sher	Member HR&RC Committee	02
4	Mr. Ahmad Hassan	Chairman HR&RC Committee (Newly appointed)	01

Mr. Ahmad Hassan, Independent Director appointed as Chairman HR&RC Committee on August 11, 2022 after Election of Board of Directors held on July 28, 2022 for the next three years term.

## CORPORATE GOVERNANCE:

Statement of Compliance of Corporate Governance is separately 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 spouses and minor children, CEO, CFO, Head of internal audit and Company Secretary.

## CORPORATE AND FINANCIAL REPORTING:

Your Company is committed to good corporate governance. The Board acknowledges its responsibility in respect of Corporate and Financial Reporting Framework. These Financial Statements together with the notes thereto have been drawn up, in conformity with the Companies Act, 2017. International Financial Reporting Standards, wherever applicable, have been followed in their preparation. Proper books of accounts have been maintained by the Company and appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

There are no doubts upon the Company's ability to continue as a going concern. There has been no material departure from the best practices of the Code of Corporate Governance as detailed in the listing regulations of the stock exchange. The system of internal control is sound in design and has been effectively implemented and monitored.

The Board of Directors certifies that the financial statements including cash flow and statement of changes in equity fairly presents the state of affairs of company's business and of its operations.

## AUDITORS:

The existing auditors M/s Yousuf Adil, Chartered Accountants, shall retire on the conclusion of 42nd Annual General Meeting. Being eligible, they have offered themselves for reappointment as auditors of the company from the conclusion of 42nd annual general meeting until the conclusion of 43rd annual general meeting of the company. Audit Committee has recommended the appointment of aforesaid M/s Yousuf Adil, Chartered Accountants, as external auditors for the year ending June 30, 2024. 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.

## APPROPRIATIONS:

The following appropriations of profits for the year ended June 30, 2023 were made:

Description	Rupees
Net profit for the year after tax before WPPF and WWF	1,087,923,831
Workers Welfare Fund (WWF) and Workers Profit Participation Fund (WPPF)	(94,572,380)
Net Profit for the year	993,351,451
Incremental depreciation (net of deferred tax)	179,674,613
Un-appropriated profit brought forward	10,925,709,679
Final dividend for the year ended June 30, 2022 @ Rs. 8 per share	(171,435,248)
Amount available for appropriation	11,927,300,495
Proposed dividend for the year ended June 30, 2023 @ Rs. 10 per share	(214,294,070)
Earnings per share- basic and diluted	46.35

## DIVIDEND:

In view of the financial results of the Company for the year ended June 30, 2023; the Board of Directors of the Company have recommended a cash dividend of 100% i.e. Rs. 10 per share.



#### FUTURE OUTLOOK:

Project of expansion of coal fired power plant (CFPP) is gaining momentum. Civil work is in progress and partial shipments of BTG Equipment (Boiler, Turbine and Generator) have arrived at site. While witnessing the unstable imported coal prices along with sever devaluation of PKR against US dollar, your company has designed CFPP expansion project to use local / lignite coal as well, as feed stock. Alhamdulillah, now the operations of CFPP have the flexibility of using either 100% local lignite coal, the abundant supply of which is available in country, or imported bituminous coal, or any mix of local with imported coal keeping in view the economy of the operations. This will save precious foreign exchange for the country and ensure a smooth operation free from import related challenges.



Work in Progress at Coal Fired Power Plant (CFPP) Expansion Site

Apart from challenging economic situation of the country coupled with consistent devaluation of PKR against USD, increase in electricity tariff and energy prices, and increase in policy rate by SBP in the ensuing financial year could be anticipated as key challenges for the company as well as for the country.

#### ACKNOWLEDGMENTS:

We take this opportunity to thank our valued business partners and stakeholders for their continued support, trust and assistance for the progress and prosperity of the Company. Company also appreciates its staff for their continuous dedication, commitment and support.

**Muhammad Adrees**  
Chief Executive Officer  
September 18, 2023  
Faisalabad.

**Ahmad Hassan**  
Director

منافع:

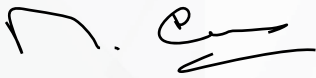
کمپنی نے 30 جون 2023 کو ختم ہونے والے سال کے مالی نتیجہ کے تحت، بورڈ آف ڈائریکٹرز نے 100% کیش منافع کی سفارش کی ہے جو کہ 10 روپے فی شیئر بنتا ہے۔

مستقبل پر نظر:

کونسلے سے چلنے والے پاور پلانٹ (CFPP) کی توسیع کا منصوبہ تیزی سے جاری ہے۔ تعمیراتی کام جاری ہے اور BTG آلات (بوائلر، ٹربائن اور جزیئر) کی جزوی کھیپ سائٹ پر پہنچ چکی ہے۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کے ساتھ غیر مستحکم درآمدی کونسلے کی قیمتوں کا مشاہدہ کرتے ہوئے، آپ کی کمپنی نے کونسلے سے چلنے والے پاور پلانٹ کو مقامی لگنائٹ کونسلے یا درآمدی لگنائٹ کونسلے کو فیڈ اسٹاک کے طور پر استعمال کے لیے CFPP کو وسیعی پروجیکٹ ڈیزائن کیا ہے۔ الحمد للہ، اب ہمارے CFPP کے آپریشنز میں 100% مقامی لگنائٹ کونسلے، جس کی وافر مقدار میں سپلائی ملک میں دستیاب ہے، یا درآمد شدہ بٹومینس کونسلے، یا ان تمام کونسلوں کے کسی بھی مرکب میں استعمال کرنے کی چلک ہے۔ اس سے ملک کے لیے قیمتی زرمبادلہ کی بچت ہوگی اور درآمدات سے متعلق چیلنجوں سے آزاد آپریشن کو یقینی بنایا جائے گا۔ ملک کی چیلنجنگ معاشی صورتحال کے علاوہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں مسلسل کمی، بجلی کے ٹیرف اور توانائی کے قیمتوں میں اضافہ اور آئندہ مالی سال میں اسٹیٹ بینک کی جانب سے پالیسی ریٹ میں اضافہ، یہ وہ اہم چیلنجز ہیں جن کا کمپنی کو سامنا ہوسکتا ہے۔

اعترافات:

ہم اس موقع پر اپنے محترم کاروباری شراکت داروں کی مستقل حوصلہ افزائی، مدد اور اعتماد کا شکریہ ادا کرتے ہیں۔ کمپنی اپنے ملازمین کی مستقل مزاجی، محنت، لگن اور صلاحیتوں کی معترف ہے اور اس پر فخر کرتی ہے۔



محمد ادریس

چیف ایگزیکٹو آفیسر

ستارہ کیمیکل انڈسٹریز لمیٹڈ فیصل آباد

18 ستمبر 2023

Muhammad

احمد حسن

ڈائریکٹر



### کارپوریٹ اور مالیاتی رپورٹنگ:

آپ کی کمپنی اچھی کارپوریٹ گورننس کے لیے مصروف عمل ہے۔ بورڈ کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کے حوالے سے اس کی ذمہ داری کو تسلیم کرتا ہے۔ یہ فنانشل سسٹمٹنس اور ان کے نوٹس کمپنیز ایکٹ 2017 کے مطابق لکھے گئے ہیں۔ ان کی تیاری میں جہاں قابل اطلاق ہیں بین الاقوامی مالیاتی رپورٹنگ کے معیارات کو اختیار کیا گیا ہے۔ اکاؤنٹس کی مناسب کتابوں کو برقرار رکھا گیا ہے اور کمپنی نے ان فنانشل سسٹمٹنس کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کیا ہوا ہے۔ اور اکاؤنٹنگ تخمینے مناسب اور محتاط فیصلوں کی بنیاد پر کیے گئے ہیں۔

کمپنی کے جاری رہنے کی قابلیت پر کوئی شک نہیں ہے۔ کوڈ آف کارپوریٹ گورننس کے بہترین طریقوں سے کوئی قابل ذکر شے کو نہیں چھوڑا، جیسا کہ اسٹاک ایکسچینج کی لسٹنگ کے قواعد میں وضاحت کی گئی ہے۔ اندرونی کنٹرول کا نظام مضبوط ہے اور اسکی موثر طریقے سے لاگو اور نگرانی کی جاتی ہے۔

بورڈ آف ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ فنانشل سسٹمٹنس بشمول کیش فلو سٹیمٹنس اور سٹیمٹنس آف ایکویٹی میں تبدیلی صحیح طور پر کمپنی کے کاروبار اور آپریشنز کو ظاہر کرتے ہیں۔

### آڈیٹرز:

کمپنی کے موجودہ آڈیٹرز میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس 42nd سالانہ اجلاس عام کے ساتھ ریٹائر ہو جائیں گے۔ اہل ہونے کے ساتھ، انہوں نے اپنے آپ کو بطور آڈیٹرز 42nd سالانہ اجلاس عام سے 43rd سالانہ اجلاس عام تک دوبارہ مقرر کرنے کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے مذکورہ بیان کردہ میسرز یوسف عادل چارٹرڈ اکاؤنٹنٹس کو بطور بیرونی آڈیٹرز کوانٹسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے تحت تسلی بخش درجہ بندی دی گئی ہے، اور اس کے تمام پارٹنرز بین الاقوامی فیڈریشن آف اکاؤنٹنٹس کے اخلاق کے اصول جو ICAP نے اپنائے ہیں سے مطابقت رکھتے ہیں۔

### تخصیص:

30 جون 2023 کو ختم ہونے والے سال کے منافع کی مندرجہ ذیل تقسیم کاری کی گئی ہے۔

روپے	تفصیل
1,087,923,831/-	ٹیکس کے بعد سال کا خالص منافع، (WPPF اور WWF سے پہلے)
(94,572,380)	ورکرز ویلفیئر فنڈ اور ورکرز منافع شمولیت فنڈ
<b>993,351,451/-</b>	سال کا خالص منافع
179,674,613/-	Incremental Depreciation - Net of Tax
10,925,709,679/-	پچھلے سال کا جمع شدہ منافع
(171,435,248)	30 جون 2022 کے اختتام پر منافع 8 روپے فی شیئر
<b>11,927,300,495/-</b>	تقسیم کاری کے لیے دستیاب رقم
(214,294,070)	30 جون 2023 کے اختتام پر تجویز کردہ منافع 10 روپے فی شیئر
46.35	سالانہ فی حصص آمدنی

بورڈ کے ممبرز جنہوں نے میٹنگز میں شمولیت نہیں کی ان کو غیر حاضری کی چھٹی دی گئی ہے۔ احمد حسن (آزاد ڈائریکٹر)، نجم الہدی خان (نان ایگزیکٹو ڈائریکٹر) 28 جولائی 2022 کو تین سال کی مدت کے لیے منتخب ہوئے ہیں۔

#### آڈٹ کمیٹی میٹنگز:

آڈٹ کمیٹی بورڈ کی معاونت کے لیے قائم کی گئی جو کارپوریٹ گورننس، فنانشل رپورٹنگ، کارپوریٹ کنٹرول کے لیے ان کی ذمہ داریوں سے آگاہ کرتی ہے۔ کمیٹی تین اراکین پر مشتمل ہے۔ سال 2022-23 کے دوران 04 میٹنگز منعقد ہوئیں جس میں آڈٹ کمیٹی کے اراکین کی حاضری کچھ اس طرح رہی:

سیریل نمبر	نام	کمیٹنگری	میٹنگز میں شرکت کی تعداد
1	عبدالاول	ممبر آڈٹ کمیٹی	-
2	ہارون احمد زبیری	چیئر مین آڈٹ کمیٹی	04
3	احمد نواز	ممبر آڈٹ کمیٹی	04
4	نجم الہدی خان	ممبر آڈٹ کمیٹی	04

بورڈ آف ڈائریکٹر کے الیکشن کے بعد جو کہ 28 جولائی 2022 کو منعقد ہوئے، نجم الہدی خان نان ایگزیکٹو ڈائریکٹر 11 اگست 2022 کو تین سال کی مدت کے لیے ممبر آڈٹ کمیٹی منتخب ہوئے۔

#### انسانی وسائل اور معاوضہ کی کمیٹی:

انسانی وسائل اور معاوضہ کی کمیٹی سلیکشن طریقے کار، اندازے، معاوضے اور منجمنٹ کے اہم افراد کی توازن منصوبہ بندی کے لیے قائم کی گئی۔ کمیٹی تین افراد پر مشتمل ہے۔ سال 2022-23 کے دوران 02 میٹنگز منعقد ہوئیں جس میں اراکین کی حاضری کچھ اس طرح رہی:

سیریل نمبر	نام	کمیٹنگری	میٹنگز میں شرکت کی تعداد
1	عبدالاول	چیئر مین ایچ آر اینڈ آر کمیٹی	01
2	محمد ادریس	ممبر ایچ آر اینڈ آر کمیٹی	02
3	مسٹر شہلا وحید شیر	ممبر ایچ آر اینڈ آر کمیٹی	02
4	احمد حسن	چیئر مین ایچ آر اینڈ آر کمیٹی (نائب)	01

بورڈ آف ڈائریکٹر کے الیکشن کے بعد جو کہ 28 جولائی 2022 کو منعقد ہوئے، احمد حسن آزاد ڈائریکٹر، 11 اگست 2022 کو تین سال کی مدت کے لیے بطور چیئر مین ایچ آر اینڈ آر کمیٹی منتخب ہوئے۔

#### کارپوریٹ گورننس:

کارپوریٹ گورننس کی Statement of Compliance کو علیحدہ شامل کیا گیا ہے۔

#### شیئر ہولڈنگ کی شکل:

کمپنی کے شیئر ہولڈنگ کے پیٹرن کو، ڈائریکٹرز، ان کی شریک حیات اور چھوٹے بچوں، بی ای او، بی ایف او، انٹرنل آڈٹ کے سربراہ اور کمپنی سیکرٹری کی طرف سے کی گئی کمپنی کے شیئرز کی تجارت کے ساتھ جوڑا گیا ہے۔



### اسٹاف کی ریٹائرمنٹ کے فوائد:

کمپنی نے کیمیکل ڈویژن میں اپنے ملازمین کے لیے ایک تسلیم شدہ پروویڈنٹ فنڈ برقرار رکھا ہوا ہے، اور پاک قطر ٹیکافل لمیٹڈ کے ساتھ اپنے ملازمین کو فمیلی گروپ سیونگ ٹیکافل پلان پیش کرنے کا معاہدہ کیا ہے۔ گروپ سیونگ ٹیکافل پلان ایک ٹیکافل پلان ہے جو پروویڈنٹ فنڈ کے ہر ممبر کو جاری کیا جاتا ہے۔ جس کے تحت انکم ٹیکس روٹر، 2002 کے سیکشن 103 (اجازت شدہ انخلاء) کے ذیلی سیکشن (h) کے تحت ملازمین کی طرف سے رقوم کا مستقل طور پر نکالنے کے بعد، پروویڈنٹ فنڈ کا کل بیلنس ملازمین کی انفرادی پالیسیوں میں جاتا ہے۔ ٹیکسٹائل ڈویژن کے ملازمین قانون کے مطابق گریجویٹی کے حقدار ہیں اور ان کا وٹنس میں IAS-19 کے مطابق مناسب رقم وقف کی گئی ہے۔

### قومی خزانے میں حصہ:

سال 2022-23 کے دوران آپ کی کمپنی نے قومی خزانے میں انکم ٹیکس اور سیلر ٹیکس کی مد میں -/4,506 ملین روپے جمع کروائے جو گزشتہ سال -/4,012 ملین روپے تھے۔ اس میں درآمدی ڈیوٹیاں، ملازمین، سپلائرز اور ٹیکیداروں سے وڈ ہولڈنگ ٹیکس کی کوٹنی شامل نہیں ہے۔

### کارپوریٹ سماجی ذمہ داری:

آپ کی کمپنی عوامی فلاح و بہبود کے سرگرمیوں میں حصہ ڈالنے کے لیے ہمیشہ متحرک رہتی ہے۔ کیونٹیز اور معاشرے کے پسماندہ طبقے کی فلاح و بہبود اور ترقی ہماری اقدار کا مرکز ہے۔ لہذا، کمپنی کی CSR سرگرمیوں کے ایک حصے کے طور پر آپ کی کمپنی خیراتی ہسپتالوں اور تنظیموں کو عطیہ دیتی رہتی ہے۔ مزید برآں، بیمار افراد کے فائدے کے لیے سال بھر کے دوران فری میڈیکل کیمپ کا اہتمام کیا گیا۔ آپ کی کمپنی فیصل آباد کے گرد و نواح میں صاف پانی کی صفائی کے پلانٹس کی تنصیب/ چلانے کا سلسلہ بھی جاری رکھے ہوئے ہے۔

### ڈائریکٹرز کے معاوضے کی پالیسی کی نمایاں خصوصیات:

بورڈ آف ڈائریکٹرز نے ایگزیکٹو ڈائریکٹرز کمپنی کے معاملات میں ذمہ داری کے لحاظ سے معاوضے کی ایک رسمی پالیسی منظور کی ہوئی ہے۔ یہ معاوضہ ان کی ذمہ داری اور کمپنی کو کامیابی سے چلانے کی مہارت کے مطابق ہے۔ کمپنی آزاد ڈائریکٹرز کو بورڈ اور اس کی کمیٹیوں کی میٹنگ میں حاضری کی فیس کے علاوہ اور کوئی معاوضہ ادا نہیں کرتی۔ ایگزیکٹو ڈائریکٹرز کا معاوضہ انسانی وسائل اور معاوضے کی کمیٹی کی سفارش پر بورڈ منظور کرتا ہے۔

چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹرز کے معاوضے کی مجموعی رقم کو مالیاتی گوشوارے کے نوٹ نمبر 40 میں دکھایا گیا ہے۔

### بورڈ آف ڈائریکٹرز:

بورڈ دو ایگزیکٹو ڈائریکٹرز، دو آزاد ڈائریکٹرز اور دو نان ایگزیکٹو ممبر اور ایک نان ایگزیکٹو خاتون ڈائریکٹرز پر مشتمل ہے۔ آزاد اور نان ایگزیکٹو ڈائریکٹرز مینجمنٹ کے انتظامات میں خود مختار ہیں۔ بورڈ نے کمپنی کے روز بروز کے معاملات پر چیف ایگزیکٹو آفیسر کے سپرد کیے ہوئے ہیں۔

سال 2022-23 کے دوران بورڈ کی کل 5 میٹنگز منعقد ہوئیں جس میں ڈائریکٹرز کی حاضری مندرجہ ذیل رہی:

سیریل نمبر	نام	کمیٹری	میٹنگز میں شرکت کی تعداد
1	عبدالاول	آزاد ڈائریکٹر	-
2	اشرف شہزاد احمد	نان ایگزیکٹو ڈائریکٹر	-
3	محمد ادیس	ایگزیکٹو ڈائریکٹر	05
4	حسیب احمد	ایگزیکٹو ڈائریکٹر	01
5	ہارون احمد بیری	آزاد ڈائریکٹر	04
6	احمد نواز	نان ایگزیکٹو ڈائریکٹر	05
7	مسز شہلا وحید شیر	نان ایگزیکٹو ڈائریکٹر	05
8	احمد حسن	آزاد ڈائریکٹر	05
9	نجم الہدی خان	نان ایگزیکٹو ڈائریکٹر	05

A+ / A-2 (سنگل اے پلس / اے۔ ٹو) کے طور پر دوبارہ تصدیق کی، جبکہ تفویض کردہ ریٹنگ پر آؤٹ لک کو بھی 'مستحکم' کے طور پر برقرار رکھا گیا ہے۔  
درمیانی سے طویل مدتی درجہ بندی کیلئے A+ مضبوط تحفظ کے عوامل کے ساتھ اچھے کریڈٹ کوالٹی کی نشاندہی کرتی ہے۔ قلیل مدت کیلئے A-2 درجہ بندی بہترین لیکویڈیٹی کے ساتھ بروقت ادائیگیوں کے اعلیٰ یقین کی نشاندہی کرتی ہے۔

#### معیار، ماحول، صحت اور حفاظت:

آپ کی کمپنی آلودگی کی روک تھام کے ساتھ ساتھ چوٹ اور بیماری سے بچاؤ کے اقدامات کو اپنا کر ISO 9001, ISO 14001, ISO 45001, ISO 50001 FSSC 22000, Pakistan Halal Standard PS 3733:2019, UAE.S 2055-1:2015 Halal Food Standard, GSO 2055-1:2015 Halal Food Standard, PS 5319 General Guidelines on Halal Cosmetics & Personal Care Products & UAE.S 2055-4:2014 Halal Cosmetics & Personal Care Products جیسے تمام متعلقہ قانون سازی اور بین الاقوامی معیارات کی تعمیل کرتے ہوئے اپنے مربوط انتظامی نظام کی مسلسل بہتری کے لیے پُر عزم ہے۔

آپ کی کمپنی SEDEX (Supplier Ethical Data Exchange) اور SMETA (Sedex Members Ethical Trade Audit) 4 Pillar Audit یعنی لیبر اسٹینڈرڈز، ہیلتھ اینڈ سیفٹی، ماحولیات اور کاروباری اخلاقیات کی رکن بھی ہے۔ مزید یہ کہ کمپنی MNCs کے لیے کوالیفائیڈ سورشنگ آؤٹ کی بھی اہل ہے۔ یہ وہ آؤٹ پروڈکول ہیں جو کہ ایک سپلائر کی آزادانہ تشخیص اور تمام قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل کے قابل بناتا ہے۔ کمپنی "حفاظت داخلی راستے سے ہی شروع ہوتی ہے" کے نعرے کے لیے بھی پُر عزم ہے اور سماجی طور پر دیکھ بھال کرنے والی تنظیم کے طور پر ماحول کے لیے اپنی ذمہ داری سے آگاہ ہے اور اپنے لوگوں اور ماحول کی حفاظت کے لیے تمام مناسب اقدامات کیے ہیں۔

#### انسانی وسائل کی ترقی:

ستارہ کیمیکل انڈسٹریز لمیٹڈ کے ہیومن ریسورس ڈیپارٹمنٹ کے پاس اپنے ملازمین کی ترقی کا باقاعدہ پروگرام ہے۔ اس بات کو یقینی بنانے کے لیے کہ ہمارے ملازمین اپنے تفویض کردہ کاموں کو موثر طریقے سے انجام دینے کے لیے صحیح صلاحیتوں سے لیس ہوں۔ مہارتوں اور استعداد کار کو بڑھانے کے لیے انتھک کوششیں کی گئیں۔ آپ کی کمپنی مروجہ لیبر قوانین کی تعمیل کو یقینی بناتے ہوئے کام کے مثبت ماحول کو فروغ دینے اور اسے برقرار رکھنے کو یقینی بناتی ہے اور اسے کام کرنے کے لیے ایک بہترین جگہ بنانے کے لیے انڈسٹری میں بہترین طریقوں کی پیروی کرتی ہے۔

اندرون کمپنی تربیتی پروگرام نہ صرف دوسروں سے سیکھنے کا موقع فراہم کرتا ہے بلکہ ٹیم بنانے میں بھی مدد کرتا ہے۔ تربیت اور ترقی ہمارے کاروبار کی ترقی اور کامیابی میں اہم کردار ادا کرتی ہے۔ تربیت ملازمین کو نئی مہارتیں حاصل کرنے، موجودہ مہارتوں کو تیز کرنے، بہتر کارکردگی کا مظاہرہ کرنے، پیداواری صلاحیت بڑھانے اور ایک بہتر رہنما بننے کا موقع دیتی ہے۔

آپ کی کمپنی نے اپنے ملازمین کے لیے مسلسل تربیتی پروگرام منعقد کیے ہیں اور ہمیشہ عمل کی تربیت کے مواقع کا خیر مقدم کرتی ہے، ان کے علم، وژن، مہارت، تکنیک اور سیکھنے کی تبدیلیوں کے بارے میں آگاہی کو وسیع کرتی ہے۔ اس مقصد کے لیے، عمل کو تربیت دینے کے لیے سال کے دوران متعدد اندرون خانہ ورکشاپس / تربیتی سیشن منعقد کیے گئے۔ سال 2022-23 کے دوران کمپنی نے 1,245 ملازمین کو تربیت دی جبکہ گزشتہ سال ملازمین کی تعداد 951 تھی۔

#### انفرامیشن ٹیکنالوجی:

انفرامیشن ٹیکنالوجی (IT) انٹرپرائز گورننس کا ایک لازمی حصہ ہے اور یہ قیادت، تنظیمی ڈھانچے اور عمل پر مشتمل ہے۔ آپ کی کمپنی کا مقصد اس بات کو یقینی بنانا ہے کہ IT سرگرمیاں کاروباری مقاصد، رسک اور وسائل کی اصلاح کے ساتھ ہم آہنگ ہوں اور ہم کمپنی کی ترقی کے لیے فیصلہ سازی کے عمل کی تعمیل، اندرونی کنٹرول اور نگرانی کے ساتھ IT رسک مینجمنٹ کی اصلاح کے ذریعے ڈیٹا، وسائل کے ضروری تحفظ کو یقینی بنانے کے لیے IT انفراسٹرکچر اور سسٹمز تیار کرنے کے لیے پُر عزم ہیں۔



## ڈائریکٹر رپورٹ

اللہ تعالیٰ کے بابرکت نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔ ستارہ کیمیکل انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2023 کو ختم ہونے والے مالی سال کے آڈٹ شدہ مالی گوشوارے بمبے آڈٹ رپورٹ اور بیرونی شرعی آڈیٹرز کی رپورٹ کے ساتھ پیش کرتے ہوئے پُرسرت ہیں۔

### کاروباری جائزہ:

مالی سال 2022-23 پاکستان کی معیشت کے لیے ایک چیلنجنگ سال رہا جس کا آغاز موسلا دھار بارشوں کے بے مثال واقعہ سے ہوا، جس کے بعد مالی سال کے آغاز میں اچانک سیلاب آیا۔ عالمی اقتصادی سست روی اور سیلاب سے ہونے والے نقصانات سمیت خطرات کا پھیلاؤ، ادائیگیوں کے توازن کو درست کرنے اور مہنگائی کو کنٹرول کرنے کے لیے SBP کی پابندی والی پالیسیوں جیسے کہ بلند شرح سود، درآمدی پابندیاں اور PCT کے عنوان 84 اور 85 کے تحت LCs کی بندش، مقامی سپلائی کی کمی نے پاکستان میں کاروبار کے لیے مشکلات پیدا کیں اور مالی سال 2023 میں GDP کی مجموعی شرح نمو کم ہوتے ہوئے صرف 0.29 فیصد رہی جو کہ گزشتہ سال 5.97 فیصد تھی۔ جبکہ زراعت میں 1.55 فیصد، صنعتی شعبے میں منفی 2.94 فیصد اور خدمات کے شعبے میں 0.86 فیصد اضافہ ہوا۔ مالی سال 2023 جولائی تا مارچ کے دوران بڑے پیمانے پر مینوفیکچرنگ منفی 8.11 فیصد رہی جو کہ گزشتہ سال کی اسی مدت میں 10.61 فیصد تھی۔ مزید برآں، مسلسل افراط زر کے دباؤ اور بیرونی شعبے کے عدم توازن کو کنٹرول کرنے کے لیے SBP نے مالیاتی سختی جاری رکھی اور مالی سال 2023 کے دوران پالیسی ریٹ میں مجموعی طور پر 825 bps کا اضافہ ہوا۔

پاکستان میں موجود منفی معاشی ماحول کے پیش نظر، مالی سال 2023 کے دوران کا سٹک اور دیگر متعلقہ کیمیکلز اور یارن کی مقداری فروخت کم رہی۔ تاہم مالیاتی لحاظ سے کمپنی کی خالص فروخت بڑھ کر 27,493 ملین روپے رہی جو گزشتہ سال 21,626 ملین روپے تھی، جس میں 27.13 فیصد اضافہ نوٹ کیا گیا۔

سال کے دوران کمپنی کا مجموعی منافع 4,480 ملین روپے رہا جبکہ گزشتہ سال یہ منافع 2,873 ملین روپے تھا۔ مالی سال 2023 کے دوران GP کی شرح پچھلے سال کی 13.3 فیصد سے بڑھ کر 16.3 فیصد ہو گئی۔ جو کہ قیمت فروخت میں اضافہ کی وجہ سے ہے جس نے پیداواری لاگت اور دوسرے پیداواری اجزاء (الیکٹریسیٹی، RLNG کی لاگت اور POL) کی بڑھتی ہوئی قیمتوں کا ازالہ کیا۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی نے بھی پاکستان میں اشیاء کی قیمتوں میں اضافہ کیا ہے۔ پیداواری لاگت کی تلافی کے لیے کیمیائی مصنوعات کی قیمت فروخت میں اضافہ کیا گیا۔ مالی سال 2023 کے دوران فروخت اور تقسیم کی لاگت میں اضافہ بنیادی طور پر ڈیزل کی قیمتوں میں اضافے کی وجہ سے ہے جو کہ گزشتہ سال مروجہ ڈیزل کی قیمتیں دستیاب تھیں، کیونکہ کا سٹک سوڈا مانع ڈیلیوری کی بنیاد پر فروخت کیا جاتا ہے۔ مالیاتی لاگت میں اضافہ بنیادی طور پر بینک سے قرض لینے کی شرح میں اضافے سے منسوب ہے۔ جیسا کہ پچھلے پیرا گراف میں بتایا گیا ہے کہ SBP نے سال کے دوران پالیسی کی شرح میں مسلسل اضافہ کیا ہے۔

آپ کی کمپنی کے ٹیکسٹائل ڈویژن میں، مالی سال 2023 کے دوران یارن کی مقداری فروخت اور مجموعی مارجن میں کمی دیکھنے میں آئی جس کی وجہ عالمی معیشت میں مجموعی طور پر سست روی جیسے عوامل، ٹیکسٹائل مصنوعات کی برآمدات خاص طور پر ٹیکسٹائل / ٹینگ کی پاکستان سے امریکہ اور یورپی یونین کی منڈیوں کو برآمدات میں کمی کی وجہ بنے۔ ملک کے کپاس پیدا کرنے والے علاقوں میں طوفانی بارشوں سے سیلاب کے بعد مقامی کپاس کی قیمتوں میں اضافہ ہوا جس کے نتیجے میں مقامی پیداوار میں بڑے پیمانے پر کمی ہوئی اور درآمدی روئی کی قیمتوں میں اضافہ ہوا۔ پاکستانی روپے کی قدر میں کمی کی وجہ سے درآمدی کپاس کی لاگت میں بھی اضافہ ہوا۔ اس حقیقت کے باوجود کی اسٹیٹ بینک نے ادائیگیوں کے توازن کے بحران کو درست کرنے کے لیے درآمدی پابندیوں کی پالیسیاں اپناتے ہوئے، آپ کی کمپنی درآمد شدہ کپاس کے لیے LC کھولنے میں کامیاب رہی۔ پولیٹریارن کی قیمتوں میں بھی پاکستانی روپے کی قدر میں کمی اور مقامی سپلائی چین پر دباؤ اور یارن کے مارجن میں کمی کے بعد نمایاں اضافہ دیکھا گیا۔

مشکل معاشی صورتحال کے پیش نظر جیسا کہ اوپر بیان کیا گیا ہے، آپ کی کمپنی نے 1,476 ملین روپے قبل از ٹیکس منافع کمایا جو کہ گزشتہ سال 898 ملین روپے تھا۔ آپ کی کمپنی کا ٹیکس کے بعد کمایا گیا منافع 993 ملین روپے اور فی حصص آمدنی 46.35 روپے رہی۔ جبکہ گزشتہ مالی سال 2022 کے دوران یہ منافع 656 ملین روپے اور فی حصص آمدنی 30.60 روپے تھی۔

### JCR-VIS کریڈٹ ریٹنگ:

مالی سال 2023 کے دوران، JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کی طرف سے کمپنی کی کریڈٹ ریٹنگ کا دوبارہ جائزہ لیا گیا، جس نے آپ کی کمپنی کی درجہ بندی کو

# SIX YEARS AT A GLANCE

## Financial Highlights

Operating Results (Rupees in thousand)	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Revenue from contracts with customers - net	27,492,639	21,625,585	14,784,537	11,792,672	12,698,107	12,264,827
Gross profit	4,479,575	2,872,908	2,932,903	2,279,134	2,759,530	2,632,730
Operating profit	3,087,602	1,795,685	2,274,103	1,404,530	1,706,596	1,751,363
Profit before taxation	1,475,923	898,439	1,669,796	409,544	1,065,003	1,311,943
Profit after taxation	993,351	655,639	1,347,690	298,763	885,458	1,086,185
Total comprehensive income	737,293	370,810	1,403,604	287,225	4,301,141	1,048,864
EBITDA	4,430,163	3,111,251	3,375,556	2,582,587	2,680,180	2,681,726

Financial Position (Rupees in thousand)	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Assets employed</b>						
Property, plant and equipment	18,458,822	17,344,777	16,923,448	14,935,071	15,516,236	9,572,026
Intangible assets	7,541	8,379	9,007	10,008	11,120	11,780
Investment property	3,320,667	3,259,192	3,312,590	3,315,540	3,296,505	3,033,968
Long term investment	25,039	25,039	25,039	25,039	19,640	25,039
Advances and deposits	1,429,904	801,853	1,162,720	1,230,254	1,193,934	1,460,320
Current assets	11,697,800	11,115,180	9,107,225	7,080,100	6,790,055	5,693,967
Current liabilities	(12,508,720)	(11,716,479)	(10,160,187)	(8,057,088)	(7,677,633)	(6,770,386)
	22,431,053	20,837,941	20,379,842	18,538,923	19,149,857	13,026,714
<b>Financed by</b>						
Share capital	214,294	214,294	214,294	214,294	214,294	214,294
Reserves	13,274,870	12,298,101	11,684,274	10,240,549	9,891,688	9,258,403
Shareholders' equity	13,489,164	12,512,395	11,898,568	10,454,843	10,105,982	9,472,697
Surplus on revaluation of PP&E	3,115,074	3,525,985	3,983,297	4,237,712	4,513,641	1,164,731
Long term financing	2,348,979	1,825,505	1,865,065	1,375,943	2,054,447	1,174,947
Long term deposits and deferred liabilities	3,477,836	2,974,056	2,632,912	2,470,425	2,475,787	1,214,339
	22,431,053	20,837,941	20,379,842	18,538,923	19,149,857	13,026,714

Cash Flows Summary (Rupees in thousand)	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Net cash generated from operating activities	2,233,536	1,480,346	1,223,233	464,389	1,410,373	1,616,270
Net cash used in Investing activities	(2,938,336)	(1,298,408)	(3,171,135)	(269,873)	(2,681,275)	(965,880)
Net cash generated from / (used in) financing activities	716,428	(50,350)	2,057,361	(215,383)	1,293,749	(701,729)
(Decrease) /increase in cash and bank Balance	11,628	131,588	109,459	(20,867)	22,847	(51,339)
Cash and cash equivalent at the beginning of the year	322,690	191,102	81,643	102,510	79,663	131,002
Cash and cash equivalent at the end of the year	334,319	322,690	191,102	81,643	102,510	79,663

## Financial Ratios

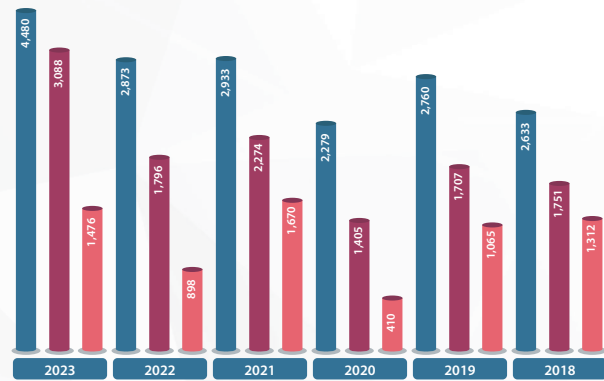
Ratios	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Gross Profit (%)	16.29	13.28	19.84	19.33	21.73	21.47
Operating Profit (%)	11.23	8.30	15.38	11.91	13.44	14.28
Profit before tax (%)	5.37	4.15	11.29	3.47	8.39	10.70
Net profit after tax (%)	3.61	3.03	9.12	2.53	6.97	8.86
Earnings per share - Basic (Rupees)	46.35	30.60	62.89	13.94	41.32	50.69
Market value per share - (Rupees)	225.58	310.00	352.00	277.11	305.87	368.32
Cash Dividend Per Share - (Rupees)	10.00	8.00	10.00	10.00	10.00	13.00
Inventory turn over (times)	5.82	5.31	4.67	5.21	8.72	8.98
Debtors turn over (times)	15.19	15.73	11.53	9.92	10.97	10.66
Creditors turn over (times)	22.90	21.69	18.29	13.55	11.76	9.00
Current ratio	0.94:1	0.95:1	0.90:1	0.88:1	0.88:1	0.84:1
Fixed assets turn over (times)	1.54	1.26	0.93	0.77	1.01	1.29
Price earning ratio (times)	4.87	10.13	5.60	19.88	7.40	7.27
Return on capital employed (%)	16.06	9.66	12.90	8.22	11.36	14.42
Return on Equity (%)	7.36	5.24	11.33	2.86	8.76	11.47
Interest Coverage ratio (times)	1.92	2.00	3.76	1.41	2.66	3.99
Debt : equity	23:77	21:79	22:78	20:80	27:73	21:79



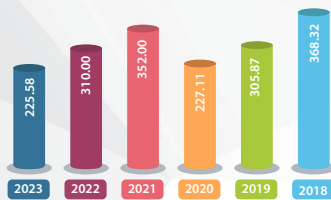
# SIX YEARS AT A GLANCE



Revenue from contracts with customers - net  
(Rs. in million)



Gross Profit, Operating Profit and Profit before tax  
(Rs. in million)



Market value per share  
(Rupees)



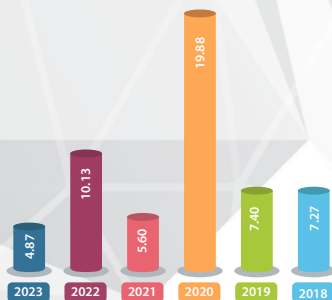
Earnings per share - Basic  
(Rupees)



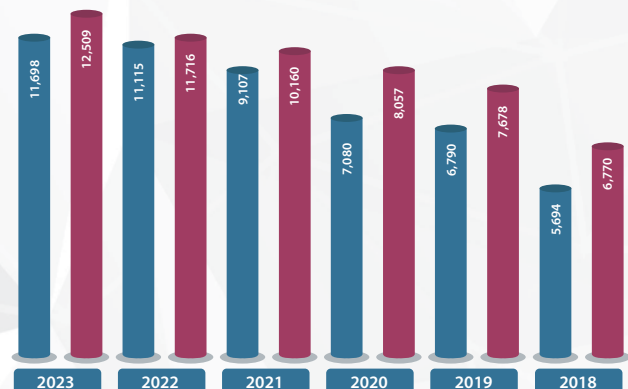
Property, plant and equipment  
(Rs. in million)



Shareholders' equity  
(Rs. in million)



Price earning ratio  
(times)



Current assets vs Current Liabilities  
(Rs. in million)

# CORPORATE GOVERNANCE

## Statement of Director's Responsibility

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 regulation.

## Presentation of Financial Statements

The financial statement prepared by the management of the company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.

## Books of Accounts

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 Concerns

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 formed 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 LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: SITARA CHEMICAL INDUSTRIES LIMITED

Year Ended: June 30, 2023

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

Gender	Number
Male	6
Female	1

2. The composition of the Board of Directors is as follows:

Category	Names
Independent Director	Mr. Ahmad Hassan Mr. Haroon Ahmad Zuberi
Executive Directors	Mr. Muhammad Adrees Mr. Haseeb Ahmad
Non-Executive Directors	Mr. Ahmed Nawaz Mr. Najm ul Hoda Khan
Female Director	Mrs. Shala Waheed Sher

The Company couldn't round up independent director's fraction as one because 0.33 is not equal to one. Further, the existing independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. 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;
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. 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. The board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board;
8. The board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The following six (06) directors have obtained certification under the Directors' Training Program;

- 1- Mr. Muhammad Adrees
- 2- Mr. Haseeb Ahmed
- 3- Mr. Najmul Hoda Khan
- 4- Mr. Ahmad Nawaz
- 5- Mr. Haroon Ahmed Zuberi
- 6- Mrs. Shala Waheed Sher

As the election of directors was held as at July 28, 2022, the remaining one (01) director shall obtain certification under the DTP in due course of time.

10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board;
12. The board has formed committees comprising of members given below:
  - a. **Audit Committee**
    - Mr. Haroon Ahmed Zuberi, Independent Director (Chairman)
    - Mr. Najmul Hoda Khan, Non-Executive Director (Member)
    - Mr. Ahmad Nawaz, Non-Executive Director (Member)
  - b. **Human Resource & Remuneration Committee**
    - Mr. Ahmad Hasan, Independent Director (Chairman)
    - Mr. Muhammad Adrees, Chief Executive Officer (Member)
    - Mrs. Shala Waheed Sher, Non-Executive Director (Member)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:
  - a. **Audit Committee:** Four meetings during the financial year ended June 30, 2023
  - b. **HR and Remuneration Committee:** Two meetings during the financial year ended June 30, 2023.
15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;



17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirement, other than regulations 3,6,7,8,27,32,33 and 36 are below:

Sr. No	Non-Mandatory Requirement	Explanation	Regulation No.
1	<b>Nomination Committee</b> The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.	29(1)
2	<b>Risk Management Committee</b> The Board may constitute the Risk Management committee of such number and class of directors as it may deem appropriate in its circumstances to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and the Company's Internal Auditor, performs the requisite functions and apprises the board accordingly.	30(1)

On behalf of the Board

*Ahmad Hasan*

Ahmad Hasan  
Chairman

Faisalabad

Dated: September 18, 2023



# **Shariah Compliance Review Report 2023**





**ALHAMD SHARIAH ADVISORY SERVICES**

**(PVT) LIMITED**

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

August 25, 2023

نحمده و نصلى على رسوله الكريم

## **Shariah Review Report**

*For the year ended June 30, 2023*

We have conducted a Shariah review of Sitara Chemical Industries Limited (SCIL) for the financial year ending on June 30, 2023, in accordance with the provisions outlined in the Shariah Governance Regulations of 2018. Our assessment led us to the following conclusions:

- the transactions, the documentations and the procedures adopted have been in accordance with principles of the Shariah;
- the business affairs have been carried out in accordance with rules and principles of the Shariah;
- the income received during the year was calculated, and was treated in accordance with the requirements of Shariah Governance Regulations, 2018;

In light of our thorough review of SCIL's operations, we are unequivocally of the opinion that the company's activities have been consistently conducted in observance of the rules and principles of Shariah. Therefore, we confidently classify Sitara Chemical Industries Limited as Shariah-compliant entity.

As we conclude, we humbly beseech Allah Almighty for success, guidance, and assistance in every endeavor. May our path remain free from obstacles and challenges, and may Sitara Chemical Industries Limited continue to achieve financial prosperity through righteous means.

**Mufti Muhammad Ibrahim Essa**

*Chief Executive Officer*

Alhamd Shariah Advisory Services (Pvt.) Limited

**Mufti Ubaid Ur Rahman Zubairi**

*Director*

Alhamd Shariah Advisory Services (Pvt.) Limited



**Address:** Flat 503, 8<sup>th</sup> Floor Ibrahim Residency, C.P & Berar Society, Karachi.

☎ +92 322 2671867 | 🌐 [www.alhamdshariahadvisory.com](http://www.alhamdshariahadvisory.com) | ✉ [info@alhamdshariahadvisory.com](mailto:info@alhamdshariahadvisory.com)

# PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

NUMBER OF SHAREHOLDERS	SHAREHOLDINGS		TOTAL NUMBER OF SHARES
	FROM	TO	
906	1	100	25,326
494	101	500	121,697
162	501	1,000	116,151
119	1,001	5,000	275,152
24	5,001	10,000	177,798
12	10,001	15,000	155,540
2	15,001	20,000	36,048
3	20,001	25,000	73,896
3	25,001	30,000	77,904
2	30,001	35,000	61,836
2	40,001	45,000	83,025
3	45,001	50,000	139,265
1	50,001	55,000	50,609
1	55,001	60,000	59,364
2	65,001	70,000	130,764
1	70,001	75,000	74,500
1	75,001	80,000	75,900
1	80,001	85,000	82,750
1	85,001	90,000	85,966
1	100,001	105,000	104,000
2	110,001	115,000	226,475
2	120,001	125,000	246,064
1	265,001	270,000	269,300
1	330,001	335,000	333,840
1	370,001	375,000	373,346
1	490,001	495,000	492,736
1	590,001	595,000	594,416
1	900,001	905,000	904,386
1	2,340,001	2,345,000	2,343,950
1	13,635,001	13,640,000	13,637,402
1753			21,429,406

# PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

	Number	Share Held	Percentage
<b>NIT &amp; ICP</b>			
National Bank of Pakistan - Trustee Department			
Investment Corporation of Pakistan	2	51,306	0.24
<b>Directors, CEO &amp; their Spouse and Minor Children</b>			
Mr. Muhammad Adrees	1	13,637,402	63.64
Mr. Haseeb Ahmed	1	333,840	1.56
Mr. Ahmad Hassan	1	1	0.00
Mr. Ahmad Nawaz	1	500	0.00
Mr. Haroon Ahmed Zuberi	1	1	0.00
Mrs. Shala Waheed Sher	1	1	0.00
Mr. Najmul Hoda Khan	1	100	0.00
Mrs. Zomia Anees	1	40,700	0.19
Bank, Development Finance Institutions, Non Banking Finance Institutions.	5	2,345,216	10.94
Insurance Companies	1	904,386	4.22
Mutual Funds	4	721,316	3.37
Modarabas	2	12,550	0.06
General Public (Local)	1654	1,885,542	8.77
General Public (Foreign)	43	183,107	0.85
Associated Companies, Undertaking and Related Parties	2	596,736	2.78
Joint Stock Companies, others, etc.	23	525,563	4.48
Others	9	191,139	0.89
	<b>1,753</b>	<b>21,429,406</b>	<b>100.00</b>

Detail of purchase/sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Financial Officer and their spouses/minor children during 2022-2023.

NIL

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

- |   |                                      |            |
|---|--------------------------------------|------------|
| a | Mr. Muhammad Adrees, Chief Executive | 13,637,402 |
| b | Jahangir Siddiqui & Company Limited  | 2,344,950  |



# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the shareholders of Sitara Chemical Industries Limited (the "Company") will be held on Saturday, 21<sup>st</sup> day of October, 2023 at 2:00 p.m. at ICAP Auditorium, Institute of Chartered Accountant of Pakistan, Chartered Accountants Avenue, Block 8 Clifton, Karachi in person and via videolink, to transact the following business:

## ORDINARY BUSINESS

- i. To confirm the minutes of the Annual General Meeting held on October 21, 2022.
- ii. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2023 together with the Reports of Directors and Auditors thereon.
- iii. To approve payment of Cash Dividend at the rate of 100% (Rs. 10/- per share) as recommended by the Board of Directors.
- iv. To appoint Auditors and to fix their remuneration for the year ending June 30, 2024. The present auditors, M/s. Yousuf Adil, Chartered Accountants, have retired and being eligible, have offered themselves for re-appointment. The Board of Directors recommends, based on the recommendation of Board Audit Committee, appointment of M/s. Yousuf Adil as auditors for the ensuing year.
- v. To transact any other ordinary business with the permission of the Chair.

## SPECIAL BUSINESS

- vi. To consider and, if deemed fit, pass the following ordinary resolution for getting shareholders' approval to circulate the annual audited financial statements through QR enabled code and weblink:

"RESOLVED that the approval be and is hereby given to allow the Company to circulate the annual audited financial statements to its members through QR enabled code and weblink instead of through CD/DVD/USB".

- vii. To consider and, if deemed fit, pass the following resolution in accordance with the Section 183(3)(a) of the Companies Act, 2017, for getting shareholders' approval to sale a sizeable part of Company's freehold land (Investment Property) located in the vicinity of Faisalabad.

RESOLVED THAT the consent of shareholders be and is hereby accorded to the disposal and sale of Company's freehold land located in the vicinity of Faisalabad, comprised of 3,271.14 Kanal.

RESOLVED FURTHER that, as part and parcel of the foregoing consent, Mr. Muhammad Adrees, Chief Executive of the Company be and is hereby authorized and empowered for sale of company's freehold land on behalf of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

RESOLVED FURTHER that the Chief Executive of the Company may delegate any other person or group of person or attorney on such term and condition as deem fit, to act on behalf of the Company in doing and performing all acts, matters, things and deeds to implement sale of freehold land (investment property) and the transaction contemplated by it, which shall include, but not be limited to:-

- a) conducting negotiations, obtaining quotations etc, with interested parties in such manner and on such terms and conditions as are in the best interests of the Company and its shareholders and which secure the best available market price for the assets;
- b) selling the assets to any individual, firm / partnership, bank or private / public limited company or organization or to any other person and, for that purpose, entering into an agreement to sell, sale deed or any other agreement with the buyer(s) or any other person, receiving the sale consideration, executing, preparing and signing any sale deed, conveyance deed and / or transfer documents in favor of the buyer(s) or another person to effect the asset sale in favor of the buyer(s) or any other person by representing the same before all parties & authorities concerned and admitting execution thereof;
- c) representing before the Sub-Registrar or any other competent authority and getting any sale deed or other documents registered and collecting consideration amount in respect of the sale, and
- d) generally performing and executing in respect of the sale of freehold land (investment property) all lawful deeds, agreements, acts and things as they may think fit and proper in order to implement and complete the assets Sale.

FURTHER RESOLVED that the Company be and is hereby authorized to take all actions incidental or ancillary thereto with regard to the sale of freehold land.

By Order of the Board

KARACHI  
September 18, 2023

**Mazhar Ali Khan**  
Company Secretary

## Agenda VI:

Statement U/S 134(3) of the Companies Act, 2017 pertaining to the Special Business

Securities & Exchange Commission of Pakistan (SECP) vide its SRO No.389(1)/2023 dated March 21, 2023 has allowed companies to circulate the

# NOTICE OF ANNUAL GENERAL MEETING

annual audited financial statements to its members through QR enabled code and weblink instead of through CD/DVD/USB. The notice of the meeting shall be dispatched to the members as per requirements of the Act, on their registered address, containing the QR code and the weblink address to view and download the annual audited financial statements.

## Agenda VII:

### Information under SECP SRO No. 1227/2005 dated December 12, 2005

Description	Detail
Detail of assets to be disposed off	Land situated at Chak 193 RB, Chak 194 RB, Chak 200 RB, and Chak 266 RB, Off Sheikhpura Road, Faisalabad. Total Area to be sold: 3,271.14 Kanal. Book Value: Rs. 2,695,864,141/- Current Market Value as established by valuation conducted by M/s Hamid Mukhtar & Co, (Pvt) Limited: Rs. 3,408,783,000/-
Proposed manner of disposal of the said assets	The land would be sold to prospective buyer(s) directly or through agents.
Reason for the sale, lease or disposal of the assets and the benefits expected to accrue to the shareholders therefrom.	The land is included in investment property and its proceeds will be used towards establishment of alternate energy resource or for repayment of company's loans to add value in net worth of the company and its shareholders.

The directors of the company have no personal interests in the resolutions except in their capacity as shareholders of ordinary shares of the company to the extent of their respective shareholding.

## NOTES:

### CLOSURE OF SHARE TRANSFER BOOKS

The Share Transfer Books of the Company will remain closed from October 14, 2023 to October 21, 2023 (both days inclusive). Transfers received in order at the office of Share Registrar M/s. THK Associates (Pvt.) Limited, Plot no. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi before the close of business on October 13, 2023 will be considered in time for entitlement of the dividend.

### PARTICIPATION IN THE ANNUAL GENERAL MEETING.

A member entitled to attend and vote at this meeting is entitled to appoint another person 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, Plot no. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi duly stamped and signed not less than 48 hours before the time of meeting.



# NOTICE OF ANNUAL GENERAL MEETING

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 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 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.
- 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.
- iii) Form of proxy is attached to the notice of meeting being sent to the members. Proxy Form may also be downloaded from the Company's website i.e. [www.sitara.com.pk](http://www.sitara.com.pk)

## PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

The provisions of Section 242 of the Companies Act, 2017 and Regulation 4 of The Companies (Distribution of Dividend) Regulations 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the designated bank account by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend form available on website of the company and also attached with the notice of meeting being sent to the shareholders. In case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company.

## WITHHOLDING TAX ON DIVIDEND INCOME

The deduction of Income Tax from dividend payments shall be made on the basis of filers and non-filers as follows:

# NOTICE OF ANNUAL GENERAL MEETING

1.	Filer of Income Tax Returns	15.00%
2.	Non-Filer of Income Tax Returns	30.00%

Income Tax will be deducted on the basis of Active Tax Payers list posted on the Federal Board of Revenue website.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company.

Folio/ CDC A/c No.	Name of Shareholders	No. of Shares or percentage (Proportion)	CNIC No.	(Principal/Joint Shareholders)

## SUBMISSION OF COPIES OF CNIC NOT PROVIDED EARLIER

Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar, M/s. THK Associates (Private) Limited. In case of non-availability of a valid copy of the shareholders' CNIC in the records of the Company, the company shall withhold the dividend under the provisions of Section 243 of the Companies Act, 2017 and Regulation 6 of The Companies (Distribution of Dividend) Regulations 2017.

## CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM

The Securities and Exchange Commission of Pakistan (SECP) through its letter No.CSD/ED/Misc/2016-639-640 dated March 26, 2021 has advised the Listed Companies to adhere with the provision of the Section 72 of the Companies Act, 2017 (the Act) by replacing shares issued by them in Physical Form with the shares to be issued in the Book-Entry Form. Sitara Chemical Industries Limited (the "Company"), being a listed company is also required to comply with aforesaid provision of Act.

The shareholders of Sitara Chemical Industries Limited having physical folios/share certificates are requested to convert their shares from Physical Form into Book Entry Form as soon as possible. The shareholders may contact their Broker, a PSX Member, CDC Participant or CDC Investor Account Service provider for assistance in opening CDS Account and subsequent induction of the physical shares into Book Entry Form.

# NOTICE OF ANNUAL GENERAL MEETING

It would facilitate the shareholders in many ways including safe custody of shares, no loss of shares, avoidance of formalities required for the issuance of duplicate shares and readily available for sale and purchase in open market at better rates. The shareholders of Company may contact the Share Registrar and Transfer Agent of the Company, namely M/s. THK Associates (Pvt.) Limited, Plot no. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi for the conversion of Physical Shares into Book-Entry Form.

## ELECTRONIC CIRCULATION OF ANNUAL REPORTS VIA EMAIL OR CD/DVD:

Pursuant to the provision of Companies Act, 2017, annual reports are being sent to the shareholders electronically (Email or CD/DVD).

However, shareholders who wish to receive hardcopy of Financial Statements shall have to fill the attached standard request form (also available on the company's website [www.sitara.com.pk](http://www.sitara.com.pk)) and send at the Company's address.

The Company has made arrangements to ensure that all participants, including shareholders, can now participate in the AGM proceedings via video link. Those members who are willing to attend and participate in the AGM via video link are requested to register themselves by sending an email along with following particulars and valid copy of both sides of Computerized National Identity Card (CNIC) at [reg.agm2023@sitara.com.pk](mailto:reg.agm2023@sitara.com.pk) with subject of 'Registration for AGM' not less than 48 hours before the time of the meeting:

Name of Shareholder	CNIC Number	CDC Account No./Folio No.	Cell Number	Email Address

Members who will be registered, after necessary verification as per the above requirement, will be provided a password protected video link by the Company via email. The said link will remain open from 1:30 p.m. on the date of AGM till the end of the meeting.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address [comments.agm2023@sitara.com.pk](mailto:comments.agm2023@sitara.com.pk).

Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.

## PLACEMENT OF FINANCIAL STATEMENTS:

The audited financial statements of the Company for the year ended June 30, 2023 have been placed at the Company's website: [www.sitara.com.pk](http://www.sitara.com.pk).

Members are requested to promptly notify any change in their addresses.





# Auditor's Reports & Financial Statements 2023

# INDEPENDENT AUDITOR'S REPORT

To the Members of Sitara Chemical Industries Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of Sitara Chemical Industries Limited (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2023 and of the profit, its comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matter	How the matter was addressed in our audit
<b>1. Revenue Recognition</b>	
<p>The Company's sales comprise of revenue from the sale of chemicals and textile products as disclosed in note 29 to the financial statements.</p> <p>Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods and at transaction price net of trade discounts (note 4.18).</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on transfer of control to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.</p>	<p>Our audit procedures to address the Key Audit Matter included the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of and assessed the design, implementation and operating effectiveness of controls over recognition of revenue;</li> <li>Assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with the accounting standards;</li> <li>Checked on sample basis whether the recorded sales transactions are based on transfer of control of goods to the customer, satisfying the performance obligation and were recorded in the appropriate accounting period at rate agreed in contract; and</li> <li>Reviewed the adequacy of disclosures as required under applicable financial reporting framework.</li> </ul>

2. Valuation of stock in trade	
<p>Refer to note 12 to the financial statements and note 4.6 for the policy of stock in trade.</p> <p>Stock in trade forms a significant part of the Company's assets. As at June 30, 2023, the carrying amount of the Company's stock in trade amounts to Rs 3,581.6 million.</p> <p>We identified valuation of stock in trade as a key audit matter as it involves significant management judgement with respect to standard costs and determination of net realizable value.</p>	<p>In this respect, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of procedures followed by the Company with respect to valuation of stock in trade;</li> <li>• Assessed appropriateness of the Company's accounting policies for valuation of stock in trade and compliance of those policies with accounting and reporting standards as applicable in Pakistan;</li> <li>• On a sample basis, verified supporting documents for purchases of raw materials and the production costs as per accounting policy;</li> <li>• Obtained working of variances recorded by management, including changes made in the current year and tested the amounts, which were incurred and retained to actualize the standard cost of stock in trade at year end;</li> <li>• Obtained an understanding and assessed reasonableness of the management's process for determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete and costs necessary to make the sales and their basis;</li> <li>• Compared the NRV, on a sample basis, to the carrying value of stock in trade to assess whether any adjustments were required to carrying value of inventories in accordance with the policy;</li> <li>• For valuation of goods in transit, verified the supporting documents on sample basis; and</li> <li>• Assessed the adequacy of disclosures related to valuation of stock in trade in the financial statements.</li> </ul>

#### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance opinion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan



will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Sufyan.



Chartered Accountants

Place: Lahore

Date: September 26, 2023

UDIN: AR2023101804WYlo6jkP

# INDEPENDENT AUDITOR'S REVIEW REPORT

## TO THE MEMBERS OF SITARA CHEMICAL INDUSTRIES LIMITED

### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies Code of Corporate Governance Regulations, 2019 (the Regulations) prepared by the Board of Directors of Sitara Chemical Industries Limited (the Company) for the year ended June 30, 2023, in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Company's Board of Directors. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a part of our audit of the 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 Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

  
**Chartered Accountants**

Engagement Partner:  
Muhammad Sufyan

Place: Lahore  
Dated: September 26, 2023  
UDIN: CR202310180vsvy1rBHIY

# INDEPENDENT ASSURANCE REPORT ON COMPLIANCE WITH THE SHARIAH GOVERNANCE REGULATIONS, 2018

To the Board of Directors of Sitara Chemical Industries Limited

## 1. Introduction

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (the Commission) has required in terms of its Shariah Governance Regulations, 2018 (the Regulations) for assessing compliance of the Sitara Chemical Industries Limited (the Company) financial arrangements, contracts and transactions having Shariah implications with the Shariah principles (criteria specified in paragraph 2 below) for the period from July 01, 2022 to June 30, 2023.

## 2. Applicable Criteria

The criteria for the assurance engagement as per the Regulations, against which the underlying subject matter (financial arrangements, contracts and transactions having Shariah implications for the period from July 01, 2022 to June 30, 2023) is assessed, comprise the following:

- (a) rules, regulations and directives issued by the Commission from time to time;
- (b) pronouncements of Shariah Advisory Board;
- (c) Shariah Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, as adopted by the Commission, if any;
- (d) requirements of the applicable Islamic Financial Accounting Standards as notified by the Commission, if any; and
- (e) approvals and rulings given by the Shariah Advisor of the Company in line with the Regulations and in accordance with the rulings of Shariah Advisory Board.

The above criteria were evaluated for the implications on the financial statements of the Company for the year ended June 30, 2023.

## 3. Management's Responsibility for Shariah Compliance

The Company's management is responsible to ensure that the financial arrangements, contracts and transactions having Shariah implications, entered into by the Company and related policies and procedures are in compliance with Shariah principles (criteria specified in paragraph 2 above). The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

## 4. Our Independence and Quality Control

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities



in accordance with the Code. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance opinion thereon.

The firm applies International Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Historical Financial Statements, And Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## 5. Our responsibility and summary of the work performed

Our responsibility in connection with this engagement is to express an opinion on compliance of the Company’s financial arrangements, contracts and transactions having Shariah implications with Shariah principles, in all material respects, for the period from July 01, 2022 to June 30, 2023 based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), ‘Assurance Engagements other than audits or reviews of historical financial information’, issued by the International Auditing and Assurance Standards Board. That standard required that we plan and perform this engagement to obtain reasonable assurance about the compliance of the Company’s financial arrangements, contracts and transactions having Shariah implications with Shariah principles (criteria specified in paragraph 2 above). In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The procedures selected by us for the engagement depend on our judgement, including the assessment of the risks of material non-compliance with the Shariah principles. In making those risk assessments, we considered and tested the internal control relevant to the Company’s compliance with the Shariah principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. We have designed and performed necessary verification procedures on various financial arrangements, contracts and transactions having Shariah implications and related policies and procedures based on judgmental and systematic samples with regard to the compliance with Shariah principles (criteria specified in paragraph 2 above).

We believe that the evidence we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our opinion.

## 6. Conclusion

Based on our reasonable assurance engagement, we report that in our opinion, the Company’s financial arrangements, contracts and transactions having Shariah implications for the period from July 01, 2022 to June 30, 2023 are in compliance with the Shariah principles (criteria specified in paragraph 2 above), in all material respects.



**Chartered Accountants**

Engagement Partner:  
Muhammad Sufyan

Place: Lahore  
Date: September 26, 2023

# STATEMENT OF FINANCIAL POSITION

## AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>ASSETS</b>			
<i>Non-current assets</i>			
Property, plant and equipment	5	18,458,821,584	17,344,777,219
Intangible assets	6	7,541,283	8,379,203
Investment property	7	3,320,667,107	3,259,192,023
Long term investments	8	25,038,687	25,038,687
Long term loans and advances	9	1,304,369,913	677,477,026
Long term deposits	10	125,534,179	124,376,329
		23,241,972,753	21,439,240,487
<i>Current assets</i>			
Stores, spare parts and loose tools	11	1,669,634,281	1,128,055,034
Stock in trade	12	3,581,645,734	4,324,516,058
Trade debts	13	2,233,137,051	1,387,419,436
Loans and advances	14	1,473,914,598	1,836,641,784
Trade deposits, prepayments and other receivables	15	31,561,117	28,622,696
Advance income tax		1,651,622,722	1,479,353,697
Other financial assets	16	721,965,518	607,880,563
Cash and bank balances	17	334,318,954	322,690,309
		11,697,799,975	11,115,179,577
<b>Total assets</b>		<b>34,939,772,728</b>	<b>32,554,420,064</b>

The annexed notes from 1 to 49 form an integral part of these financial statements.



Muhammad Adrees  
Chief Executive Officer



Zakir Hussain  
Chief Financial Officer



Ahmad Hassan  
Director

# STATEMENT OF FINANCIAL POSITION

## AS AT JUNE 30, 2023



	Note	2023 Rupees	2022 Rupees
<b>EQUITY AND LIABILITIES</b>			
<i>Share capital and reserves</i>			
Share capital	18	214,294,070	214,294,070
Reserves	19	1,347,569,311	1,372,391,451
Unappropriated profit		11,927,300,495	10,925,709,679
Surplus on revaluation of property, plant and equipment	20	3,115,074,247	3,525,985,457
<b>Total equity</b>		<b>16,604,238,123</b>	<b>16,038,380,657</b>
<b>LIABILITIES</b>			
<i>Non-current liabilities</i>			
Long term financing	21	2,348,978,512	1,825,504,507
Long term deposits	22	128,463,171	116,163,171
Deferred taxation	23	3,087,151,951	2,768,357,159
Deferred liabilities	24	262,220,610	89,535,176
		<b>5,826,814,244</b>	<b>4,799,560,013</b>
<i>Current liabilities</i>			
Trade and other payables	25	3,792,607,858	3,582,351,883
Profit / financial charges payable	26	464,660,305	240,565,803
Short term borrowings	27	7,035,129,376	6,839,823,317
Provision for taxation		390,591,277	199,042,218
Unclaimed dividend		26,390,514	25,144,376
Current portion of long term financing	21	799,341,031	829,551,797
		<b>12,508,720,361</b>	<b>11,716,479,394</b>
<b>Total equity and liabilities</b>		<b>34,939,772,728</b>	<b>32,554,420,064</b>
<i>Contingencies and commitments</i>			
	28		

The annexed notes from 1 to 49 form an integral part of these financial statements.

Muhammad Adrees  
Chief Executive Officer

Zakir Hussain  
Chief Financial Officer

Ahmad Hassan  
Director





# STATEMENT OF PROFIT OR LOSS

## FOR THE YEAR ENDED JUNE 30, 2023



	Note	2023 Rupees	2022 Rupees
Revenue from contracts with customers - net	29	27,492,638,538	21,625,585,195
Cost of sales	30	(23,013,063,337)	(18,752,676,751)
Gross profit		4,479,575,201	2,872,908,444
Distribution cost	31	(646,383,513)	(395,832,628)
Administrative expenses	32	(980,607,083)	(763,698,595)
Impairment loss on financial assets	13.2	(964,718)	(110,639,291)
Other expenses	33	(94,572,380)	(63,652,303)
Finance cost	34	(1,611,679,465)	(897,246,392)
		(3,334,207,159)	(2,231,069,209)
		1,145,368,042	641,839,235
Other income	35	330,554,524	256,599,634
Profit before taxation		1,475,922,566	898,438,869
Provision for taxation	36	(482,571,115)	(242,800,348)
Profit for the year		993,351,451	655,638,521
Earnings per share - basic and diluted	37	46.35	30.60

The annexed notes from 1 to 49 form an integral part of these financial statements.

Muhammad Adrees  
Chief Executive Officer

Zakir Hussain  
Chief Financial Officer

Ahmad Hassan  
Director

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED JUNE 30, 2023



	Note	2023 Rupees	2022 Rupees
Profit for the year		993,351,451	655,638,521
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
<i>Items that will not be reclassified to profit or loss</i>			
(Loss) / gain on Remeasurement of post retirement benefits obligation	24.2	(715,321)	2,401,930
Related tax impact		107,298	(792,637)
Gain on sale of investments measured at FVTOCI		233,841	1,055,226
Loss on re-measurement of equity instruments as at FVTOCI		(28,762,303)	(51,733,342)
Related tax impact		4,314,345	7,760,001
Impact of change in tax rate on revaluation surplus		(231,236,597)	(243,519,549)
Total items that will not be reclassified to profit or loss		(256,058,737)	(284,828,371)
Total comprehensive income for the year		<u>737,292,714</u>	<u>370,810,150</u>

The annexed notes from 1 to 49 form an integral part of these financial statements.

Muhammad Adrees  
Chief Executive Officer

Zakir Hussain  
Chief Financial Officer

Ahmad Hassan  
Director



# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2023

	Capital reserves				Revenue reserves		Total
	Share capital	Share premium	Reserve on re-measurement of equity instruments as at FVTOCI	Remeasurement on post retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment	General reserve	
Balance as at July 01, 2021	214,294,070	97,490,410	97,223,777	(6,013,914)	3,983,296,550	1,225,000,000	10,270,573,684
Profit for the year	-	-	-	-	-	-	655,638,521
Other comprehensive income	-	-	(42,918,115)	1,609,293	(243,519,549)	-	(284,828,371)
Total comprehensive income	-	-	(42,918,115)	1,609,293	(243,519,549)	-	655,638,521
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	-	-	-	(213,791,544)	-	213,791,544
Transactions with owners							
Final dividend for the year ended June 30, 2021 @ Rs. 10 per share	-	-	-	-	-	-	(214,294,070)
Balance as at June 30, 2022	214,294,070	97,490,410	54,305,662	(4,404,621)	3,525,985,457	1,225,000,000	10,925,709,679
Profit for the year	-	-	-	-	-	-	993,351,451
Other comprehensive income*	-	-	(24,214,117)	(608,023)	(231,236,597)	-	(256,058,737)
Total comprehensive income	-	-	(24,214,117)	(608,023)	(231,236,597)	-	993,351,451
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	-	-	-	(179,674,613)	-	179,674,613
Transactions with owners							
Final dividend for the year ended June 30, 2022 @ Rs. 8 per share	-	-	-	-	-	-	(171,435,248)
Balance as at June 30, 2023	214,294,070	97,490,410	30,091,545	(5,012,644)	3,115,074,247	1,225,000,000	11,927,300,495

\* a. The amount included in reserves on remeasurement of equity instruments at FVTOCI represents loss on remeasurement of equity instruments at FVTOCI amounting to Rs. 28.76 million (2022: Rs. 51.73 million), its related tax impact of Rs. 4.31 million (2022: Rs. 7.76 million) and gain on sale of investments measured at FVTOCI amounting to Rs. 0.23 million (2022: Rs. 1.06 million).

b. The amount included in remeasurement on post retirement benefits obligations represents loss of Rs. 0.72 million (2022: Gain of Rs. 2.4 million) and its related tax impact of Rs. 0.11 million (2022: Rs. (0.79) million).

c. The amount in surplus on revaluation of property, plant and equipment represents impact of change in tax rate on revaluation surplus amounting to Rs. 231.23 million (2022: Rs. 243.52 million).

The annexed notes from 1 to 49 form an integral part of these financial statements.



**Muhammad Adrees**  
Chief Executive Officer



**Zakir Hussain**  
Chief Financial Officer



**Ahmad Hassan**  
Director



# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED JUNE 30, 2023



A. CASH FLOWS FROM OPERATING ACTIVITIES	Note	2023 Rupees	2022 Rupees
Profit before taxation		1,475,922,566	898,438,869
Adjustments for:			
Depreciation on property, plant and equipment		1,337,600,706	1,310,900,127
Depreciation on investment property		4,122,476	3,743,223
Amortization on intangible assets		837,920	922,051
Finance cost		1,611,679,465	897,246,392
Amortization of deferred grant		(68,762,371)	(5,120,662)
Remeasurement (gain) / loss on short term investments measured at FVTPL		(1,108)	2,223
Gain on disposal of property, plant and equipment		(16,499,379)	(3,954,980)
Loss on disposal of intangible assets		-	371,309
Gain on disposal of investment property		-	(6,911,500)
Gain on sale of investments measured at FVTPL		(583,915)	(1,514,654)
Exchange gain		(4,886,453)	(6,102,702)
Provision for employee benefits		24,442,046	19,908,843
Impairment loss on financial assets		964,718	110,639,291
Unwinding of discount on deferred consideration		(72,843,812)	(112,821,317)
Markup on bank deposits		(23,769,232)	(10,608,009)
Dividend income		(74,919,035)	(45,503,021)
Operating cash flows before changes in working capital		4,193,304,592	3,049,635,483
Working capital changes	43	(270,773,030)	(559,145,570)
Cash generated from operations		3,922,531,562	2,490,489,913
Finance cost paid		(1,319,690,923)	(806,249,988)
Employee benefits paid		(10,805,941)	(10,218,284)
Increase in long term deposits		12,300,000	47,116,078
Taxes paid		(370,798,688)	(240,791,700)
		(1,688,995,552)	(1,010,143,894)
Net cash generated from operating activities		2,233,536,010	1,480,346,019

Muhammad Adrees  
Chief Executive Officer

Zakir Hussain  
Chief Financial Officer

Ahmad Hassan  
Director

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED JUNE 30, 2023

B. CASH FLOWS FROM INVESTING ACTIVITIES	Note	2023 Rupees	2022 Rupees
Additions to property, plant and equipment including capital work in progress		(2,313,759,772)	(1,724,762,228)
Proceeds from disposal of property, plant and equipment		23,466,689	8,200,064
Purchase of investment property		(65,597,560)	(39,135,564)
Proceeds from disposal of investments property		-	83,990,000
Additions to intangible assets		-	(665,710)
Purchase of other financial assets		(1,132,713,976)	(1,762,956,414)
Proceeds from disposal of other financial assets		1,049,810,177	1,652,785,893
Realization of long term loans and advances - net		(537,947,014)	463,132,851
Long term deposits paid		(1,157,850)	(10,600)
Dividend received		15,794,440	10,405,487
Profit received on bank deposits		23,769,232	10,608,009
Net cash used in investing activities		(2,938,335,634)	(1,298,408,212)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,486,138,150	789,183,972
Repayment of long term financing		(794,826,830)	(717,713,823)
Proceeds from short term borrowings		17,992,829,819	18,393,749,622
Repayment of short term borrowings		(17,797,523,760)	(18,302,920,116)
Dividend paid		(170,189,110)	(212,649,440)
Net cash generated from / (used in) financing activities		716,428,269	(50,349,785)
Net increase in cash and cash equivalents (A+B+C)		11,628,645	131,588,022
Cash and cash equivalents at beginning of the year		322,690,309	191,102,287
Cash and cash equivalents at end of the year	17	334,318,954	322,690,309

The annexed notes from 1 to 49 form an integral part of these financial statements.



Muhammad Adrees  
Chief Executive Officer



Zakir Hussain  
Chief Financial Officer



Ahmad Hassan  
Director

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023



### 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 Act, 2017). The Company is listed on Pakistan Stock Exchange Limited. The Company is a Shariah Compliant Company certified by Securities & Exchange Commission of Pakistan (SECP) under Shariah Governance Regulation 2018. The principal activities of the Company are operation of Chlor Alkali plant, Oleo Chemical 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, soap noodles 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. BASIS OF PREPARATION

#### 2.1 *Statement of compliance*

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 (the Act) differ from the IFRS Standards and IFAS, the provisions of and directives issued under the Act have been followed.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023



### 2.2 *Accounting convention*

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

- revaluation of certain property, plant and equipment;
- financial instruments at fair value;
- recognition of certain employee retirement benefits at present value.

### 2.3 *New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023*

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations 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.

#### 2.3.1 *Standards or Interpretations with no significant impact*

Amendments to IFRS 3 ‘Business Combinations’ - Reference to the conceptual framework

Amendments to IAS 16 ‘Property, Plant and Equipment’ - Proceeds before intended use

Amendments to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ - Onerous Contracts — cost of fulfilling a contract

Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)

#### 2.3.2 *New accounting standards / amendments and IFRS interpretations that are not yet effective*

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company’s operations or are not expected to have significant impact on the Company’s financial statements other than certain additional disclosures.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023



### *Standards or Interpretations*

### *Effective from annual period beginning on or after:*

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023

### *Effective from annual period beginning on or after:*

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 Financial instruments disclosure' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Certain annual improvements have also been made to a number of IFRSs.

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 17 – Insurance Contracts

### 3. *SIGNIFICANT ESTIMATES AND JUDGEMENTS*

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, associate assumptions and judgements 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.





Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant areas requiring the use of management estimates in these financial statements relate to the useful life of property, plant and equipment and intangibles, revaluation of land, building and plant and machinery, provision for expected credit losses, provision for taxation, slow moving inventory, measurement of defined benefit obligations and assumptions used in discounted cash flow projections for deferred sale receivable. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are set out below :

##### 4.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for free hold land, building on freehold land (factory), plant & machinery and capital work in progress. 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. Store items that are of capital nature are classified in capital stores under property, plant and equipment.

Assets' residual values, if significant, and their useful lives are reviewed and adjusted, if appropriate, at each statement of financial position 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 statement of profit or loss applying the reducing balance method at the rates specified in note 5 to these financial statements. Depreciation on additions and disposals during the year is charged on the basis of proportionate period of use.

Surplus arising on revaluation of property, plant and equipment is recognized, net of tax, in statement of comprehensive income and accumulated in reserves in shareholders' equity and is shown in equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of the assets does not differ materially from the fair value. Accumulated depreciation at the date of revaluation is eliminated against the cost of the asset and net amount is restated to the revalued amount of the asset. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related property, plant and equipment during the year is transferred by the Company to its unappropriated profit and is presented in statement of changes in equity.





Gains or losses on disposal of assets, if any, are recognized as and when incurred in statement of profit or loss and the related asset is derecognized.

### 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.

## 4.2 *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 reliably. Cost of the intangible asset (i.e. Computer software) includes purchase price 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 reporting date and adjusted if the impact of amortization is significant.

## 4.3 *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 statement of profit or loss 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 recognized in statement of profit or loss.

## 4.4 *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.

### *Investments designated as at fair value through other comprehensive income (FVTOCI)*

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.



Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in statement of comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not reclassified to statement of profit or loss but may be transferred from one component of equity to another on the disposal of equity investments in accordance with the guidance of IFRS 9.

Dividends on these investments in equity instruments are recognized in statement of profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

### *Investments measured at fair value through profit or loss (FVTPL)*

Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Investments measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in statement of profit or loss.

### *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.

## **4.5** *Stores, spare parts and loose tools*

Stores and spares are valued principally at weighted average cost. Impairment provision is recognized against items determined to be obsolete and / or not expected to be used up future. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.



#### 4.6 *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 reporting 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 costs of completion and estimated costs necessary to make the sale.

#### 4.7 *Trade debts, other receivables and loans and advances*

Trade debts, other receivables and loans and advances are initially recognized at fair value, which is usually the original invoiced amount and subsequently carried at amortized cost using the effective interest method. Trade debts and other receivables are subsequently assessed for impairment and recognized at fair value less allowance for expected credit loss.

#### 4.8 *Cash and cash equivalents*

Cash and cash equivalents are carried in the statement of financial position at amortized cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks and highly liquid short-term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

#### 4.9 *Impairment*

##### *Non Financial Assets (other than stock in trade and stores, spares and loose tools)*

The Company assesses at each statement of financial position 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 amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit or loss. 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. A reversal of an impairment loss is recognized immediately in statement of profit or loss to the extent that it eliminates the impairment loss which has been recognized for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.





# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023



### *Financial Assets*

The Company recognizes a loss allowance for expected credit losses on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade receivables and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

### *4.10 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 statement of profit or loss 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 statement of financial position date.

### *4.11 Employee retirement benefits*

#### *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 statement of profit or 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 statement of profit or loss and statement of comprehensive income. The



most recent Actuarial Valuation was carried out at June 30, 2023 using “Projected Unit Credit Method”. The amount recognized in the statement of financial position represents the present value of defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

#### 4.12 *Deferred grant*

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognized in statement of profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognized as deferred income in the statement of financial position and transferred to statement of profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in statement of profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

#### 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 reporting 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 reporting 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 recognized 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 reporting 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 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 based on consideration to which company expects to be entitled in a contract with customer and excludes amounts collected on behalf of third parties.

- Sales of goods are recognized when control of goods has been transferred to customers and performance obligation is satisfied.
- Export rebate is recognized on accrual basis at the time of making the export sale.
- Interest income is accrued on a time proportionate 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 Company's 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 statement of 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 reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting 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 and settlement are included in statement of 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.

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 statement of financial position 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 *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, 2023



### 5. PROPERTY, PLANT AND EQUIPMENT

	Note	2023 Rupees	2022 Rupees
Operating assets	5.1	16,998,641,215	17,257,906,182
Capital work-in-progress	5.3	1,315,327,760	86,871,037
Capital stores		144,852,609	-
		<u>18,458,821,584</u>	<u>17,344,777,219</u>

#### 5.1 Operating assets - as at June 30, 2023

Description	Cost / revalued amount		Accumulated depreciation		Book value as at June 30, 2023	Dep. Rate (%)
	At July 01, 2022	Additions / (disposals) / (write off)	At June 30, 2023	At July 01, 2022	Charge for the year / (on disposals)	At June 30, 2023
Rupees						
Freehold land	1,300,874,500	-	1,300,874,500	-	-	1,300,874,500
Building on freehold land:						
Mill	2,396,282,432	90,105,994	2,486,388,426	504,013,409	192,409,908	696,423,317
Head office	12,238,041	-	12,238,041	11,221,739	96,143	11,317,882
Plant and machinery	14,994,513,088	727,220,564 (28,581,347)	15,693,152,305	2,543,031,261	955,444,575 (23,673,571)	3,474,802,265
Grid station and electric installation	264,572,931	345,000 (2,692,750)	262,225,181	191,318,662	7,386,782 (2,526,220)	196,179,224
Containers and cylinders	93,396,276	1,477,050	94,873,326	47,171,249	4,659,483	51,830,732
Factory equipment	260,819,519	25,386,284 (14,300)	286,191,503	98,701,211	17,521,772 (13,898)	116,209,085
Electric equipment	1,665,133,288	103,501,856 (1,393,202)	1,767,241,942	546,992,990	113,529,166 (893,150)	659,629,006
Office equipment	93,683,851	7,301,751 (274,779)	100,710,823	44,410,441	5,344,360 (254,840)	49,499,961
Furniture and fittings	60,557,889	23,194,400	83,752,289	27,448,551	4,598,882	32,047,433
Vehicles	268,717,445	106,770,150 (4,771,117)	370,716,478	138,573,565	36,609,635 (3,398,506)	171,784,694
	21,410,789,260	1,085,303,049 (37,727,495)	22,458,364,814	4,152,883,078	1,337,600,706 (30,760,185)	5,459,723,599
						16,998,641,215

Operating assets - as at June 30, 2022

Description	Cost / revalued amount			Accumulated depreciation			Dep. Rate (%)
	At July 01, 2021	Additions / (disposals) / (write off)	At June 30, 2022	At July 01, 2021	Charge for the year / (on disposals)	At June 30, 2022	
				Rupees			
Freehold land	1,291,918,351	8,956,149	1,300,874,500	-	-	-	1,300,874,500
Building on freehold land:							
Mill	2,194,442,879	201,839,553	2,396,282,432	310,989,927	193,023,482	504,013,409	1,892,269,023
Head office	12,238,041	-	12,238,041	11,114,914	106,825	11,221,739	1,016,302
Plant and machinery	13,779,200,742	1,219,705,314 (4,392,968)	14,994,513,088	1,601,620,957	943,791,085 (2,380,781)	2,543,031,261	12,451,481,827
Grid station and electric installation	260,202,530	4,370,401	264,572,931	183,443,545	7,875,117	191,318,662	73,254,269
Containers and cylinders	94,457,976	111,950 (1,173,650)	93,396,276	43,081,811	5,145,133 (1,055,695)	47,171,249	46,225,027
Factory equipment	225,557,167	35,262,352	260,819,519	81,822,778	16,878,433	98,701,211	162,118,308
Electric equipment	1,515,021,020	151,547,420 (1,435,152)	1,665,133,288	436,966,284	110,800,255 (773,549)	546,992,990	1,118,140,298
Office equipment	85,929,386	7,872,898 (118,433)	93,683,851	39,381,139	5,100,299 (70,997)	44,410,441	49,273,410
Furniture and fittings	54,255,159	6,302,730	60,557,889	24,172,874	3,275,677	27,448,551	33,109,338
Vehicles	197,530,109	77,494,671 (6,307,335)	268,717,445	118,571,176	24,903,821 (4,901,432)	138,573,565	130,143,880
	19,710,753,360	1,713,463,438 (13,427,538)	21,410,789,260	2,851,165,405	1,310,900,127 (9,182,454)	4,152,883,078	17,257,906,182
Depreciation for the year has been allocated as under:				2023	2022		
		Note	Rupees	Rupees			
Cost of sales		30	1,256,762,223	1,243,951,182			
Administrative expenses		32	80,838,483	66,948,945			
			1,337,600,706	1,310,900,127			

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

Cost of sales  
Administrative expenses



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023



### 5.3 Capital work-in-progress

2023

Description	At July 01, 2022	Additions	Transfers	At June 30, 2023
Rupees				
Civil	34,188,566	396,479,712	(91,919,236)	338,749,042
Mechanical	52,682,471	1,276,872,415	(352,976,168)	976,578,718
	86,871,037	1,673,352,127	(444,895,404)	1,315,327,760

2022

Description	At July 01, 2021	Additions	Transfers	At June 30, 2022
Rupees				
Civil	32,787,838	83,164,712	(81,763,984)	34,188,566
Mechanical	31,072,673	1,096,009,299	(1,074,399,501)	52,682,471
	63,860,511	1,179,174,011	(1,156,163,485)	86,871,037

**5.3.1** The amount of borrowing costs capitalized during the year ended June 30, 2023 was Rs. 87.85 million. The rate used to determine the amount of borrowing costs eligible for capitalization was 3 months KIBOR + 1%.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

### 5.4 Disposal of property, plant and equipment of book value exceeding Rs. 500,000

2023

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (loss)	Mode of disposal
	Third party			Rupees			
Chiller	Al Hamad Traders	8,695,085	(6,646,080)	2,049,005	2,696,457	647,452	Negotiation
Electrolyzer	Muhammad Amin	2,934,500	(1,786,592)	1,147,908	6,667	(1,141,241)	Negotiation
Toyota Corolla	Aziz Fatima Trust Hospital	2,286,657	(1,356,547)	930,110	2,800,000	1,869,890	Negotiation
		13,916,242	(9,789,219)	4,127,023	5,503,124	1,376,101	

2022

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (loss)	Mode of disposal
	Ex Employee			Rupees			
Honda Civic Car	Mr. Anwaar Ul Haq	2,520,280	(1,640,525)	879,755	2,500,000	1,620,245	Negotiation
		2,520,280	(1,640,525)	879,755	2,500,000	1,620,245	

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023



### 5.5 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usage of immovable property	Total area (Square feet)		Covered area (Square feet)	
		2023	2022	2023	2022
Chak# 61 - RB, Faisalabad	Manufacturing unit	7,359,642	7,359,642	506,877	506,877
Chak# 97 - RB, Faisalabad	Power Generation Unit	3,915,772	3,915,772	328,259	328,259
Chak# 204 - RB, Faisalabad	Guest House	9,720	9,720	16,851	16,851
Sitara Tower, Civil Line, Faisalabad	Site Office	9,210	9,210	9,210	9,210
Flat No.7, Malik Complex, Blue Area, Islamabad	Site Office	1,344	1,344	1,344	1,344
Vehari Road, Multan	Site Office	5,436	5,436	2,700	2,700
110-A Siddique Trade Center, Lahore	Site Office	1,194	1,194	1,194	1,194
Business Center, Mumtaz Hassan Road, Karachi	Site Office	1,640	1,640	1,640	1,640

The covered area includes double storey building.

- 5.6 The Company had revalued its freehold land, building and plant & machinery at June 30, 2019. The revaluation had been carried out by Hamid Mukhtar & Company (Private) Limited, an independent valuer not connected to the Company and was on the panel of approved valuers of Pakistan Banks Association. It was also on the panel of State Bank of Pakistan and possessed appropriate qualification and recent experience in the fair value measurements in the relevant locations. The basis used for the revaluation of freehold land, buildings and machinery 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.

#### Buildings

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023



### *Machinery (Textile)*

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

### *Machinery (Chemical)*

For the purpose of valuation, the original cost was divided into two parts i.e. 70% of the value is basic foreign amount of the plant & machinery and 30 % was local component of plant and machinery.

### *Foreign Values:*

The 70% of original capitalized cost in Pak Rupee was converted to USD prices by dividing the USD rate of the year of procurement. The USD price of each equipment was then converted into current Rupees price by multiplying the original USD price by current USD rate (30-06-2019). These were the basis used by the valuer for valuation of the New Replacement value of plant & machinery in Pak Rupee.

### *Local components:*

The remaining 30% of original capitalized cost of local purchased machinery equipment had been fairly escalated by using compounded inflation factor calculated on compounding basis since the year 1990. The actual inflation in Pakistan (CPI) since 1986 till the date of revaluation (i.e. 30-06-2019) had been fluctuating between 4 to 12 % per year (except 20% in the year 2009) as per economic survey of Pakistan. The compounded factor (CIF) was then adjusted for inflation. The re-instatement factor was obtained by discounting the above CIF by 35 % as per Economic Survey of Pakistan.

Thus, after summing the foreign and local amounts, the valuer arrived to New Replacement Value of Plant & machinery.

Depreciation due to usage has been applied on all assets of machinery at 5% to 7.5% per annum on written down value basis to arrive at a fair present / depreciated market value of the assets.

- 5.7 Forced Sales Value (FSV) of land, buildings and machinery was Rs. 1,016.89 million, Rs. 1,415.25 million and Rs. 8,276.55 million respectively as at June 30, 2019.
- 5.8 The fair valuation of revalued assets has been determined using level 2 inputs of fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

- 5.9 Had there been no revaluation the cost, accumulated depreciation and book value of revalued assets as at June 30, 2023 would have been as follows:

	Cost	Accumulated depreciation Rupees	Book Value
Land	357,031,037	-	357,031,037
Buildings on free hold land	2,714,424,581	1,122,654,974	1,591,769,607
Plant and machinery	14,335,858,830	5,477,787,859	8,858,070,971
2023	17,407,314,448	6,600,442,833	10,806,871,615
2022	16,618,569,237	5,767,945,181	10,850,624,056

	Note	2023 Rupees	2022 Rupees
<b>6. INTANGIBLE ASSETS</b>			
<i>Cost</i>			
Balance at the beginning of the year		21,716,682	21,550,256
Additions		-	665,710
Disposals		-	(499,284)
Balance at the end of the year		21,716,682	21,716,682
<i>Accumulated amortization</i>			
Balance at the beginning of the year		13,337,479	12,543,403
Amortization during the year	30	837,920	922,051
Amortization on disposals		-	(127,975)
Balance at the end of the year		14,175,399	13,337,479
	6.1	7,541,283	8,379,203

- 6.1 Computer software is being amortized at 10% using reducing balance method.

## 7. INVESTMENT PROPERTY

Land	7.1	3,188,600,261	3,187,181,511
Buildings	7.2	95,932,846	35,876,512
Advance against purchase of investment property		36,134,000	36,134,000
	7.3	3,320,667,107	3,259,192,023
<b>7.1 Land</b>			
Balance at the beginning of the year		3,187,181,511	3,270,232,182
Acquisition during the year	7.1.1	-	39,135,564
Land possession charges	7.1.2	1,418,750	-
Disposal during the year		-	(77,078,500)
Transfer to property, plant and equipment		-	(8,973,735)
Transfer to advance against purchase of investment property		-	(36,134,000)
Balance at the end of the year		3,188,600,261	3,187,181,511

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

7.1.1 The land acquired is situated at Chak #193 RB, Jaranwala and Muslim Town Rawalpindi, measure to a total area of 1 kanal, 13 marlas, 181 square feet and 14 marlas respectively. These were acquired from Zainab Bibi and Muhammad Tariq Kiyani respectively.

7.1.2 This represents an amount of Rs. 1.22 million paid against taking possession of previously acquired land situated at Chak #193 & 199 RB, Jaranwala and Rs. 0.20 million paid against taking possession of 4 plots at Defence Road, Lahore.

	Note	2023 Rupees	2022 Rupees
<b>7.2 Buildings</b>			
<b>Cost</b>			
Balance at the beginning of the year		87,699,825	90,437,826
Additions during the year		64,178,810	-
Transfer to property, plant and equipment		-	(2,738,001)
Balance at the end of the year		151,878,635	87,699,825
<b>Accumulated depreciation</b>			
At the beginning of the year		51,823,313	48,080,090
Charge for the year	32	4,122,476	3,743,223
At the end of the year		55,945,789	51,823,313
Written down value at the end of year		95,932,846	35,876,512

7.3 The Company has invested in freehold, residential plots, land and building covering area of 3,332 kanal and 19 marlas (2022: 3,332 kanal and 19 marlas) for the purpose of capital appreciation and earning rental income. These properties are situated within the districts of Faisalabad 3,311 kanal & 5 marlas, Lahore 13 kanal, Rawalpindi 14 marlas and in Islamabad capital territory 8 property files.

The rental income earned by the Company from its investment property amounted to Rs. 47.76 million (2022: Rs. 30.08 million).

The Company has carried out the valuation of investment property as at June 30, 2023. Fair value of investment property is of Rs. 4,432 million (2022: Rs 4,100 million).

## 8. LONG TERM INVESTMENTS

8.1 These include investments in Dawood Family Takaful Limited and Salaam Takaful Pakistan Limited. The Company has elected to designate these investments in equity instruments at FVTPL.

8.2 Details of the Company's long term investments and information about fair value hierarchy, as at June 30, 2023 is as follows.

	2023 Rupees	2022 Rupees
Salaam Takaful Pakistan Limited - 2,999,500 shares (2022: 2,999,500)	20,038,687	20,038,687
Dawood Family Takaful Limited - 500,000 shares (2022: 500,000)	5,000,000	5,000,000
	25,038,687	25,038,687

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>9. LONG TERM LOANS AND ADVANCES</b>			
Deferred consideration against sale of land	9.1	314,840,600	675,506,380
Loans and advances to staff	9.2	1,611,195	1,970,646
Letter of credit, fee and margin		677,798,571	-
Suppliers and contractors		310,119,547	-
		<u>1,304,369,913</u>	<u>677,477,026</u>
<b>9.1 Deferred consideration against sale of land</b>			
At beginning of the year		1,125,506,380	1,472,685,063
Unwinding of deferred consideration receivable against sale of land	35	72,843,812	112,821,317
Receipts against sale of land		(450,000,000)	(460,000,000)
At end of the year		748,350,192	1,125,506,380
Less: Current Portion	14	(433,509,592)	(450,000,000)
Long term portion		<u>314,840,600</u>	<u>675,506,380</u>

**9.1.1** During March 2018, the Company entered into an agreement for sale of land measuring 1,510 kanals situated at 199 RB Faisalabad to M/s Sitara Developers (Private) Limited, at an aggregate sale price of Rs. 2,190 million. Twenty percent of total sale price amounting to Rs. 438 million was received as an advance and balance receivable amounting to Rs. 1,752 million was to be received from M/s Sitara Developers (Private) Limited over a period of 6 years (5 installments). During March 2020, both parties agreed to defer the consideration then outstanding by one year. Above represents the amortized cost of remaining consideration as per amended repayment schedule. During the year, the Company has received the Rs. 350 million (2022: Rs. 350 million) in this regard .

During May 2021, the Company entered into another agreement for sale of land measuring 4 kanal and 5 marlas situated at Factory Area, Chak # 212 RB, Faisalabad to Mr. Imran Ghafoor, at an aggregate sale price of Rs. 341 million. An advance of Rs. 20 million has been received in this regard and balance receivable of Rs. 321 million is to be received from Mr. Imran Ghafoor over a period of 2.5 years (4 installments). During the year, the Company has received the Rs. 100 (2022: Rs. 80 million) million in this regard.

	Note	2023 Rupees	2022 Rupees
<b>9.2 Loans and advances</b>			
<i>Considered good</i>			
<i>Secured</i>			
Staff		4,810,258	5,693,100
<i>Unsecured</i>			
Staff		2,726,309	1,814,571
		<u>7,536,567</u>	<u>7,507,671</u>
Current portion shown in current assets	14	(5,925,372)	(5,537,025)
	9.2.1	<u>1,611,195</u>	<u>1,970,646</u>

**9.2.1** The maximum aggregate amount due at the end of any month during the year was Rs. 6.6 million (2022: Rs. 9.29 million).



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

			2023 Rupees	2022 Rupees
10.	<b>LONG TERM DEPOSITS</b>	Note		
	Security deposits for:			
	Electricity		39,744,270	39,744,270
	Gas		84,276,155	84,018,305
	Water and sanitation		155,354	155,354
	Others		1,358,400	458,400
			<u>125,534,179</u>	<u>124,376,329</u>
11.	<b>STORES, SPARE PARTS AND LOOSE TOOLS</b>			
	Stores		1,568,752,642	1,047,625,097
	Spare parts			
	- In hand		90,653,637	72,063,544
	- In transit		-	1,536,609
	Loose tools		10,228,002	6,829,784
			<u>1,669,634,281</u>	<u>1,128,055,034</u>
12.	<b>STOCK IN TRADE</b>			
	Raw material			
	- In hand		1,748,349,767	2,182,147,698
	- In transit		-	48,926,549
	Packing material		86,998,217	62,004,081
	Work in process		45,649,954	40,928,802
	Finished goods			
	- In hand		1,669,319,644	1,945,640,682
	- In transit		27,290,128	43,587,004
	Waste		4,038,024	1,281,242
			<u>3,581,645,734</u>	<u>4,324,516,058</u>
13.	<b>TRADE DEBTS</b>			
	Local - unsecured		2,589,001,570	1,705,335,402
	Foreign - secured		-	36,983,835
			<u>2,589,001,570</u>	<u>1,742,319,237</u>
	Allowance for expected credit losses	13.2	(355,864,519)	(354,899,801)
			<u>2,233,137,051</u>	<u>1,387,419,436</u>

- 13.1 Trade receivables are non-interest bearing and relate to different products being sold on credit to customers. The credit period allowed on these products is generally from five days term for dealers to thirty days term for institutional customers.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

		2023 Rupees	2022 Rupees
13.2	<i>Movement in allowance for expected credit losses</i>		
	At beginning of the year	354,899,801	244,260,510
	Charge for the year	964,718	110,639,291
	At end of the year	355,864,519	354,899,801
14.	<b>LOANS AND ADVANCES</b>		
	Current portion of deferred consideration against sale of land	433,509,592	450,000,000
	Current portion of long term loans and advances- staff	5,925,372	5,537,025
		439,434,964	455,537,025
	Sales tax refundable	27,983,287	26,456,207
	Advances		
	For office expenses	28,450,189	23,247,329
	Letters of credit fee, margin and expenses	202,362,733	517,123,025
	Suppliers and contractors	775,683,425	811,834,744
	Workers' profit participation fund	-	2,443,454
		1,006,496,347	1,354,648,552
	Provision for doubtful advances	-	-
		1,473,914,598	1,836,641,784
14.1	<i>Movement in provision for doubtful advances</i>		
	At beginning of the year	-	642,544
	Written off during the year	-	(642,544)
	At end of the year	-	-
15.	<b>TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
	Trade deposits	6,436,591	11,300,350
	Prepayments	5,690,600	1,420,722
	Others receivables	19,433,926	15,901,624
		31,561,117	28,622,696

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

16.	OTHER FINANCIAL ASSETS	Note	2023 Rupees	2022 Rupees
	<i>Investments measured at fair value through profit or loss (FVTPL)</i>			
	Mutual funds	16.1	535,293,659	392,131,100
	<i>Investments designated as at fair value through other comprehensive income (FVTOCI)</i>			
	Equity investments	16.2	186,671,859	215,749,463
			<u>721,965,518</u>	<u>607,880,563</u>

### 16.1 Investments measured at FVTPL

Units having face value of Rs. 50 each.

2023 No. of units	2022		2023 Rupees	2022 Rupees
7,178,158	5,770,155	Meezan Rozana Amdani Fund	358,907,898	288,507,768
3,520,094	2,070,598	Meezan Daily Income Fund	176,004,716	103,529,984
4,621	-	Meezan Sovereign Fund		
1,134	1,267	Meezan Cash Fund	79,962	65,891
316	-	Meezan Islamic Fund	17,337	-
839	534	Meezan Islamic Income Fund	43,249	27,457
		16.1.1	<u>535,293,659</u>	<u>392,131,100</u>

16.1.1 These comprise portfolio of investments acquired principally for sale in the near term and accordingly measured at FVTPL.

### 16.1.2 Amounts recognized in statement of profit or loss

During the year, the following gains / (losses) were recognized in statement of profit or loss:

	Note	2023 Rupees	2022 Rupees
Gain / (loss) on remeasurement of investments	35	<u>1,108</u>	<u>(2,223)</u>
Gain on sale of investments	35	<u>583,915</u>	<u>1,514,654</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

### 16.1.3 Disposals of mutual funds measured at FVTPL

During the year, the Company sold its investment in mutual funds measured at FVTPL. The units sold had a fair value of Rs. 1,049 million (2022: Rs. 1,631.24 million) at the time of sale and the Company realized a gain of Rs. 0.584 million (2022: 1.51 million) which was realized in statement of profit or loss.

### 16.2 Investments designated as at FVTOCI

Fully paid ordinary shares of Rs. 10 each.

2023	2022		2023	2022
No. of shares	No. of shares		Rupees	Rupees
972,428	884,026	Meezan Bank Limited	83,988,606	99,877,257
3,220,000	3,220,000	Sitara Peroxide Limited	39,831,400	45,917,200
66,000	66,000	Pakistan Oilfields Limited	26,516,820	26,783,460
27,500	27,500	Engro Corporation Limited	7,146,975	7,069,975
112,000	112,000	D.G Khan Cement Company Limited	5,745,600	7,000,000
670,661	670,661	Sitara Energy Limited	4,453,189	6,136,548
43,750	43,750	National Foods Limited	4,305,000	6,334,125
99,997	99,997	Ittehad Chemicals Limited	3,898,883	2,986,910
34,000	34,000	Hub Power Company Limited	2,365,720	2,317,780
25,000	25,000	Engro Fertilizers Limited	2,063,250	2,216,000
45,000	45,000	Maple Leaf Cement Factory Limited	1,274,850	1,230,750
9,000	9,000	Pakistan State Oil Company Limited	999,090	1,546,560
10,000	10,000	Netsol Technologies Limited	748,300	997,400
45,000	45,000	Unity Foods Limited	703,350	903,150
45,000	40,000	Fauji Cement Company Limited	529,200	566,800
25,000	25,000	Treet Corporation Limited	395,750	729,500
6,500	6,500	Sazgar Engineering Works Limited	330,525	403,780
35,000	35,000	Aisha Steel Mills Limited	189,000	386,750
20,000	20,000	Pak Elektron Limited	181,000	317,800
-	35,000	G3 Technologies Limited	-	296,100
25,000	25,000	Fauji Foods Limited	143,500	165,750
20,000	20,000	Waves Singer Pakistan Limited	123,000	254,600
16,500	15,000	Ghani Global Holdings Limited	162,855	247,650
-	10,000	Pakistan Aluminium Beverage Cans Limited	-	315,301
4,000	4,000	International Industries Limited	292,960	414,920
3,250	2,600	The Searle Company Limited	124,540	283,447
2,500	2,500	Clover Pakistan Limited	31,750	49,950
11,550	-	Ghani Chemical Industries Limited	109,026	-
4,000	-	Waves Home Appliances Limited	17,720	-
			<u>186,671,859</u>	<u>215,749,463</u>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>16.2.2 Movement in investments measured at FVTOCI</b>			
Balance at the beginning of the year		215,749,463	266,874,253
Acquired during the year			30,355,344
Disposed off / transferred during the year	16.2.3	(315,301)	(29,746,792)
Fair value loss		(28,762,303)	(51,733,342)
Balance at the end of the year		<u>186,671,859</u>	<u>215,749,463</u>

**16.2.3** During the year, the Company has disposed off its investment in shares of Pakistan Aluminium Beverages Cans Limited as it has not paid any dividend since many previous years which is not aligned with the long run strategy of the Company.

**16.2.4** These investments in equity instruments are not held for trading and are instead, held for medium to long-term strategic purposes. Accordingly, the Company has elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

### 16.2.5 Amounts recognized in statement of profit or loss and statement of comprehensive income

	Note	2023 Rupees	2022 Rupees
Loss on re-measurement of equity instruments recognized in statement of comprehensive income		(28,762,303)	(51,733,342)
Gain on disposal of equity instruments recognized in statement of comprehensive income		233,841	1,055,226
<b>17. CASH AND BANK BALANCES</b>			
Cash in hand		34,391,598	18,113,412
Cash at banks			
In current accounts		103,232,768	252,439,702
In saving accounts	17.1	106,694,588	52,137,195
		<u>209,927,356</u>	<u>304,576,897</u>
Term deposit receipts	17.2	90,000,000	-
	17.3	<u>334,318,954</u>	<u>322,690,309</u>

**17.1** These are shariah compliant bank balances and carry profits at rates ranging from 6.50% to 10.75% (2022: 6.50% to 7.17%) per annum.

**17.2** This represents the investment made in term deposit receipts and will mature by August 18, 2023.

**17.3** The Company has banking relationships majorly with the banks having Islamic banking system.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

### 18. SHARE CAPITAL

2023	2022		2023	2022
No. of shares			Rupees	
		<i>Authorized</i>		
		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
60,000,000	60,000,000		600,000,000	600,000,000
2023	2022		2023	2022
No. of shares			Rupees	
		<i>Issued, subscribed and paid up</i>		
		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 of arrangement for amalgamation		
1,985,009	1,985,009		19,850,090	19,850,090
21,429,407	21,429,407		214,294,070	214,294,070

- 18.1 Class "B" ordinary shares do not carry any voting rights.
- 18.2 Number of shares held by associated companies or related parties are 596,736 (2022: 492,736)
- 18.3 The Company has no reserved shares under options and sales contracts.
- 18.4 *Rights and privileges of Board of Directors*

The Board of Directors of the Company are elected by majority vote. The membership of the Board of Directors reflects as closely as possible the proportion in which the shares of the Company are held.

19. RESERVES	Note	2023 Rupees	2022 Rupees
<i>Capital</i>			
Share premium	19.1	97,490,410	97,490,410
<i>Revenue</i>			
General reserve	19.2	1,225,000,000	1,225,000,000
<i>Other</i>			
Reserve on re-measurement of equity instruments at FVTOCI	19.3	30,091,545	54,305,662
Reserve on re-measurement of post retirement benefits net of tax		(5,012,644)	(4,404,621)
		1,347,569,311	1,372,391,451

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

- 19.1** This represents premium realized on issue of right shares of Rs. 34.55 million during 1991-92, 1993-94 and 1994-95 at the rate of 10%, 10% and 12.50% respectively and of Rs. 62.94 million on issue of 1,985,009 fully paid ordinary shares to the shareholders of Sitara Spinning Mills Limited under scheme of amalgamation of Sitara Chemical Industries Limited and Sitara Spinning Mills Limited, sanctioned by Honorable Sindh High Court in 1999. Share premium account can not be used for profit distribution.
- 19.2** The general reserve is used from time to time to transfer profits from un-appropriated profit. There is no policy of regular transfer. General reserves are not usable for profit distribution.
- 19.3** This reserve represents the unrealized surplus on remeasurement of equity instruments as at FVTOCI.

	2023	2022
	Rupees	Rupees
<b>20. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		
Opening balance	4,797,786,738	5,116,878,595
Transferred to unappropriated profit on account of		
Incremental depreciation - net of deferred tax	(179,674,613)	(213,791,544)
Related deferred tax liability due to incremental depreciation	(114,873,933)	(105,300,313)
	(294,548,546)	(319,091,857)
Closing balance	4,503,238,192	4,797,786,738
<i>Related deferred tax liability</i>		
Opening balance	(1,271,801,281)	(1,133,582,045)
Impact of change in tax rate	(231,236,597)	(243,519,549)
Deferred tax on incremental depreciation	114,873,933	105,300,313
	(1,388,163,945)	(1,271,801,281)
Closing balance	3,115,074,247	3,525,985,457

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

21. LONG TERM FINANCING	Note	2023 Rupees	2022 Rupees
<i>From banking companies and other financial institutions - secured</i>			
Diminishing Musharka (from financial institutions - secured)	21.1	2,348,978,512	1,825,504,507

### 21.1 Diminishing Musharka (from financial institutions - secured)

Description	Profit	Security	Repayment	2023	2022
Askari Bank Limited	Three months KIBOR plus 1.00% (2022: Three months KIBOR plus 1.00%) per annum payable on quarterly basis.	First Pari Passu charge of Rs. 267 million including 25% margin over Caustic Soda-Liquid-BMR-II plant with 25% margin.	This Diminishing Musharka Facility was sanctioned for amount of Rs. 200 million. Facility is repayable in 14 equal quarterly installments with grace period of 06 months commencing from September 03, 2019 and ended on December 03, 2022.	-	28,571,432
Askari Bank Limited	Three months KIBOR plus 1.00% (2022: Three months KIBOR plus 1.00%) per annum payable on quarterly basis.	a) First Pari Passu charge of Rs. 267 million including 25% margin over Caustic Soda-Liquid-BMR-II plant. b) 1st exclusive charge of Rs. 133 million over Caustic Soda flake Plant (CSP-III) with 25% margin.	This Diminishing Musharka Facility was sanctioned for amount of Rs. 300 million. Facility is repayable in 14 equal quarterly installments with grace period of 06 months commencing from December 27, 2019 and ended on March 27, 2023.	-	64,285,719
HBL Soap Noodle Plant	SBP Rate plus 1.00% (2022: SBP Rate plus 1.00%) per annum payable on quarterly basis.	First Joint Pari Passu charge of Rs. 667.67 million over all Present and Future Fixed Assets (Land, Building, Plant and Machinery) of Soap Noodles Project of the Company, inclusive of 25% margin.	This SBP Islamic Temporary Economic Refinance Facility (ITERF) was sanctioned for amount of Rs. 500 million, total availed amount of Rs. 426.55 million. Facility is repayable in 20 equal quarterly installments with grace period of one year commencing from October 01, 2020 and ending on September 30, 2025.	266,978,836	387,517,959
Askari Bank Limited- Soap Noodle Plant Rs.1000(M)	SBP Rate plus 1.00% (2022: SBP Rate plus 1.00%) per annum payable on quarterly basis.	First Joint Pari Passu charge of Rs. 1,334 million over all Present and Future Fixed Assets (Land, Building, Plant and Machinery) of Soap Noodles Project of the Company, inclusive of 25% margin.	This SBP Islamic Temporary Economic Refinance Facility (ITERF) was sanctioned for amount of Rs. 1000 million, total availed amount of Rs. 937.28 million. Facility is repayable in 14 equal quarterly installments with grace period of 1 and half year commencing from November 26, 2020 and ending on November 26, 2025.	587,785,702	937,277,056



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

Dubai Islamic Bank Soap Noodle Plant Rs.500(M)	SBP Rate plus 1.1% (2022: SBP Rate plus 1.1%) per annum payable on quarterly basis.	First Joint Pari Passu charge of Rs. 667.67 million over all Present and Future Fixed Assets (Land, Building, Plant and Machinery) of Soap Noodles Project of the Company, inclusive of 25% margin.	This SBP Islamic Temporary Economic Refinance Facility (ITERF) was sanctioned for amount of Rs. 500 million. Facility is repayable in 10 equal half yearly installments including 01 year grace period commencing from March 09, 2020 and ending on March 09, 2027.	226,429,560	250,123,583
Meezan Bank Limited	Three months KIBOR plus 1.00% (2022: Three months KIBOR plus 1.00%) per annum payable on quarterly basis.	Joint Pari Passu Charge of Rs. 1,200 Million over Plant and Machinery of Soap Noodles Plant including Land and Building with 25% Margin.	This Diminishing Musharka facility was sanctioned for amount of Rs. 498.87 million. Facility is repayable in 05 years inclusive of grace period of 18 months. The repayment started from April 11, 2020 and ending on July 11, 2023.	35,640,918	178,204,582
Meezan Bank Limited	Three months KIBOR plus 1.15% (2022: Three months KIBOR plus 1.15%) per annum payable on quarterly basis.	Exclusive charge of Rs. 234 million with 25% margin over specific generators provided under sale and lease back.	This Diminishing Musharka facility was sanctioned for amount of Rs. 175 million. The amount is repayable in 16 equal quarterly instalments with the grace Period of one year. The repayment started from October 04, 2020 and ending on June 27, 2024.	54,687,500	98,437,500
Faysal Bank Limited	Three months KIBOR plus 1.00% (2022: Three month KIBOR plus 1.00%) per annum payable on quarterly basis.	First exclusive charge over fixed assets of client, comprising land measuring 7.54 acres, building and Membrane Unit IV with 25% margin situated at 32-KM Sheikhpura Road, Faisalabad.	This Diminishing Musharka finance facility was sanctioned for an amount of Rs. 800 million. Facility is repayable in twenty equal quarterly installments with grace period of 01 year. The repayment started from November 15, 2017 and ended on August 15, 2022.	-	40,000,000
Faysal Bank Limited	SBP rate plus 1.00% (2022: 1.00%) per annum payable on quarterly basis.	First exclusive charge with 25% margin over fixed assets of client comprising land measuring 7.54 acres, building and Membrane Unit IV situated at 32-KM Sheikhpura Road, Faisalabad.	This Diminishing Musharka finance facility was sanctioned for an amount of Rs. 200 million. Facility is repayable in eight equal quarterly installments commencing from March 31, 2021 and ended on December 31, 2022.	-	17,894,473
Meezan Bank Limited	Three months KIBOR plus 1.00% (2022: Three months KIBOR plus 1.00%) per annum payable on quarterly basis.	Ranking charge over Plant and Machinery of Soap Noodles Plant including Land and Building with 25% Margin.	This Diminishing Musharka finance facility was sanctioned for an amount of Rs.900 million availed till June 30, 2022 Rs.600 million. Facility is repayable in 16 equal quarterly installments commencing from March 13, 2023 and ending on December 33, 2027.	825,000,000	600,000,000

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

Meezan Bank Limited	Three months KIBOR plus 1.00% (2022: Three months KIBOR plus 1.00%) per annum payable on quarterly basis.	Joint pari passu charge over present and future Plant and Machinery of the Coal Fired Power Plant with 25% margin.	This Diminishing Musharka finance facility was sanctioned for an amount of Rs. 1,000 million availed till June 30, 2022 Rs. 52.7 million. Facility is repayable in 24 equal quarterly with the grace period of eighteen months.	131,062,000	52,744,000
BOP Taqwa Islamic Banking	Three months KIBOR plus 1.00% (availed July 07, 2022) per annum payable on quarterly basis.	Joint pari passu charge over present and future Plant and Machinery of the Coal Fired Power Plant with 25% margin.	This Diminishing Musharka finance facility was sanctioned for an amount of Rs. 1,750 million availed till June 30, 2023 Rs. 346.830 million. Facility is repayable in 24 equal quarterly with the grace period of eighteen months.	346,830,000	-
The Bank of Khyber	Three months KIBOR plus 1.00% (availed September 26, 2022) per annum payable on quarterly basis.	Joint pari passu charge over present and future Plant and Machinery of the Coal Fired Power Plant with 25% margin.	This Diminishing Musharka finance facility was sanctioned for an amount of Rs. 500 million availed till June 30, 2023 Rs. 78.79 million. Facility is repayable in 24 equal quarterly with the grace period of eighteen months.	78,789,401	-
Askari Bank Limited	Three months KIBOR plus 1.10% (availed November 30, 2022) per annum payable on quarterly basis.	Ranking charge over present and future Plant and Machinery of the Coal Fired Power Plant with 25% margin.	This Diminishing Musharka finance facility was sanctioned for an amount of Rs. 1000 million availed till June 30, 2023 Rs. 347.62 million. Facility is repayable in 24 equal quarterly with the grace period of eighteen months.	347,615,626	-
Soneri Bank limited	Three months KIBOR plus 1.00% (availed May 15, 2023) per annum payable on quarterly basis.	1st exclusive charge over membrane unit III plant, with 25% margin.	This Diminishing Musharka finance facility was sanctioned for an amount of Rs. 247.50 million availed till June 30, 2023 Rs. 247.50 million. Facility is repayable in 12 equal quarterly.	247,500,000	-
				3,148,319,543	2,655,056,304
Less: Current portion				(799,341,031)	(829,551,797)
				2,348,978,512	1,825,504,507

21.1.1 Effective rate of profit for the year is ranging from 13.04% to 23.23% (2022: 8.38% to 16.02%) per annum.

21.2 The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	2023 Rupees	2022 Rupees
<b>Maturity</b>		
6 months or less	389,995,441	438,404,406
6 - 12 months	409,345,590	391,147,391
1 - 5 years	2,348,978,512	1,825,504,507
	3,148,319,543	2,655,056,304

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

21.4 Markup paid on these Islamic mode facilities amounted to Rs. 223.38 million.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

22.	LONG TERM DEPOSITS	2023 Rupees	2022 Rupees
	From customers	127,293,171	114,993,171
	Others	1,170,000	1,170,000
		<u>128,463,171</u>	<u>116,163,171</u>

22.1 As per the requirements of section 217 of the Companies Act, 2017 deposits amounting to Rs. 127.29 million (2022: Rs. 114.99 million) are utilized for the purpose of business as per the written agreements and deposits amounting to Rs. 1.17 million (2022: Rs. 1.17 million) are kept in separate bank account.

23.	DEFERRED TAXATION	Note	2023 Rupees	2022 Rupees
	Deferred taxation	23.1	<u>3,087,151,951</u>	<u>2,768,357,159</u>
23.1	Deferred taxation			
	<i>This comprises the following:</i>			
	Deferred tax liability on taxable temporary differences arising in respect of:			
	Tax depreciation allowance		2,016,427,950	1,667,827,832
	Surplus on revaluation of property, plant and equipment		1,388,163,945	1,271,801,281
	Others		7,994,335	9,961,762
			<u>3,412,586,230</u>	<u>2,949,590,875</u>
	Deferred tax asset on deductible temporary differences arising in respect of:			
	Provision for employee benefits		(24,147,294)	(16,496,804)
	Allowance for expected credit losses		(138,787,162)	(115,501,636)
	Others		(47,120,032)	-
	Unused tax credits		(115,379,791)	(49,235,276)
			<u>(325,434,279)</u>	<u>(181,233,716)</u>
			<u>3,087,151,951</u>	<u>2,768,357,159</u>

23.1.1	Movement in temporary differences for the year	Balance as at July 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2023
	<i>Taxable temporary difference</i>			Rupees	
	Tax depreciation allowance	1,667,827,832	348,600,118	-	2,016,427,950
	Surplus on revaluation of property, plant and equipment	1,271,801,281	(114,873,933)	231,236,597	1,388,163,945
	Others	9,961,762	2,346,918	(4,314,345)	7,994,335
	<i>Deductible temporary difference</i>				
	Provision for employee benefits	(16,496,804)	(7,543,192)	(107,298)	(24,147,294)
	Allowance for expected credit losses	(115,501,636)	(23,285,526)	-	(138,787,162)
	Others	-	(47,120,032)	-	(47,120,032)
	Tax credit	(49,235,276)	(66,144,515)	-	(115,379,791)
		<u>2,768,357,159</u>	<u>91,979,838</u>	<u>226,814,954</u>	<u>3,087,151,951</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

	Balance as at July 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2022
<i>Taxable temporary difference</i>			Rupees	
Tax depreciation allowance	1,419,933,903	247,893,929	-	1,667,827,832
Surplus on revaluation of property, plant and equipment	1,133,582,045	(105,300,313)	243,519,549	1,271,801,281
Others	16,147,561	1,574,202	(7,760,001)	9,961,762
<i>Deductible temporary difference</i>				
Provision for employee benefits	(12,104,057)	(5,185,384)	792,637	(16,496,804)
Allowance for expected credit losses	(69,512,608)	(45,989,028)	-	(115,501,636)
Tax credit	-	(49,235,276)	-	(49,235,276)
	2,488,046,844	43,758,130	236,552,185	2,768,357,159

	Notes	2023 Rupees	2022 Rupees
<b>24. DEFERRED LIABILITIES</b>			
Deferred grant	24.1	198,048,081	868,331
Gratuity payable	24.2	64,172,529	49,821,103
Gas infrastructure development cess liability	24.3	-	38,845,742
		262,220,610	89,535,176
<b>24.1 Deferred grant</b>			
At beginning of the year		868,331	5,988,993
Deferred grant recognized on subsidized rate long term loan		265,942,121	-
Amortization of deferred grant		(68,762,371)	(5,120,662)
At the end of the year		198,048,081	868,331
<b>24.2 Staff retirement benefits - gratuity Movement in liability</b>			
At beginning of the year		49,821,103	42,532,474
Charge for the year		24,442,046	19,908,843
Remeasurement loss / (gain) recognized in other comprehensive income		715,321	(2,401,930)
Benefits paid during the year		(10,805,941)	(10,218,284)
At the end of the year		64,172,529	49,821,103
<b>24.2.1 Movement in the present value of defined benefit obligation is as follows:</b>			
Present value of defined benefit obligation as at July 01		49,821,103	42,532,474
Current service cost		18,835,129	16,276,286
Interest cost		5,606,917	3,632,557
Benefits paid		(10,805,941)	(10,218,284)
Remeasurement loss / (gain) from changes in financial assumptions		715,321	(2,401,930)
Present value of defined benefit obligation as at June 30		64,172,529	49,821,103



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
<b>24.2.2 Expense recognized in profit and loss account is as follows</b>		
Current service cost	18,835,129	16,276,286
Interest cost	5,606,917	3,632,557
	<u>24,442,046</u>	<u>19,908,843</u>
<b>24.2.3 Charge for the year has been allocated as follows:</b>		
Cost of sales	17,109,431	13,936,189
Administrative expenses	7,332,615	5,972,654
	<u>24,442,046</u>	<u>19,908,843</u>
<b>24.2.4 Total remeasurement chargeable to statement of other comprehensive income:</b>		
Actuarial loss / (gain) on remeasurement of defined benefit obligation	715,321	(2,401,930)
	<u>715,321</u>	<u>(2,401,930)</u>
<b>24.2.5</b> Projected unit credit method, based on the following significant assumptions, is used for valuation of gratuity:		

	2023	2022
Discount rate	16.25%	13.25%
Expected rate of salary increase	19.38%	4.86%
Average retirement age of employee	60 years	60 years

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	61,814,699	66,762,345
Salary growth	1%	67,084,154	61,478,771

The aforementioned sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
<b>24.2.7 Maturity profile of the defined benefit obligation</b>		
24.2.7.1 Weighted average duration of the benefit (Years)	3.98	5.28
24.2.7.2 Distribution of timing of benefit payments (time in years)	2023 Rupees	2022 Rupees
1	19,320,944	14,261,297
2	11,039,067	5,405,896
3	8,846,785	5,942,211
4	10,928,846	4,565,619
5	7,719,464	7,375,452
6 to 10	37,945,072	25,561,877
11 and above	109,849,305	82,274,353

### 24.2.8 Risk associated with defined benefit plans

#### Investment risks

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

#### Longevity risks

This 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.

	2023 Rupees	2022 Rupees
<b>24.3 Gas infrastructure development cess liability</b>		
Balance at the beginning of the year	272,537,494	260,988,504
Discounting of GIDC	-	-
Unwinding of interest	-	11,548,990
Payment made during the year	-	-
	272,537,494	272,537,494
Less: Payable within one year	(272,537,494)	(233,691,752)
	-	38,845,742

Under the Gas Infrastructure Development Cess (GIDC) Act, 2011, the Government of Pakistan levied GIDC on all industrial gas consumers at the rate of Rs. 13 per MMBTU. Subsequently, the GIDC rate were enhanced through notifications under OGRA Ordinance 2002, Finance Act, 2014 and GIDC Ordinance 2014 against which the Company had obtained ad-interim stay orders from Sindh High Court.

On May 22, 2015, the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby cess rate of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumption respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

Further, the Honorable Sindh High Court granted the Company ad-interim stay order against the GIDC Act, 2015. This stay order had restrained Sui Northern Gas Pipelines Limited (SNGPL)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

from charging and / or recovering the cess under the GIDC Act, 2015 till the final decision on the writ petition. However, on prudence basis, the Company had recognized an aggregate provision of Rs. 945.84 million relating to industrial as well as captive power consumption consumed until December 31, 2019. Further, the Company started to receive gas on the rates of RLNG from January 01, 2020 and no GIDC was applicable / charged on gas received as RLNG, therefore no provision was required / made since January 01, 2020.

On August 13, 2020, the Supreme Court of Pakistan (SCP) announced its decision pertaining to GIDC, directing recovery of Rs. 417 billion GIDC payables from the industries. According to the court decision, the amount is payable in twenty-four equal monthly instalments starting from August 01, 2020 without the component of late payment surcharge.

In accordance with the SCP's decision, the Company reversed the late payment surcharge amounting to Rs. 72.40 million in the financial year 2021 leaving a net provision of Rs. 873.33 million.

Furthermore, during 2021 as per the guidance of IFRS 9 "Financial Instruments", the liability for GIDC that was referred to in the decision of SCP amounting to Rs. 467.38 million was re-measured at fair value and present value of future cash outflows discounted at market rate of interest was recognized at an amount of Rs. 429.80 million. The difference amounting to Rs. 37.49 million between the fair value of GIDC liability (i.e. present value of amount required to be paid to settle the GIDC liability) and transaction price of GIDC liability (i.e. undiscounted amount of GIDC liability) was recognized as a gain on discounting of liability for GIDC in statement of profit or loss. In this regard, we have been given to understand that the Company paid 10 out of 24 instalments against above referred GIDC liability till May 31, 2021 and stopped making subsequent payments as a result of stay order from SCP. In this regard, till the year ended June 30, 2023, all remaining unwinding has been recorded in profit or loss account and the GIDC liability has been classified under current liabilities in the financial statements till the further decision of SCP.

However, the Company has filed a writ petition in the Honorable Sindh High Court to suspend the recovery of arrears of cess calculated at enhanced captive rates. The Honorable Sindh High Court has granted a stay for recovery of arrears and matter is pending for adjudication. The remaining provision of Rs. 406.06 million (out of Rs. 873.44 million recognized in previous years) will also be transferred depending on the decision of the Sindh High Court.

25.	TRADE AND OTHER PAYABLES	Note	2023 Rupees	2022 Rupees
	Creditors		1,028,223,722	981,214,199
	Accrued liabilities		1,763,984,594	1,742,431,890
	Advances from customers	25.1	233,425,348	151,385,121
	Provision for gas infrastructure development cess	24.3	406,057,978	406,057,978
	Gas infrastructure development cess liability - current portion		272,537,494	233,691,752
	Payable to Provident fund- related party	25.2	-	115,770
	Retentions / security deposits		36,034,919	41,687,964
	Withholding tax		4,226,551	3,713,996
	Workers' profit participation fund	25.3	16,679,610	-
	Workers' welfare fund		30,107,577	16,202,405
	Others		1,330,065	5,850,808
			<u>3,792,607,858</u>	<u>3,582,351,883</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

- 25.1 During the year, the Company has made sales against all prior year advances from customers.
- 25.2 This represents contribution of the Company and employees in respect of provident fund. The maximum aggregate amount payable to related party at the end of any month during the year was Rs. 2.68 million (2022: Rs. 2.20 million ).

25.3	<i>Movement in workers' profit participation fund</i>	Note	2023 Rupees	2022 Rupees
	At beginning of the year		(2,443,454)	10,575,226
	Amount paid to workers on behalf of the fund		(59,401,685)	(61,110,383)
			(61,845,139)	(50,535,157)
	Allocation for the year	33	78,524,749	48,091,703
	At end of the year		16,679,610	(2,443,454)
26.	<b>PROFIT / FINANCIAL CHARGES PAYABLE</b>			
	Long term financing		139,523,685	36,916,958
	Murabaha financing / short term borrowings		325,136,620	203,648,845
			464,660,305	240,565,803
27.	<b>SHORT TERM BORROWINGS</b>			
	Secured			
	From banking companies - Islamic financing facilities	27.1	7,035,129,376	6,839,823,317
27.1	<b>Break up of the short term borrowings</b>			
	Meezan Bank Limited		876,447,952	801,491,700
	The Bank of Punjab		599,968,400	549,981,300
	Dubai Islamic Bank		550,000,000	488,498,680
	Habib Bank Limited		649,966,838	750,000,000
	Askari Bank Limited		700,000,000	500,000,000
	Bank Alfalah Limited		500,000,000	500,000,000
	The Bank of Khyber		629,359,752	538,624,642
	Faysal Bank Limited		450,000,000	500,000,000
	Habib Metropolitan Bank		300,000,000	416,226,995
	Soneri Bank Limited		379,386,434	250,000,000
	Standard Chartered Bank (Pakistan) Limited		700,000,000	800,000,000
	MCB Bank Limited		150,000,000	195,000,000
	United Bank Limited		300,000,000	300,000,000
	BankIslami Pakistan Limited		250,000,000	250,000,000
			7,035,129,376	6,839,823,317

- 27.2 The aggregate unavailed facilities from banking companies amounted to Rs. 2,305 million (2022: Rs. 2,300 million). These are subject to profit margin ranging from 11.08% to 23.06% (2022: 7.89% to 16.44%) per annum and are secured against joint pari-passu charge over present and future current assets of the chemical division and textile division.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

### 28. CONTINGENCIES AND COMMITMENTS

#### 28.1 Contingencies

At the year end, there are no contingencies except for those disclosed in the other areas of the financial statements.

28.2 Commitments	Note	2023 Rupees	2022 Rupees
Guarantees issued by banks on behalf of the Company		232,040,856	262,046,851
Outstanding letters of credit for plant and machinery		1,885,067,856	1,328,572,104
Outstanding letters of credit for stores, spare parts and raw material		-	236,900,000

### 29. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

Chemical		28,898,119,154	21,749,741,170
Textile		3,959,958,619	4,186,362,562
		32,858,077,773	25,936,103,732
Less:			
Commission and discount		(648,702,757)	(572,130,134)
Sales tax		(4,716,736,478)	(3,738,388,403)
Revenue from contracts with customers - net	29.1	27,492,638,538	21,625,585,195

29.1 All revenue earned by the Company is shariah compliant.

### 30. COST OF SALES

Raw material consumed	30.1	6,489,828,806	5,788,602,486
Fuel and power		13,295,353,651	11,038,306,186
Salaries, wages and benefits	30.2	806,295,765	700,440,585
Stores and spares		704,180,040	595,332,860
Repair and maintenance		75,467,072	59,331,857
Vehicle running and maintenance		5,310,704	2,457,716
Travelling and conveyance		47,895,825	31,322,088
Insurance		40,150,447	38,571,262
Depreciation	5.2	1,256,762,223	1,243,951,182
Amortization	6	837,920	922,051
Others		5,840,904	9,061,749
		22,727,923,357	19,508,300,022

#### Work in process

Opening stock		40,928,802	23,661,399
Closing stock		(45,649,954)	(40,928,802)
		(4,721,152)	(17,267,403)

#### Cost of goods manufactured

#### Finished stocks

Opening stock - including waste		1,990,508,928	1,422,734,641
Cost of testing of soap noodles plant		-	(170,581,581)
Closing stock - including waste		(1,700,647,796)	(1,990,508,928)
		289,861,132	(738,355,868)
		23,013,063,337	18,752,676,751

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

		2023 Rupees	2022 Rupees	
30.1	Raw material consumed			
	Opening stock	2,293,078,328	1,298,767,160	
	Purchases	6,032,098,462	6,782,913,654	
		8,325,176,790	8,081,680,814	
	Closing stock	(1,835,347,984)	(2,293,078,328)	
		6,489,828,806	5,788,602,486	
30.2	Salaries, wages and benefits include Rs. 17.11 million (2022: Rs. 13.94 million) in respect of gratuity and Rs. 8.13 million (2022: Rs. 7.16 million) in respect of provident fund.			
31.	DISTRIBUTION COST	Note	2023 Rupees	2022 Rupees
	Salaries, wages and benefits	31.1	38,975,355	36,125,015
	Freight, octroi and insurance		591,093,887	346,049,437
	Advertisement		1,945,201	2,085,642
	Vehicles running and maintenance		6,234,216	5,111,412
	Travelling and conveyance		4,595,946	2,777,928
	Postage and telephone		1,666,963	1,324,657
	Printing and stationery		813,891	615,459
	Others		1,058,054	1,743,078
			646,383,513	395,832,628
31.1	Salaries, wages and benefits include Rs. 1.13 million (2022: Rs. 0.89 million) in respect of provident fund.			
32.	ADMINISTRATIVE EXPENSES	Note	2023 Rupees	2022 Rupees
	Directors' remuneration		70,890,260	54,355,694
	Salaries, wages and benefits	32.1	442,708,286	361,013,966
	Postage and telephone		5,287,601	5,817,451
	Vehicles running and maintenance		51,729,666	31,956,321
	Printing and stationery		1,625,299	1,661,877
	Electricity		23,330,885	30,110,349
	Rent, rates and taxes		4,750,296	5,277,181
	Travelling and conveyance	32.2	68,301,833	28,842,402
	Advertisement		25,873,330	22,849,909
	Books and periodicals		2,456,381	145,815
	Fees and subscription		18,991,131	14,263,961
	Legal and professional	32.3	11,274,747	5,798,943
	Repairs and maintenance		25,347,047	28,705,970
	Auditors' remuneration	32.4	3,500,000	3,193,000
	Entertainment		22,506,425	17,702,535
	Donations	32.5	92,061,312	69,854,519
	Insurance		5,687,602	5,504,154
	Depreciation	5.2	80,838,483	66,948,945
	Depreciation on investment property	7.2	4,122,476	3,743,223
	Others		19,324,023	5,952,380
			980,607,083	763,698,595

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

- 32.1** Salaries, wages and benefits include Rs. 7.33 million (2022: Rs. 5.97 million) in respect of gratuity and Rs. 5.87 million (2022: Rs. 5.72 million) in respect of provident fund.
- 32.2** Travelling and conveyance includes Nil (2022: Rs. 0.03 million) paid to Shariah Advisor.
- 32.3** Legal and professional includes Rs. 0.60 million (2022: Rs. 0.60 million) paid to Shariah Advisor.

<b>32.4</b>	<b>Auditors' remuneration</b>	<b>2023 Rupees</b>	<b>2022 Rupees</b>
	Annual statutory audit	1,970,000	1,775,000
	Half yearly, Code of Corporate Governance and Shariah compliance reviews	880,000	775,000
	Out of pocket expenses	150,000	130,000
	Tax advisory services	500,000	500,000
		<b>3,500,000</b>	<b>3,180,000</b>

- 32.5** It includes Rs. 11.6 million (2022: Rs. 14.57 million) to Sheikh Foundation and Rs. 60.5 million (2022: Rs. 42.03 million) donated to Aziz Fatima Trust (AFT), Faisalabad. Later is primarily running a charitable hospital for needy and poor people. Mr. Muhammad Adrees, the CEO and director of the Company is also Trustee of the AFT.

<b>33.</b>	<b>OTHER EXPENSES</b>	<b>Note</b>	<b>2023 Rupees</b>	<b>2022 Rupees</b>
	Workers' profit participation fund	25.3	78,524,749	48,091,703
	Workers' welfare fund		16,047,631	15,558,377
	Remeasurement loss on short term investments measured at FVTPL		-	2,223
			<b>94,572,380</b>	<b>63,652,303</b>
<b>34.</b>	<b>FINANCE COST</b>			
	Long term financing		291,280,110	147,237,926
	Murabaha payable / short term borrowings		1,311,270,683	732,224,197
	Unwinding of GIDC liability		-	11,548,990
	Bank charges and commission		9,128,672	6,235,279
			<b>1,611,679,465</b>	<b>897,246,392</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

35.	OTHER INCOME	Note	2023 Rupees	2022 Rupees
	<i>Income from financial assets</i>			
	Markup on bank deposits	35.1	23,769,232	10,608,009
	Dividend income	35.2	74,919,035	45,503,021
	Exchange gain	35.3	4,886,453	6,102,702
	Gain on sale of investments measured at FVTPL		583,915	1,514,654
	Remeasurement gain on short term investments measured at FVTPL		1,108	-
	Unwinding of deferred consideration receivable against sale of land		72,843,812	112,821,317
			177,003,555	176,549,703
	<i>Income from other than financial assets</i>			
	Gain on disposal of property, plant and equipment		16,499,379	3,954,980
	Gain on disposal of investment property		-	6,911,500
	Sale of scrap and waste		17,458,109	12,204,863
	Rent income		47,764,916	30,094,394
	Amortization of deferred grant	24.1	68,762,371	5,120,662
	Others		3,066,194	21,763,532
			153,550,969	80,049,931
			330,554,524	256,599,634
35.1	This represents profit earned from shariah compliant bank deposits and bank balances.			
35.2	This represents dividend income from mutual funds and equity shariah compliant investments.			
35.3	This represents exchange gain earned from actual currency and is shariah compliant.			
36.	PROVISION FOR TAXATION		2023 Rupees	2022 Rupees
	Current			
	For the current year		480,006,371	347,497,623
	For prior year		(89,415,094)	(148,455,405)
			390,591,277	199,042,218
	Deferred		91,979,838	43,758,130
			482,571,115	242,800,348
36.1	<i>Numerical reconciliation between the applicable and effective tax rate</i>		2023 %	2022 %
	Applicable tax rate		29.00	29.00
	Impact of super tax		10.00	10.00
	Prior year adjustments		(6.06)	(16.52)
	Lower rate applicable to certain income		(0.30)	(0.30)
	Effect of tax credits		1.81	0.78
	Super tax rate		-	3.21
	Effect of change in statutory rate		(1.22)	(0.08)
	Income taxed at different rates		(0.53)	0.93
	Others		32.70	27.02
	Effective tax rate			



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

### 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:

		2023 Rupees	2022 Rupees
Profit for the year		993,351,451	655,638,521
Weighted average number of ordinary shares outstanding during the year	Number	21,429,407	21,429,407
Earnings per share	Rupees	46.35	30.60

### 38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

#### 38.1 Long term finance

Balance at the beginning of the period	2,655,056,304	2,583,586,155
Availed during the year	1,486,138,150	789,183,988
Repaid during the year	(794,826,830)	(717,713,839)
Balance at the end of the period	3,346,367,624	2,655,056,304

#### 38.2 Short term finance

Balance at the beginning of the period	6,839,823,317	6,748,993,811
Availed during the year	17,992,829,819	18,393,749,622
Repaid during the year	(17,797,523,760)	(18,302,920,116)
Balance at the end of the period	7,035,129,376	6,839,823,317

#### 38.3 Unclaimed dividend

Balance at the beginning of the period	25,144,376	23,499,746
Announced during the year	171,435,248	214,294,070
Paid during the year	(170,189,110)	(212,649,440)
Balance at the end of the period	26,390,514	25,144,376

### 39. 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, 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.

### 39.1 *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's credit risk exposures are categorized under the following headings:

#### 39.1.1 *Counterparties*

The Company conducts transactions with the following major types of counterparties for its financial assets at amortized cost:

##### *Trade debts*

Trade debts are essentially due from local customers against sale of yarn, fabric caustic soda, hydrochloric acid and other allied products and from foreign customers against supply of caustic soda (liquid and flakes) and calcium chloride. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

### 39.1.2 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:

	2023 Rupees	2022 Rupees
<i>Financial assets at amortized cost:</i>		
Trade debts	2,233,137,051	1,387,419,436
Long term deposits	125,534,179	124,376,329
Loans and advances	1,743,804,877	1,133,014,051
Trade deposits and other receivables	25,870,517	27,201,974
Bank balances	209,927,356	304,576,897
	<u>4,338,273,980</u>	<u>2,976,588,687</u>
<i>Financial assets at fair value:</i>		
Investments measured at fair value through profit or loss (FVTPL)	<u>560,332,346</u>	<u>417,169,787</u>

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

	2023 Rupees	2022 Rupees
Chemical	1,556,527,127	974,786,104
Textile	676,609,924	412,633,332
	<u>2,233,137,051</u>	<u>1,387,419,436</u>

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

### 39.1.3 Impairment losses

The aging of trade receivables at the reporting date is:

	2023 Percentage	2022 Percentage	Gross 2023	Impairment 2023	Gross 2022	Impairment 2022
			Rupees			
Not past due	-	-	1,324,909,137	-	1,062,781,051	-
Past due 0-180 days	08	25	992,252,365	84,024,450	409,813,054	101,362,603
Past due 181-360 days	100	95	12,493,324	12,493,324	34,002,744	32,402,745
Over 360 days	100	94	259,346,744	259,346,745	235,722,388	221,134,453
			<u>2,589,001,570</u>	<u>355,864,519</u>	<u>1,742,319,237</u>	<u>354,899,801</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

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

	2023 Rupees	2022 Rupees
Balance at July 01	354,899,801	244,260,510
Charge for the period	964,718	110,639,291
Balance at June 30	<u>355,864,519</u>	<u>354,899,801</u>

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

	2023 Rupees	2022 Rupees
At beginning of the year	-	642,544
Written off during the year	-	(642,544)
At end of the year	<u>-</u>	<u>-</u>

The allowance 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.

### 39.2 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 statement of financial position 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 27.2 to these financial statements is the amount of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

#### 39.2.1 Liquidity and interest risk table

The following table details the Company's remaining contractual maturity for its financial liabilities at amortized cost. 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.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

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

	Carrying amount	
	2023 Rupees	2022 Rupees
<i>Trade and other payables</i>		
Maturity up to one year	2,829,573,300	2,729,496,897
<i>Short term borrowings</i>		
Maturity up to one year	7,035,129,376	6,839,823,317
<i>Unclaimed dividend</i>		
Maturity up to one year	26,390,514	25,144,376
<i>Profit / financial charges payable</i>		
Maturity up to one year	464,660,305	240,565,803
<i>Long term financing</i>		
Maturity up to one year	1,090,621,141	996,357,031
Maturity after one year and up to five years	2,348,978,512	2,020,611,485
	<u>3,904,259,958</u>	<u>3,257,534,319</u>

### 39.3 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.

#### 39.3.1 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023



### *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.

### *Exposure to foreign currency risk*

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

	2023 USD	2022 USD
Trade debts	-	179,970

Commitments outstanding at year end amounted to Rs. 1885.06 million (2022: Rs. 1,565.47 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:

### *Rupees per USD*

	2023	2022
Average rate	246.05	181.51
Reporting date rate	286.60	205.50

### *Sensitivity analysis*

A 10 percent weakening of the Pak Rupee against the USD at June 30, 2023 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, 2022.

	2023 Rupees	2022 Rupees
Decrease in profit and loss account	-	3,698,384

A 10 percent strengthening of the Pak Rupee against the USD at June 30, 2023 would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

### 39.3.2 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 the Company, on the future profits are considered to be material in the overall context of these financial statements.

### 39.3.3 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 reporting date, the exposure to unlisted equity securities at fair value was Rs. 25.04 million (2022: Rs. 25.04 million).

At the reporting date, the exposure to listed equity securities at fair value was Rs. 186.67 million (2022: Rs. 215.75 million). An increase of 25% on the PSX market index would have an impact of approximately Rs. 46.67 million 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.

### 39.3.4 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 of financial instruments at amortized cost

At the reporting date, the Company have following interest bearing financial instruments.

	2023 %	2022 %	2023 Rupees	2022 Rupees
<i>Floating rate instruments</i>				
<i>Financial liabilities</i>				
Bank balances	6.50% to 10.75%	6.50% to 7.17%	106,694,588	52,137,195
<i>Floating rate instruments</i>				
<i>Financial liabilities</i>				
Short term borrowings	11.08% to 23.06%	7.89% to 16.44%	(7,035,129,376)	(6,839,823,317)
Long term financing	13.04% to 23.23%	8.38% to 16.02%	(3,439,599,653)	(3,016,968,516)
			<u>(10,368,034,441)</u>	<u>(9,804,654,638)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

### Fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

### Cash flow 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.

	Increase / (decrease) in basis points	Effect on profit before tax
2023	%	Rupees
Short term borrowings	1.00%	(70,351,294)
Long term financing		(34,395,997)
		(104,747,291)
2022		
Short term borrowings	1.00%	68,398,233
Long term financing		(30,169,685)
		38,228,548

### 39.4 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 individual 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 assets or liabilities that are not based on observable market data (unobservable inputs)

	Level 1	Level 2	Level 3	Total
	Rupees			
<i>Equity instruments at FVTOCI as at June 30, 2023</i>				
Quoted equity securities	721,965,518	-	-	721,965,518
Un-quoted equity securities	-	25,038,687	-	25,038,687
Total	721,965,518	25,038,687	-	747,004,205
<i>Equity instruments at FVTOCI as at June 30, 2022</i>				
Quoted equity securities	607,880,563	-	-	607,880,563
Un-quoted equity securities	-	25,038,687	-	25,038,687
Total	607,880,563	25,038,687	-	632,919,250

There were no transfers between the levels during the year.

The levels and hierarchy of fixed assets at fair values are disclosed in note 5.6 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023



### 39.5 Determination of fair values

#### Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Equity instruments at FVTOCI as disclosed in other financial assets in listed entities, are presented at fair value by using quoted prices at Pakistan Stock Exchange as at June 30, 2023 and investment in other than listed entities are presented at purchase cost. The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

### 39.6 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.

	2023 Rupees	2022 Rupees
Total borrowings	10,183,448,919	9,494,879,621
Less: Cash and bank balances	334,318,954	322,690,309
Net debt	9,849,129,965	9,172,189,312
Total equity including revaluation surplus	16,604,238,123	16,038,380,657
Total capital	26,453,368,088	25,210,569,969
Gearing ratio	37.23%	36.38%

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

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

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

	2023			2022		
	Chief Executive	Executive Directors	Executives	Chief Executive	Executive Directors	Executive
	Rupees					
Remuneration	24,000,000	7,200,000	74,585,071	20,000,000	6,000,000	67,952,435
Perquisites						
House rent	9,600,000	2,880,000	21,133,070	8,000,000	2,400,000	19,450,460
Utilities	2,400,000	720,000	7,453,575	2,000,000	600,000	6,793,163
Medical allowance	808,930	-	7,453,815	1,496,628	-	6,793,318
Provident fund	-	-	3,860,478	-	-	3,277,833
Special allowance	-	-	332,460	-	-	313,898
Fuel allowance	2,637,563	-	-	1,130,016	-	-
Income tax	17,644,231	2,999,536	-	10,560,717	2,168,333	-
	57,090,724	13,799,536	114,818,469	43,187,361	11,168,333	104,581,107
Number of persons	1	1	37	1	1	37

40.1 The Chief Executive, certain Directors and Executives are provided with free use of Company maintained cars and telephone etc. having value amounting to Rs. 6.69 million (2022: Rs 8.02 million).

40.2 The Company has five (5) non-executive directors who have been paid meeting fee amounting to Rs. 935,000 (2022: Rs. 525,000) during the year.

### 41. TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of 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 its related parties. Amounts due from related parties are shown under receivables. Details of transactions with related parties for the year are as follows:

		2023 Rupees	2022 Rupees
41.1	Transactions with related parties		
	Relationship with the Company	Nature of transactions	
	Associated undertakings	Sale of goods Donation	498,000 53,515,562
	Key management personnel	Remuneration to Executives	250,900 37,262,538
			185,708,729
			158,936,801

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

41.1.1 The maximum amount of sale to related party during the year was Rs. 0.11 million (2022: 0.06 million).

41.2 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

<i>Company name</i>	<i>Basis of association</i>
Sitara Developers (Private) Limited	Common directorship
Aziz Fatima Trust Hospital	Common directorship

41.2.1 The Company does not hold any shares in the above mentioned companies.

### 41.3 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The salaries and other benefits of directors, who are also key management personnel, are disclosed in note 40 to the financial statements. The Company considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel and these are disclosed below:

<i>Name</i>	<i>Shares held</i>	<i>% of shareholding in the Company</i>
Mr. Muhammad Adrees	13,637,402	63.64
Mr. Haseeb Ahmed	333,840	1.56
Mr. Ahmad Nawaz	500	0.00
Mr. Haroon Ahmad Zuberi	1	0.00
Mrs. Shala Waheed Sher	1	0.00
Mr. Ahmad Hassan	1	0.00
Mr. Najmul Hoda Khan	100	0.00
Mr. Mazhar Ali Khan	N/A	N/A
Mr. Zakir Hussain	N/A	N/A

## 42. PLANT CAPACITY AND PRODUCTION

Chemical Division	Designed capacity		Actual production		Reason of variation
	2023	2022	2023	2022	
	Tons				
Caustic soda	207,900	207,900	137,235	150,038	Demand based production
Sodium hypochlorite	66,000	66,000	49,229	51,618	Demand based production
Liquid chlorine	14,850	12,375	10,966	9,634	Demand based production
Bleaching powder	7,920	7,920	6,028	5,582	Demand based production
Hydrochloric acid	363,000	363,000	167,828	191,851	Demand based production
Calcium Chloride prills	13,200	13,200	9,544	2,222	Demand based production
Oleo Chemicals	34,000	34,000	6,479	8,192	Demand based production

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023



<i>Textile Division</i>	2023 Rupees	2022 Rupees
Ring Spinning		
Number of spindles installed	28,512	28,512
Number of spindles worked	28,512	28,512
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count (Kgs)	11,063,814	11,063,814
Actual production of yarn after conversion into 20/s count (Kgs)	7,639,537	10,424,887

Due to the recent economic slumps, market demand of the yarn was decreased. Consequently, the Company also reduced its production.

43. <i>WORKING CAPITAL CHANGES</i>	2023 Rupees	2022 Rupees
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(686,431,856)	(230,921,824)
Stock in trade	742,870,324	(1,579,352,858)
Trade debts	(841,795,880)	(129,180,887)
Sales tax refundable	(1,527,080)	227,832,773
Loans and advances	348,152,205	(189,620,952)
Trade deposits and short-term prepayments	(2,938,421)	(8,226,053)
	(441,670,708)	(1,909,469,801)
<i>Increase in current liabilities</i>		
Trade and other payables	170,897,678	1,350,324,231
	(270,773,030)	(559,145,570)

#### 44. *PROVIDENT FUND RELATED DISCLOSURE*

The investments by the provident fund in collective investment schemes, listed equity and debts securities have been made in accordance with the conditions specified in section 218 of the Companies Act, 2017 and rules specified thereunder.

#### 45. The average and total number of employees during the year are as follows:

	2023	2022
Total number of employees as at June 30	2,629	2,380
Average number of employees during the year	2,433	2,417

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

### 46. OPERATING RESULTS

	Chemical		Textile		Total	
	2023	2022	2023	2022	2023	2022
Revenue from contracts with customers: ----- Rupees -----						
<i>Local</i>						
Caustic soda	20,205,865,996	15,674,924,869	-	-	20,205,865,996	15,674,924,869
Sodium hypochlorite	1,824,643,472	1,496,524,034	-	-	1,824,643,472	1,496,524,034
Oleochemical	3,227,445,547	1,913,763,227	-	-	3,227,445,547	1,913,763,227
Bleaching powder	400,085,045	301,441,816	-	-	400,085,045	301,441,816
Liquid chlorine	487,233,468	352,838,080	-	-	487,233,468	352,838,080
Hydrochloric acid	1,041,722,317	842,917,186	-	-	1,041,722,317	842,917,186
Magnesium chloride and others	770,398,357	795,386,073	-	-	770,398,357	795,386,073
Yarn	-	-	2,563,616,599	3,899,755,211	2,563,616,599	3,899,755,211
Waste	-	-	17,966,995	31,645,344	17,966,995	31,645,344
Fabrics	-	-	508,587,647	254,962,007	508,587,647	254,962,007
<i>Export</i>						
Caustic soda flakes	224,950,365	261,690,971	-	-	224,950,365	261,690,971
Others	689,246,999	110,254,914	-	-	689,246,999	110,254,914
<i>Trading</i>						
Cotton	-	-	618,894,886	-	618,894,886	-
Others	26,527,590	-	250,892,490	-	277,420,080	-
	28,898,119,156	21,749,741,170	3,959,958,617	4,186,362,562	32,858,077,773	25,936,103,732
Less:						
Commission and discount	633,783,727	555,461,197	14,919,030	16,668,937	648,702,757	572,130,134
Sales tax	4,152,013,260	3,120,887,576	564,723,218	617,500,827	4,716,736,478	3,738,388,403
Revenue from contracts with customers - net	24,112,322,169	18,073,392,397	3,380,316,369	3,552,192,798	27,492,638,538	21,625,585,195
Cost of sales	(19,871,751,871)	(15,984,098,610)	(3,141,311,466)	(2,768,578,141)	(23,013,063,337)	(18,752,676,751)
Gross profit	4,240,570,298	2,089,293,787	239,004,903	783,614,657	4,479,575,201	2,872,908,444
Other income	246,001,775	170,235,876	84,552,749	86,363,758	330,554,524	256,599,634
Distribution cost	(640,767,166)	(389,894,828)	(5,616,347)	(5,937,800)	(646,383,513)	(395,832,628)
Impairment loss on financial assets	(36,194,446)	(101,533,283)	35,229,728	(9,106,008)	(964,718)	(110,639,291)
Administrative expenses	(812,921,522)	(653,889,074)	(164,185,561)	(106,616,521)	(977,107,083)	(760,505,595)
Finance cost	(1,607,756,264)	(893,612,961)	(3,923,201)	(3,633,431)	(1,611,679,465)	(897,246,392)
	(2,851,637,623)	(1,868,694,270)	(53,942,632)	(38,930,002)	(2,905,580,255)	(1,907,624,272)
Reportable segments profit before tax	1,388,932,675	220,599,517	185,062,271	744,684,655	1,573,994,946	965,284,172
Unallocated income / (expenses)					(3,500,000)	(3,193,000)
Administrative expenses					(94,572,380)	(63,652,303)
Other operating income / (expenses)					1,475,922,566	898,438,869
Provision for taxation					(482,571,115)	(242,800,348)
Profit for the year					993,351,451	655,638,521
<i>Other information</i>						
Segment assets	26,135,812,824	24,081,396,612	3,037,248,653	3,059,200,655	29,173,061,477	27,140,597,267
Unallocated corporate assets					5,766,711,251	5,413,822,797
					34,939,772,728	32,554,420,064
Segment liabilities	14,633,804,354	13,372,778,042	197,596,448	150,717,594	14,831,400,802	13,523,495,636
Unallocated corporate liabilities					3,504,133,803	2,992,543,771
					18,335,534,605	16,516,039,407
Capital expenditure	996,734,803	1,676,510,275	88,568,246	36,953,163	1,085,303,049	1,713,463,438
Depreciation	1,242,701,668	1,215,155,397	94,899,038	95,744,730	1,337,600,706	1,310,900,127



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

### 46.1 *Inter-segment pricing / sales*

There is no purchase and sale between the segments.

### 46.2 *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 Chemical 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.

### 46.3 For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than 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.

### 47. *EVENTS AFTER THE STATEMENT OF FINANCIAL DATE*

In respect of current year, the directors have proposed to pay final cash dividend of Rs. 214.29 million (2022: Rs. 171.4 million) at Rs.10 (2022: Rs. 8.00) 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.

### 48. *DATE OF AUTHORIZATION FOR ISSUE*

These financial statements were authorized for issue on September 18, 2023 by the Board of Directors of the Company.

### 49. *GENERAL*

Figures have been rounded off to the nearest Rupee.



Muhammad Adrees  
Chief Executive Officer



Zakir Hussain  
Chief Financial Officer



Ahmad Hassan  
Director

# SITARA CHEMICAL INDUSTRIES LIMITED

## FORM OF PROXY ANNUAL GENERAL MEETING

I/We \_\_\_\_\_ S/o/D/o/W/o \_\_\_\_\_  
of \_\_\_\_\_ being a member of  
SITARA CHEMICAL INDUSTRIES LIMITED and holder of \_\_\_\_\_ Ordinary Shares as per Share  
Register Folio No. \_\_\_\_\_ and/or CDC Participant ID No. \_\_\_\_\_ and Account / Sub-account  
No. \_\_\_\_\_ do hereby appoint Mr./Mrs./Miss \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ failing him/her, Mr./Mrs./Miss \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend, act and vote for me/us on my/our  
behalf at Annual General Meeting of the Company to be held on Saturday October 21, 2023 at 2:00 pm at  
ICAP Auditorium, Institute of Chartered Accountant of Pakistan, Chartered Accountants Avenue, Block 8 Clifton,  
Karachi in person and via Zoom video link and at any adjournment thereof in the same manner as I/we  
myself/ourselves would vote if personally present at such meeting.

\_\_\_\_\_  
Signature of Shareholder  
Folio / CDC A/C No.

\_\_\_\_\_  
Signature of Proxy

Fifty Rupees  
Revenue Stamp

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Witness:

Witness:

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
CNIC or \_\_\_\_\_  
Passport No. \_\_\_\_\_

2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
CNIC or \_\_\_\_\_  
Passport \_\_\_\_\_

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on member's behalf.
2. If a member is unable to attend the meeting. He/She may complete and sign this form and send it to the Company's Share Registrar M/s. THK Associates (Pvt) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi so as to reach not less than 48 hours before the time appointed for holding the Meeting.
3. For CDC Account Holders / Corporate Entities; in addition to the above, the following requirements have to be met:
  - (a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers be stated on the form.
  - (b) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
  - (c) The proxy shall produce his original CNIC or original passport at the time of the meeting. In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

THK Associates (Pvt) Limited  
Plot No. 32-C, Jami Commercial  
Street 2, D.H.A. Phase VII,  
Karachi-75500

Affix  
Correct  
Postage

# ستاره کیمیکل انڈسٹریز لمیٹڈ

## پراکسی فارم

### اجلاس عام

میں رہم \_\_\_\_\_ ستاره کیمیکل انڈسٹریز لمیٹڈ کے ممبر ممبران رجسٹرڈ فوئیو نمبر / شرکاء کی آئی ڈی سی ڈی سب اکاؤنٹ نمبر \_\_\_\_\_ کے مطابق \_\_\_\_\_ عمومی شیئرز رکھتے ہیں۔

بذریعہ ہذا \_\_\_\_\_ یا ان کی عدم موجودگی کی صورت میں \_\_\_\_\_

پراکسی 21 اکتوبر 2023 بروز ہفتہ کو سہ پہر 2:00 بجے ICAP آڈیٹوریم، انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹ آف پاکستان، چارٹرڈ کاؤنٹنٹس ایونیو، بلاک 8، کراچی ذاتی طور پر اور زوم ویڈیو لنک کے ذریعے منعقد ہونے والے اجلاس عام اور اس کے کسی التواء تک میری / ہماری جانب سے ووٹ دینا اور اجلاس میں شرکت کرنے کا حق دیتا ہوں / دیتے ہیں۔

ریونیو اسٹامپ  
50 روپے

دستخط پراکسی

دستخط شیئر ہولڈر

بتاریخ \_\_\_\_\_ سہ 2023

گواہان:

دستخط	دستخط
نام	نام
ایڈریس	ایڈریس
شناختی کارڈ	شناختی کارڈ
پاسپورٹ	پاسپورٹ

- ایک رکن جو اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے اس کو حق حاصل ہے کہ وہ کسی دوسرے فرد کو بطور پراکسی اپنی جانب سے شرکت کرنے اور ووٹ دینے کے لیے مقرر کرے۔
- اگر کوئی رکن اجلاس میں شرکت کرنے کے قابل نہیں ہے تو وہ یہ فارم مکمل اور تصدیق شدہ کمپنی کے شیئر رجسٹرار میسرز THK ایسوسی ایٹس پلاٹ نمبر: C-32 جی کمرشل سٹریٹ 2، ہڈی - ایچ - اے - 7 کراچی - 75500 کو اجلاس کے منعقد ہونے سے 48 گھنٹے قبل بھجوائیں۔
- CDC اکاؤنٹ ہولڈرز / Corporate Entity مندرجہ بالا کے علاوہ مندرجہ ذیل شقوں پر عمل کریں:
  - پراکسی فارم میں دو گواہان کے دستخط نیز ان کے پتے اور شناختی کارڈ نمبر کا اندراج بھی لازمی ہے۔
  - رکن اور پراکسی کے تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی نقول کی فراہمی
  - پراکسی کے لیے لازم ہے کہ وہ اجلاس کے وقت اپنا اصل قومی شناختی کارڈ یا پاسپورٹ تصدیق کے لیے فراہم کرے۔ Corporate Entity کی صورت میں بورڈ آف ڈائریکٹرز کی تصدیق شدہ قرارداد کی نقل بشمول Power of Attorney دستخط کے ساتھ (بجز اگر پہلے ہی جمع کرادی گئی ہے)۔ پراکسی فارم کے ہمراہ کمپنی کے شیئر رجسٹرار کو جمع کروائے۔

THK Associates (Pvt) Limited  
Plot No. 32-C, Jami Commercial  
Street 2, D.H.A. Phase VII,  
Karachi-75500

Affix  
Correct  
Postage



**SITARA CHEMICAL INDUSTRIES LIMITED**

***DIVIDEND MANDATE (MANDATORY)***

By virtue of the provisions of the Companies Act, 2017, shareholders are MANDATORILY required to provide their bank account details to receive their dividends by way of direct credit on electronic transfer to their bank account instead of receiving them through dividend warrants (crossed as A/c Payee only).

---

**Bank Account Details of Shareholder for payment of Cash Dividend through electronic mode**

I hereby wish to communicate my desire to receive my dividends directly in my bank account as detailed below:

Name of Shareholder \_\_\_\_\_

Folio Number \_\_\_\_\_

Contact Number of Shareholder \_\_\_\_\_

Bank Account No. \_\_\_\_\_

IBAN No. \_\_\_\_\_

Title of Account \_\_\_\_\_

Type of Account \_\_\_\_\_

Name of Bank \_\_\_\_\_

Bank Branch & full Mailing Address \_\_\_\_\_

Contact No. of Bank \_\_\_\_\_

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the company informed in case of any changes in the said particulars in the future.

-----  
Shareholder's signature

-----  
Date

-----  
CNIC / SNIC No. (Copy attached)



M/s Sitara Chemical Industries Ltd.  
601-602 Business Center,  
Mumtaz Hassan Road  
Karachi.

Affix  
Correct  
Postage

## **SITARA CHEMICAL INDUSTRIES LIMITED**

### ***CIRCULATION OF ANNUAL AUDITED ACCOUNTS***

The Company Secretary  
Sitara Chemical Industries Limited  
601-602, Business Centre,  
Mumtaz Hasan Road,  
Karachi

Subject : Circulation of Annual Audited Accounts via Email or CD/DVD/USB

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO No. 470(I)/2016 dated 31<sup>ST</sup> May, 2016, that have allowed companies to circulate their Annual Audited Accounts (i.e. 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 through Email or any other Electronic Media at the registered addresses.

Shareholders who wish to receive the hard copy of Financial Statements shall have to fill the below form and send us to Company address.

I/We hereby consent Option 1 or Option 2 to the above SROs for Audited Financial Statements and Notice of General Meeting(s) delivered to me hard from instead Email or CD/DVD/USB

☐ Option 1 Via Email

Name of the Members/Shareholders

---

CNIC NO.

---

Folio / CDC Account Number

---

Valid Email Address

---

(to receive Financial Statements alongwith  
Notice of General Meetings instead of  
hardcopy/CD/DVD/USB)

---

☐ Option 2 Via Hard copy

Name of the Members/Shareholders

---

CNIC NO.

---

Folio / CDC Account Number

---

Mailing Address

---

(to receive Financial Statements alongwith  
Notice of General Meetings instead of  
Email/CD/DVD/USB and other Electronic Media)

---

I/We hereby confirm that the above mentioned information is correct and in case of any change thereon, I/We will immediately intimate to the Company's Share Registrar. I/we further confirm that the transmission of Company's Annual Audited Financial Statements and Notice of General Meeting(s) through my/our above address would be taken as compliance with the Companies Act, 2017.

THK Associates (Pvt) Limited  
Plot No. 32-C, Jami Commercial  
Street 2, D.H.A. Phase VII,  
Karachi-75500

Affix  
Correct  
Postage







**Sitara Chemical** Industries Limited

601-602 Business Centre, Mumtaz Hassan Road,  
Off. I.I Chundrigar Road, Karachi-74000  
Tel: 021-32420620, 32413944