

ANNUAL | 20 REPORT | 24



**Sitara Chemical
Industries Limited**

EXCELLENCE, QUALITY, TRUST.

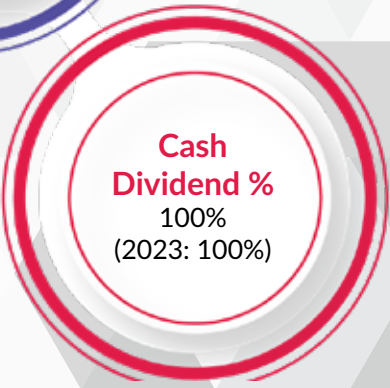
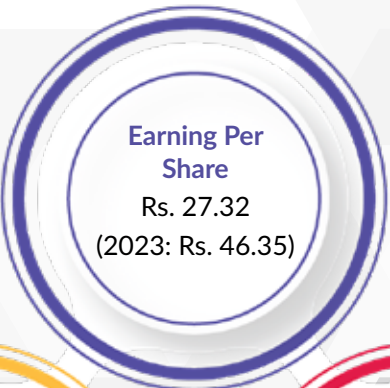
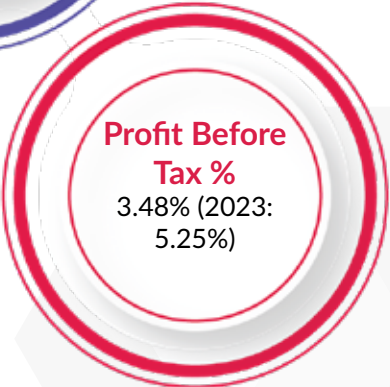
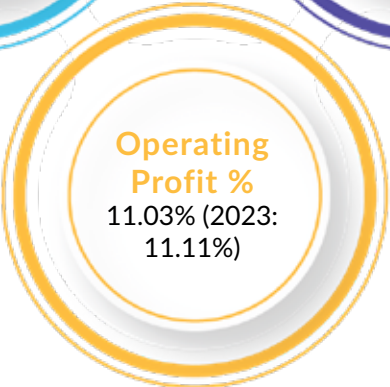
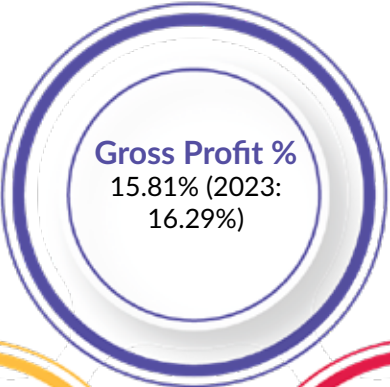
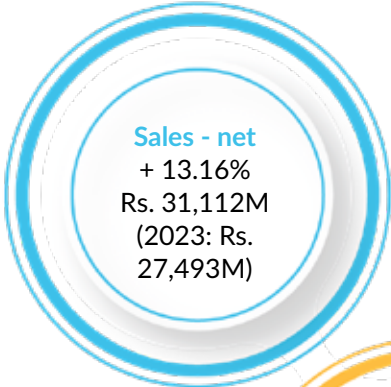


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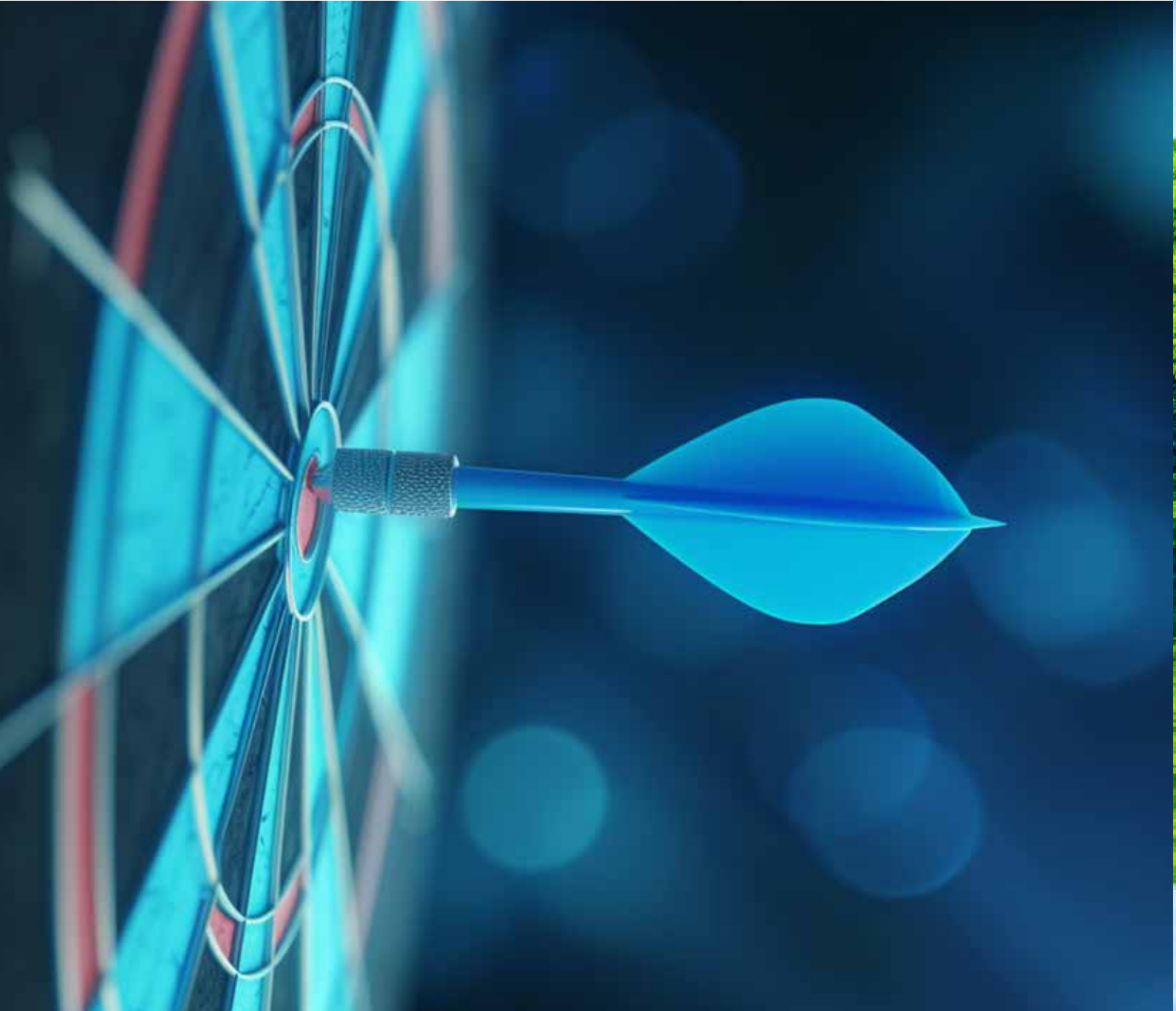


FINANCIAL PERFORMANCE 2024



VISION

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



MISSION

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

CODE OF ETHICS AND BUSINESS PRACTICES

We believe in stimulating and challenging team-oriented work environment that encourages, develops and rewards excellence and diligently serves 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

Legal Advisor

Mr. Sahibzada Muhammad Arif

Shariah Advisor

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

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

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

NBP Aitemaad Islamic Banking

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

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)

Dear Stakeholders,

At the conclusion of another financial year for the year ended June 30, 2024, it is my great pleasure to present the review report as mandated under section 192 of the Companies Act, 2017.

Economy and Business Overview:

The financial year 2023-24 (FY-24) has been marked by ongoing economic challenges, including high inflation, increased taxation, currency depreciation, political instability, and geopolitical tensions. These factors have limited the economic growth of the country to a modest 2.38% as compared with 0.29% in previous financial year. Despite all these challenges, company has recorded a 13% growth in net sales to Rs 31,112 million in FY 2024 from Rs. 27,493 million last year. Gross profits earned during the year also increased to Rs. 4,919 million from Rs. 4,480 million last year. EPS has been recorded at Rs. 27.32/- for the FY 2024 as against Rs. 46.35/- during the last the financial year.

Governance:

Sound governance is fundamental to corporate success and enhances stakeholders' confidence. We have designed our corporate governance structure to ensure maximum compliance with legal and regulatory framework and meeting the information needs of our stakeholders. 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 the company is carried out.

For the financial year ended June 30, 2024, 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 26, 2024

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, 2024.

The economy of Pakistan during the Financial Year 2023-24 (FY 2024) has faced some significant challenges, primarily driven by high interest rates and inflation which dampened demand and slowdown in large-scale manufacturing side of the economy. Industrial sector after experiencing a downturn in FY 2023 has rebounded and recorded a growth of 1.21% during FY 2024 (FY 2023 -3.74%). Textile sector witnessed a contraction of 8.3% during July-March of 2024, compared to a contraction of 16.0% in the same period last year. Overall GDP growth was witnessed at 2.38% during FY 2024 as compared with 0.29% growth in FY 2023. SBP continued with monetary tightening and policy rate remained unchanged at 22% almost throughout the FY 2024; however, the year policy rate was reduced to 20.5% in June 2024.

In view of the contraction in textile sector of the economy, company's quantitative sale of caustic has witnessed a decline in quantitative sales during the FY 2024. However, total net sales of the company were recorded at PKR 31,112 million as compared with PKR 27,493 million during last financial year, depicting a growth of 13%. Total gross profit earned during the year was recorded at PKR 4,919 million as compared with PKR 4,480 million. Gross margin in percentage term has witnessed some dip during the year as compared with gross margin percentage last year, mainly due to high energy cost. Overall energy cost of the company remained elevated during the year mainly due to increase in FESCO's tariff after withdrawal of Industrial Support Package by the Govt. of Pakistan during the 2nd quarter of the FY 2024. International prices of coal witnessed a modest decrease during the FY 2024 and resultantly company resorted to maximum utilization of its captive coal fired power plant and gas fired power plant engines, both being cheaper energy source than FESCO.

Textile segment of the company has witnessed an increase in net sales revenues during the FY 2024 as compared with last financial year due to increased volumetric sales of yarn and better yarn prices. Increased volumetric sales were attributable to increased yarn production / better capacity utilization after availability of RLNG/gas for electricity generation throughout the year under review. Also, electricity cost for textile segment increased during the year after change in gas tariff policy by the Govt. of Pakistan i.e. gas effective rate of USD 09 per mmbtu applicable for export oriented captive power plants was withdrawn during the 2nd quarter of the FY 2024 and instead 50:50 blend-based tariff of system gas and RLNG was introduced. Also, system gas price was increased which resultantly increased the average gas tariff for the textile

division. However, during the financial year 2024, your company has installed a Solar System of 01 Megawatt (MW) capacity as clean / green renewable energy in its energy mix. In addition to Solar energy, textile division has also got number of global certifications i.e. ISO 9001:2015, ISO 14001:2015, Global Recycled Standard (GRS), Certified Cotton USA™ LICENSEE etc. which helped attracting the global brand customers as well as leading Pakistani direct exporters as our yarn customers. Besides all the challenges faced by textile industry during the year, gross profit margins of textile segment have also remained better Alhamdulillah due to better finished yarn prices, timely buying of cotton at economical prices, and economical energy mix. Financial cost paid during the year has remained on the higher side due to higher average SBP Policy rate as compared with average policy rate prevailing during the last financial year. Provision for taxation for the year also increased due to abolishment of final tax regime on export sales, introduced vide Finance Act, 2024. In view of all these factors and economic developments, profit after tax was recorded at PKR 585 million as against PKR 993



Mr. Haseeb Ahmad - Chief Operating Officer

million in last year, translating into Earning Per Share (EPS) of Rs. 27.32 during the current financial year as against EPS of Rs. 46.35 recorded during the last financial year.

JCR-VIS CREDIT RATING:

During the FY 2024, VIS Credit Rating Company Limited (VIS) reaffirmed entity ratings of the Company at A+/A-2 (Single A Plus/A-Two). The medium to long-term rating of 'A+' signifies good credit quality and adequate protection factors. Short-term rating of 'A-2' indicates good certainty of timely payment. Liquidity factors and company fundamentals are sound. Access to capital markets is good. Risk factors are small. Outlook on the assigned ratings remains Stable.

QUALITY, ENVIRONMENT, HEALTH AND SAFETY:

Your company adheres to the highest standards of quality assurance, pollution prevention, business ethics and safety to ensure uninterrupted supply of products to its customers as well as 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. SCIL is a member of SEDEX



HSE Awareness Session

(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). The company is dedicated to the slogan “safety starts from the entrance” and recognizes its responsibility to the environment as a socially responsible organization. As such, it has implemented all necessary measures to protect both its people and the environment.

HUMAN RESOURCE DEVELOPMENT:

The HR Department of your company implements a continuous capacity development program for its employees. Through dedicated efforts the company enhances knowledge and competence of employees to ensure to perform their tasks effectively. We are committed to fostering a positive work environment, adhering to current labor laws, and following industry best practices to make our workplace an exceptional one. The in-house training program not only provides a learning platform but also helps team building. Your company has continuously conducted training programs for their employees and executives, 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 conducted during the year. During the FY 2024, company trained total 1,615 employees as against 1,245 employees last year.



In-House Training Session



An Interactive Motivational Session by CEO

INFORMATION TECHNOLOGY:

Information Technology (IT) is playing a pivotal role in running the enterprise. Your company is committed to align the IT policies and procedures with business objectives and resource optimization to support the decision-making process for the growth of the company. SCIL mitigates the potential risks of cybersecurity

to safeguard sensitive information by adopting the latest security and backup technology. Your company is committed to develop the IT infrastructure and systems to ensure risk management, compliance with legal regulatory requirements, internal controls and monitoring.

In addition, SCIL has successfully implemented the TimeTrax, an integrated HRMS solution designed to streamline human resource management. It will streamline the employee's onboarding, time and attendance tracking, payroll processing, performance management, and analytics, our platform enhances workforce efficiency and engagement.



Contract Signing Ceremony with TimeTrax.

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 FY 2024, Company made a contribution of amounting Rs. 6,057 million in national exchequer towards payment of income tax and sales tax (Last year Rs. 4,506 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:

The company is determined to play a role in public welfare activities. The company strives to uplift the underdeveloped communities to bring healthy change and a clean environment through its CSR policy. As part of our CSR commitments, we continue to make donations to charitable hospitals and organizations.



Free Medical Camp



Awareness Walk on World Heart Day

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 of Directors, and shareholders where so required, 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 41 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 FY 2024, total 04 board meetings were held and attendance of Directors is as follows:

Sr.#	Name	Category	No. of Meetings Attended
1	Mr. Ahmad Hassan	Independent Director	04
2	Mr. Muhammad Adrees	Executive Director	04
3	Mr. Haseeb Ahmad	Executive Director	02
4	Mr. Ahmad Nawaz	Non-executive Director	03
5	Mr. Haroon Ahmad Zuberi	Independent Director	04
6	Mr. Najmul Hoda Khan	Non-executive Director	04
7	Mrs. Shala Waheed Sher	Non-executive Director	04

Leave of absence was granted to the members of Board, who did not attend the meetings.

AUDIT COMMITTEE MEETINGS:

Audit committee has been established to assist board in discharging its responsibilities for corporate governance, financial reporting and corporate controls. Audit Committee consists of three members. During the FY 2024, 04 meetings were held and attendance of members of audit committee is as follows:

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

Human Resource and Remuneration Committee (HR&R) has been 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 FY 2024, 01 meeting were held and attendance of members is as follows:

Sr.#	Name	Category	No. of Meetings Attended
1	Mr. Ahmad Hassan	Chairman HR&R Committee	01
2	Mr. Muhammad Adrees	Member HR&R Committee	01
3	Mrs. Shala Waheed Sher	Member HR&R Committee	01

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 43rd Annual General Meeting. Being eligible, they have offered themselves for reappointment as auditors of the company from the conclusion of 43rd annual general meeting until the conclusion of 44th 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, 2025. 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, 2024 were made:

Description	Rupees
Net profit for the year after tax before WPPF and WWF	653,002,968
Workers Welfare Fund (WWF) and Workers Profit Participation Fund (WPPF)	(67,495,322)
Net Profit for the year	585,507,646
Incremental depreciation (net of deferred tax)	165,863,346
Un-appropriated profit brought forward	11,927,300,495
Final dividend for the year ended June 30, 2023 @ Rs. 10 per share	(214,294,060)
Amount available for appropriation	12,464,377,427
Proposed dividend for the year ended June 30, 2024 @ Rs. 10 per share	(214,294,060)
Earnings per share- basic and diluted	27.32

DIVIDEND:

In view of the financial results of the Company for the year ended June 30, 2024; the Board of Directors of the Company have recommended a cash dividend of 100% i.e. Rs.10 per share.

FUTURE OUTLOOK:

Erection activity of installation of a new 50 MW coal fired power plant (CFPP) is in full swing now i.e. civil work on boiler installation site has been completed while boiler's mechanical erection work has also been substantially completed. Full shipments of Boiler and generator have arrived at site while major portion of turbine shipment has also arrived and erection work is in progress. Some LC shipments of Balance of Plant (BoP) Equipment have also arrived at site, while LCs of remainder BoP items are under the process of techno-commercial negotiations.

In view of recent decline in inflation rate in Pakistan, SBP policy rate is further expected to be reduced during the FY 2025, which will bring some relief for the company in terms of saving in financial cost and would also accelerate industrial economic growth of the country. However, geo-political situation in middle-



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

east, any potential depreciation of Pak rupees against US dollar etc., could lead to slow down the economy and increase the energy cost. These factors could be anticipated as some key challenge for the company in the years to come.

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 26, 2024
Faisalabad.

Ahmad Hassan
Director

منافع

کمپنی نے 30 جون 2024 کو ختم ہونے والے سال کے مالی نتیجہ کے تحت، بورڈ آف ڈائریکٹرز نے 100% کیش Dividend کی سفارش کی ہے جو کہ 10 روپے فی شیئر بنتا ہے۔

مستقبل پر نظر:

کونسلے سے چلنے والے نئے 50 میگا واٹ پاور پلانٹ (CFPP) کی توسیع کا منصوبہ تیزی سے جاری ہے۔ بوائلر کی تنصیب کی جگہ پر تعمیراتی کام مکمل ہو چکا ہے، جبکہ بوائلر کی مکینیکل تعمیر کا کام بھی کافی حد تک مکمل ہو چکا ہے۔ بوائلر اور جنریٹر کی مکمل کھیپ سائٹ پر پہنچ چکی ہے، جبکہ ٹرہائٹ کی کھیپ کا بڑا حصہ بھی پہنچ چکا ہے اور تعمیراتی کام جاری ہے۔ LC کے بیلنس آف پلانٹ (BoP) کے کچھ آلات کی ترسیلات سائٹ پر پہنچ چکی ہیں، جبکہ LC کے باقی BoP کے آلات ٹیکنو کمرشل مذاکرات کے عمل میں ہیں۔ پاکستان میں مہنگائی کی شرح میں حالیہ کمی کے پیش نظر، مالی سال 2025 کے دوران اسٹیٹ بینک کی پالیسی کی شرح میں مزید کمی متوقع ہے، جس سے مالیاتی لاگت میں بچت کے حوالے سے کمپنی کو کچھ ریلیف ملے گا اور ملک کی صنعتی اقتصادی ترقی میں بھی تیزی آئے گی۔ تاہم، مشرق وسطیٰ کی جغرافیائی سیاسی صورتحال، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں ممکنہ کمی، توانائی کی قیمت میں اضافہ، یہ وہ اہم چیلنجز ہیں جن کا کمپنی کو آنے والے سالوں میں 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

محمد ادریس
چیف ایگزیکٹو آفیسر

Almadhoun

احمد حسن
ڈائریکٹر

ستارہ کیمیکل انڈسٹریز لمیٹڈ فیصل آباد

26 ستمبر 2024

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 سٹیٹمنٹس بشمول کیش فلو سٹیٹمنٹ اور سٹیٹمنٹ 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 43rd سالانہ اجلاس عام کے ساتھ ریٹائر ہو جائیں گے۔ اہل ہونے کے ساتھ، انہوں نے اپنے آپ کو بطور آڈیٹرز 43rd سالانہ اجلاس عام سے 44th 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 30 جون 2025 تک مقرر کرنے کی سفارش کی ہے۔ ان بیرونی آڈیٹرز کو انسٹی 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 2024 کو ختم ہونے والے سال کے منافع کی مندرجہ ذیل تقسیم کاری کی گئی ہے۔

روپے	تفصیل
653,002,968/-	ٹیکس کے بعد سال کا خالص منافع، (WPPF اور WWF سے پہلے)
(67,495,322)	ورکرز ویلفیئر فنڈ اور ورکرز منافع شمولیت فنڈ
585,507,646/-	سال کا خالص منافع
165,863,346/-	Incremental Depreciation - Net of deferred Tax
11,927,300,495/-	پچھلے سال کا جمع شدہ منافع
(214,294,060)	30 جون 2023 کے اختتام پر منافع 10 روپے فی شیئر
12,464,377,427/-	تقسیم کاری کے لیے دستیاب رقم
(214,294,060)	30 جون 2024 کے اختتام پر تجویز کردہ منافع 10 روپے فی شیئر
27.32	سالانہ فی حصص آمدنی

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 2024 کے دوران 04 میٹنگز منعقد ہوئیں جس میں آڈٹ کمیٹی کے اراکین کی حاضری کچھ اس طرح رہی:

سیریل نمبر	نام	کمیٹری	میٹنگز میں شرکت کی تعداد
1	ہارون احمد زبیری	چیئر مین آڈٹ کمیٹی	04
2	نجم الہدیٰ خان	ممبر آڈٹ کمیٹی	04
3	احمد نواز	ممبر آڈٹ کمیٹی	04

انسانی وسائل اور معاوضہ کی کمیٹی:

انسانی وسائل اور معاوضہ کی کمیٹی سلیکشن طریقے کار، اندازے، معاوضے اور مینجمنٹ کے اہم افراد کی توازن منصوبہ بندی کے لیے قائم کی گئی۔ کمیٹی تین افراد پر مشتمل ہے۔ سال 2024 کے دوران 01 میٹنگ منعقد ہوئی جس میں اراکین کی حاضری کچھ اس طرح رہی:

سیریل نمبر	نام	کمیٹری	میٹنگز میں شرکت کی تعداد
1	احمد حسن	چیئر مین ایچ آر اینڈ آر کمیٹی	01
2	محمد ادیس	ممبر ایچ آر اینڈ آر کمیٹی	01
3	مسز شہلا وحید شیر	ممبر ایچ آر اینڈ آر کمیٹی	01

کارپوریٹ گورننس:

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

شیر ہولڈنگ کی شکل:

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

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 سٹیٹمنٹس 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 سٹیٹمنٹس 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۔

کارپوریٹ سماجی ذمہ داری:

آپ کی کمپنی عوامی فلاح و بہبود کی سرگرمیوں میں حصہ ڈالنے کے لیے پُر عزم ہے۔ کمیونٹیز 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 عطیات دیتی رہتی 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 41 میں دکھایا گیا ہے۔

بورڈ آف ڈائریکٹرز:

بورڈ دو ایگزیکٹو ڈائریکٹرز، دو آزاد ڈائریکٹرز اور دو نان ایگزیکٹو مرد 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 چیف ایگزیکٹو آفیسر کے سپرد کیے ہوئے ہیں۔

سال 2024 کے دوران بورڈ کی کل 4 میٹنگز منعقد ہوئیں جس میں ڈائریکٹرز کی حاضری مندرجہ ذیل رہی:

سیریل نمبر	نام	کمیٹری	میٹنگز میں شرکت کی تعداد
1	احمد حسن	آزاد ڈائریکٹر	04
2	محمد ادریس	ایگزیکٹو ڈائریکٹر	04
3	حسیب احمد	ایگزیکٹو ڈائریکٹر	02
4	احمد نواز	نان ایگزیکٹو ڈائریکٹر	03
5	ہارون احمد زبیری	آزاد ڈائریکٹر	04
6	نجم الہدیٰ خان	نان ایگزیکٹو ڈائریکٹر	04
7	مسز شہلا وحید شیر	نان ایگزیکٹو ڈائریکٹر	04

بورڈ کے ممبرز جنہوں نے میٹنگز میں شمولیت نہیں کی ان کو غیر حاضری کی چھٹی دی گئی ہے۔

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 عملے 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، عملے کو تربیت دینے کے لیے سال کے دوران متعدد اندرون خانہ ورکشاپس / تربیتی سیشن منعقد کیے گئے۔ سال 2024 کے دوران کمپنی نے 1,615 ملازمین کو تربیت دی جبکہ گزشتہ سال ملازمین کی تعداد 1,245 تھی۔

انفارمیشن ٹیکنالوجی:

انفارمیشن ٹیکنالوجی (IT) انٹرپرائز گورننس کو چلانے میں اہم کردار ادا کر رہی 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 پرعزم ہیں۔

علاوہ ازیں، کمپنی نے TimeTrax کو کامیابی کے ساتھ نافذ کیا ہے جو ایک مربوط HRMS سسٹم ہے جو انسانی وسائل کے انتظام کے لیے ڈیزائن کیا گیا ہے۔ یہ ملازم کی آن بورڈنگ، وقت اور حاضری سے باخبر رہنے، پے رول پروسیجرنگ، کارکردگی کے انتظام اور تجزیات کو بہتر کرے گا اور افرادی قوت کی کارکردگی اور مصروفیت کو بڑھاتا 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 تکافل لمیٹڈ کے ساتھ اپنے ملازم کو فیملی گروپ سیونگ تکافل پلان پیش کرنے کا معاہدہ کیا ہے۔ گروپ سیونگ تکافل پلان ایک تکافل پلان ہے جو پروویڈنٹ فنڈ کے ہر ممبر کو جاری کیا جاتا ہے۔ جس کے تحت انکم ٹیکس رولز، 2002 کے سیکشن 103 (اجازت شدہ انخلاء) کے ذیلی سیکشن (h) کے تحت ملازمین کی طرف سے مستقل طور پر نکالے جانے کے بعد، پروویڈنٹ فنڈ کا کل بیلنس ملازمین کی افرادی پالیسیوں میں جاتا ہے۔ ٹیکسٹائل ڈویژن کے ملازمین قانون کے مطابق گریجویٹی کے حقدار ہیں اور اکاؤنٹس میں IAS-19 کے مطابق مناسب رقم وقف کی گئی ہے۔

قومی خزانے میں حصہ:

سال 2024 کے دوران آپ کی کمپنی نے قومی خزانے میں انکم ٹیکس اور سیلز ٹیکس کی مد میں -/6,057 ملین روپے جمع کروائے جو گزشتہ سال -/4,506 ملین روپے تھے۔ اس میں درآمدی ڈیوٹیاں، ملازمین، سپلائرز اور ٹھیکیداروں سے وڈ ہولڈنگ ٹیکس کی کٹوتی شامل نہیں ہے۔

معیار، ماحول، صحت اور حفاظت:

آپ کی کمپنی مناسب آلودگی کی روک تھام کے ساتھ ساتھ چوٹ اور بیماری سے بچاؤ کے اقدامات کو اپنا کر

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 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 (Supplier Ethical Data Exchange) SEDEX اور (Sedex Members Ethical Trade Audit) SMETA 4 Pillar Audit یعنی لیبر اسٹینڈرڈز، ہیلتھ اینڈ سیفٹی، ماحولیات اور کاروباری اخلاقیات) کی رکن بھی 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 کا ہیومن ریسورس ڈیپارٹمنٹ اپنے ملازمین کی ترقی کا باقاعدہ پروگرام نافذ العمل کرتا ہے تاکہ اس بات کو یقینی بنائے کہ انتھک کوششوں کے ذریعے کمپنی اپنے ملازمین کی معلومات اور استعداد کو بڑھاتی ہے تاکہ وہ اپنے مقرر کردہ کاموں کو موثر طریقے سے انجام دیں۔ ملازمین 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

گزشتہ مالی سال کے مقابلے میں خالص فروخت کی آمدنی میں اضافہ دیکھا گیا۔ سال بھر میں بجلی کی پیداوار کے لیے RLNG گیس کی دستیابی کے بعد دھاگے کی پیداوار میں اضافہ، بہتر صلاحیت کے استعمال کی وجہ سے جی فروخت میں اضافہ ہوا۔

حکومت کی جانب سے گیس ٹیرف پالیسی میں تبدیلی کے بعد ٹیکسٹائل طبقہ کے لیے بجلی کی قیمت میں دوران سال اضافہ ہوا۔ پاکستان کا یعنی ایکسپورٹ اور اینڈ کپٹیو پاور پلانٹس کے لیے لاگو گیس کی موثر شرح USD 09 فی ایم بی ٹی یو مالی سال 2024 کی دوسری سہ ماہی کے دوران واپس لے لی گئی اور اس کی بجائے سسٹم گیس اور RLNG کا 50:50 مرکب پر مبنی ٹیرف متعارف کرایا گیا۔ سسٹم گیس کی قیمت بھی اضافہ کیا گیا جس کے نتیجے میں ٹیکسٹائل ڈویژن کے لیے گیس کی اوسط قیمت میں اضافہ ہوا۔ تاہم، مالی سال 2024 کے دوران، آپ کی کمپنی نے اپنے انرجی کس میں کلین گرین قابل تجدید توانائی کے طور پر 01 میگا واٹ کی صلاحیت کا سولر سسٹم نصب کیا ہے۔ شمسی توانائی کے علاوہ، ٹیکسٹائل ڈویژن نے عالمی سرٹیفیکیشنز کی تعداد بھی حاصل کی ہے۔ جیسے کہ، ISO 9001:2015, ISO 14001:2015، گلوبل ری سائیکلڈ اسٹینڈرڈ (GRS)، سرٹیفائیڈ کاٹن US لائسنس وغیرہ جس نے عالمی برانڈ کے صارفین کو اپنی طرف متوجہ کرنے میں مدد کی۔ پاکستانی براہ راست برآمد کنندگان ہمارے یارن صارفین کے طور پر۔ ٹیکسٹائل انڈسٹری کو دوران سال درپیش تمام چیلنجز کے باوجود ٹیکسٹائل طبقہ کے مجموعی منافع کا مارجن بھی الحمد للہ بہتر رہا۔ جس کی وجہ دھاگے کی بہتر قیمت، سستی قیمت پر روٹی کی بروقت خریداری اور سستا انرجی کس ہے۔

دوران سال ادا کی گئی مالی لاگت گزشتہ مالی سال میں مروجہ اوسط پالیسی ریٹ کے مقابلے میں SBP پالیسی کی بلند اوسط شرح کی وجہ سے زیادہ رہی۔ مالیاتی ایکٹ 2024 کے تحت متعارف کرائے گئے ایکسپورٹ سیلز پریکٹس کے حتمی نظام کے خاتمے کی وجہ سے سال کے لیے ٹیکس پروویژن میں بھی اضافہ ہوا۔

ان تمام عوامل اور معاشی صورتحال کے پیش نظر، آپ کی کمپنی کا ٹیکس کے بعد کمایا گیا منافع 585 ملین روپے رہا اور فی حصص آمدنی 27.32 روپے رہی۔ جو گزشتہ مالی سال 2023 کے دوران یہ منافع 993 ملین روپے اور فی حصص آمدنی 46.35 روپے تھی۔

JCR-VIS کریڈٹ ریٹنگ:

مالی سال 2024 کے دوران، VIS کریڈٹ ریٹنگ کمپنی لیمیٹڈ کی طرف سے کمپنی کی کریڈٹ ریٹنگ کا دوبارہ جائزہ لیا گیا، جس نے آپ کی کمپنی کی درجہ بندی کو A+ / A-2 (سنگل اے پلس / اے۔ ٹو) کے طور پر دوبارہ تصدیق کی، جبکہ تفویض کردہ ریٹنگ پراؤٹ لک کو بھی 'مستحکم' کے طور پر برقرار رکھا گیا ہے۔

درمیانی سے طویل مدتی درجہ بندی کے لیے A+ مضبوط تحفظ کے عوامل کے ساتھ اچھے کریڈٹ کوالٹی کی نشاندہی کرتی ہے۔ قلیل مدت کے لیے A-2 درجہ بندی بہترین لیکویڈیٹی کے ساتھ بروقت ادائیگیوں کے اعلیٰ یقین کی نشاندہی کرتی ہے۔

ڈائریکٹرز 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 2024 کو ختم ہونے والے مالی سال کے آڈٹ شدہ مالی گوشوارے بمعہ آڈٹ رپورٹ اور بیرونی شرعی آڈیٹرز کی رپورٹ کے ساتھ پیش کرتے ہوئے پُرسرت ہیں۔

کاروباری جائزہ:

پاکستان کی معیشت کو مالی سال 2023-24 کے دوران بنیادی طور پر بلند شرح سود اور افراط زر کی وجہ سے کچھ اہم چیلنجز کا سامنا کرنا پڑا، جس نے مانگ میں کمی کی اور معیشت کے بڑے پیمانے پر مینوفیکچرنگ سائیکل کو سست کیا۔ مالی سال 2023 میں مندی کا سامنا کرنے کے بعد صنعتی شعبے نے دوبارہ بحالی کی اور مالی سال 2024 (مالی سال 2023 -3.74) کے دوران اس میں 1.21 فیصد اضافہ ریکارڈ کیا گیا۔ ٹیکسٹائل سیکٹر میں جولائی تا مارچ 2024 کے دوران 8.3 فیصد کمی دیکھنے میں آئی، جبکہ گزشتہ سال کی اسی مدت میں 16 فیصد کمی تھی۔ مالی سال 2023 میں 0.29 فیصد اضافے کے مقابلے میں مالی سال 2024 کے دوران مجموعی طور پر جی ڈی پی کی شرح نمو 2.38 فیصد رہی۔ اسٹیٹ بینک کی مالیاتی سختی جاری رہی اور پالیسی کی شرح تقریباً پورے مالی سال 2024 کے دوران 22 فیصد پر برقرار رہی۔ تاہم، جون 2024 میں سال کی پالیسی کی شرح کو کم کر کے 20.5 فیصد کر دیا گیا۔

کمپنی کے ٹیکسٹائل سیکٹر میں سکڑاؤ کے پیش نظر مالی سال 2024 کے دوران کاسٹک کی مقداری فروخت میں کمی دیکھی گئی۔ تاہم، کمپنی کی کل خالص فروخت 31,112 ملین روپے رہی جو گزشتہ سال 27,493 ملین روپے تھی، جس میں 13 فیصد اضافہ ہوا۔ سال کے دوران کمپنی کا مجموعی منافع 4,919 ملین روپے رہا جبکہ گزشتہ سال یہ منافع 4,480 ملین روپے تھا۔ مجموعی مارجن فیصد میں گزشتہ سال کے مقابلے میں کچھ کمی دیکھی گئی۔ جس کی بنیادی وجہ توانائی کی بلند لاگت ہے۔ سال کے دوران مجموعی طور پر توانائی کی لاگت بلند رہی۔ جس کی بنیادی وجہ حکومت کی جانب سے انڈسٹریل سپورٹ پیکیج کی واپسی کے بعد فیسکو کے ٹیرف میں اضافہ ہے۔

مالی سال 2024 کی دوسری سہ ماہی کے دوران، کونسلے کی بین الاقوامی قیمتوں میں معمولی کمی دیکھی گئی جس کے نتیجے میں کمپنی نے اپنے کونسلے اور گیس سے چلنے والے لکھنؤ پاور پلانٹ کے زیادہ سے زیادہ استعمال کا سہارا لیا۔ دونوں ہی FESCO سے سستی توانائی کا باعث ہیں۔

کمپنی کے ٹیکسٹائل سیکٹر نے مالی سال 2024 کے دوران دھاگے کی حجمی فروخت میں اضافہ اور دھاگے کی بہتر قیمتوں کی وجہ سے

SIX YEARS AT A GLANCE

Financial Highlights

Operating Results (Rupees in thousand)	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Revenue from contracts with customers - net	31,111,880	27,492,639	21,625,585	14,784,537	11,792,672	12,698,107
Gross profit	4,919,260	4,479,575	2,872,908	2,932,903	2,279,134	2,759,530
Operating profit	3,432,772	3,054,186	1,795,685	2,274,103	1,404,530	1,706,596
Profit before taxation	1,084,074	1,442,506	898,439	1,669,796	409,544	1,065,003
Profit after taxation	585,508	993,351	655,639	1,347,690	298,763	885,458
Total comprehensive income	1,674,143	737,293	370,810	1,403,604	287,225	4,301,141
EBITDA	4,782,941	4,396,747	3,111,251	3,375,556	2,582,587	2,680,180

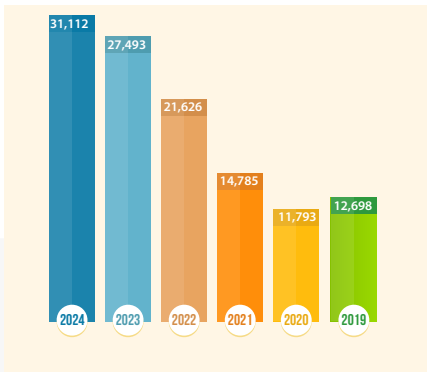
Financial Position (Rupees in thousand)	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Assets employed						
Property, plant and equipment	22,972,726	18,458,822	17,344,777	16,923,448	14,935,071	15,516,236
Intangible assets	6,787	7,541	8,379	9,007	10,008	11,120
Investment property	3,427,127	3,320,667	3,259,192	3,312,590	3,315,540	3,296,505
Long term investment	20,039	25,039	25,039	25,039	25,039	19,640
Advances and deposits	350,575	1,429,904	801,853	1,162,720	1,230,254	1,193,934
Current assets	13,733,616	11,697,800	11,115,180	9,107,225	7,080,100	6,790,055
Current liabilities	(15,576,690)	(12,637,183)	(11,716,479)	(10,160,187)	(8,057,088)	(7,677,633)
	24,934,180	22,302,590	20,837,941	20,379,842	18,538,923	19,149,857
Financed by						
Share capital	214,294	214,294	214,294	214,294	214,294	214,294
Reserves	13,956,242	13,274,870	12,298,101	11,684,274	10,240,549	9,891,688
Shareholders' equity	14,170,536	13,489,164	12,512,395	11,898,568	10,454,843	10,105,982
Surplus on revaluation of property, plant and equipment	3,893,550	3,115,074	3,525,985	3,983,297	4,237,712	4,513,641
Long term financing	2,937,312	2,348,979	1,825,505	1,865,065	1,375,943	2,054,447
Long term deposits and deferred liabilities	3,932,782	3,349,373	2,974,056	2,632,912	2,470,425	2,475,787
	24,934,180	22,302,590	20,837,941	20,379,842	18,538,923	19,149,857

Cash Flow Summary (Rupees in thousand)	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Net cash generated from operating activities	327,867	2,233,536	1,480,346	1,223,233	464,389	1,410,373
Net cash used in Investing activities	(3,548,551)	(2,938,336)	(1,298,408)	(3,171,135)	(269,873)	(2,681,275)
Net cash generated from / (used in) financing activities	3,246,841	716,428	(50,350)	2,057,361	(215,383)	1,293,749
Increase/(decrease) in cash and bank Balance	26,157	11,628	131,588	109,459	(20,867)	22,847
Cash and cash equivalent at the beginning of the year	334,319	322,690	191,102	81,643	102,510	79,663
Cash and cash equivalent at the end of the year	360,476	334,319	322,690	191,102	81,643	102,510

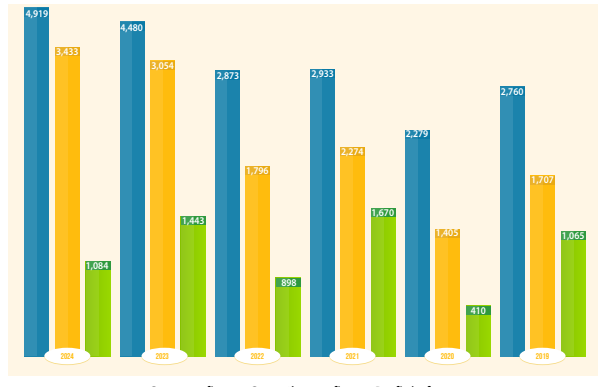
Financial Ratios

Ratios	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Gross Profit (%)	15.81	16.29	13.28	19.84	19.33	21.73
Operating Profit (%)	11.03	11.11	8.30	15.38	11.91	13.44
Profit before tax (%)	3.48	5.25	4.15	11.29	3.47	8.39
Net profit after tax (%)	1.88	3.61	3.03	9.12	2.53	6.97
Earnings per share - basic and diluted (Rupees)	27.32	46.35	30.60	62.89	13.94	41.32
Market value per share - (Rupees)	344.33	225.58	310.00	352.00	277.11	305.87
Cash Dividend Per Share - (Rupees)	10.00	10.00	8.00	10.00	10.00	10.00
Inventory turn over (times)	7.22	5.82	5.31	4.67	5.21	8.72
Debtors turn over (times)	11.54	15.19	15.73	11.53	9.92	10.97
Creditors turn over (times)	22.74	22.90	21.69	18.29	13.55	11.76
Current ratio	0.88:1	0.93:1	0.95:1	0.90:1	0.88:1	0.88:1
Fixed assets turn over (times)	1.50	1.54	1.26	0.93	0.77	1.01
Price earning ratio (times)	12.60	4.87	10.13	5.60	19.88	7.40
Return on capital employed (%)	16.53	15.89	9.66	12.90	8.22	11.36
Return on equity (%)	4.13	7.36	5.24	11.33	2.86	8.76
Interest coverage ratio (times)	1.46	1.90	2.00	3.76	1.41	2.66
Debt : Equity	17:83	16:84	14:86	14:86	13:87	16:84

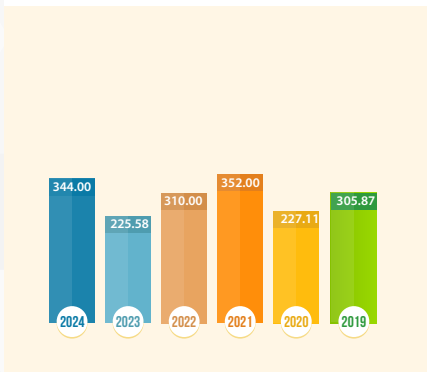
SIX YEARS AT A GLANCE



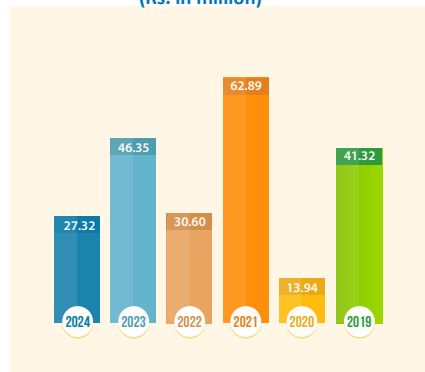
Revenue from contracts with customers - net
(Rs. in million)



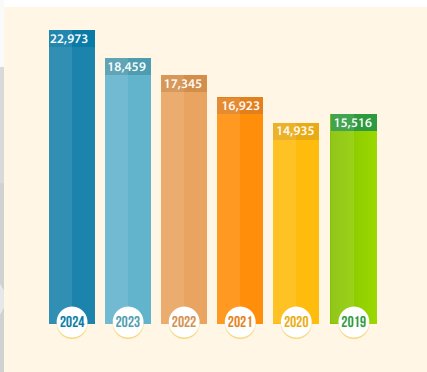
Gross Profit, Operating Profit and Profit before tax
(Rs. in million)



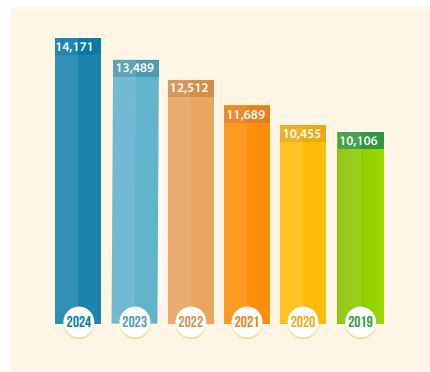
Market value per share
(Rupees)



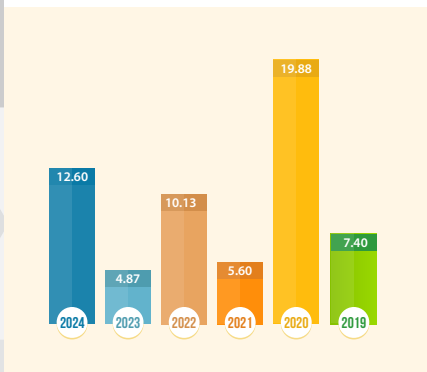
Earnings per share - Basic
(Rupees)



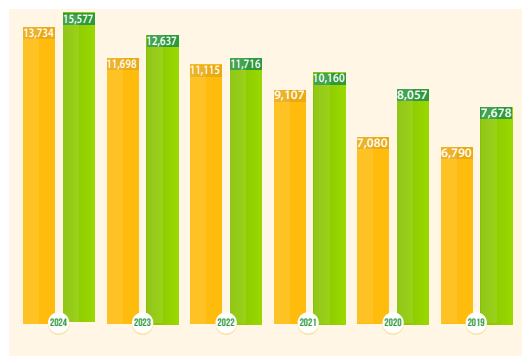
Property, plant and equipment
(Rs. in million)



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, 2024**

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 did not round up independent director's fraction, as the Company is confident that two independent directors are sufficiently qualified and 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. All directors have completed the directors training program.
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, 2024
 - b. **HR and Remuneration Committee:** One meeting during the financial year ended June 30, 2024.
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	<p>Nomination Committee</p> <p>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.</p>	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	<p>Risk Management Committee</p> <p>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.</p>	Currently, the Board has not constituted a risk management committee and the Company's Internal Auditor, performs the requisite functions and appraises the board accordingly.	30(1)
3	<p>Sustainability Risks and Opportunities</p> <p>The Board is responsible for governance and oversight of sustainability risks and opportunities, which includes the environmental, social and governance considerations, within the Company by setting the Company's sustainability strategies, priorities and targets to create long-term corporate value. In this regard, the Board is also encouraged to adopt of SECP's ESG Disclosure Guidelines. The Board may constitute the Sustainability 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.</p>	Currently, the specific strategies, priorities and targets to oversight the sustainability risks and opportunities have not been adequately developed. In this regard, as per recommendation of SECP, the matters will be discussed with in the Board to establish a Sustainability Committee for setting strategies, priorities and targets to oversight the risks and opportunities associated with Sustainability reporting.	10A(1&5)

On behalf of the Board

Ahmad Hasan

Ahmad Hasan
Chairman

Faisalabad

Dated: September 26, 2024



Shariah Compliance Review Report 2024





ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Sep 06, 2024

نحمده و نصلی علی رسولہ الکریم

Shariah Review Report

For the year ended June 30, 2024

We have conducted a Shariah review of Sitara Chemical Industries Limited (SCIL) for the financial year ending on June 30, 2024, in accordance with the provisions outlined in the Shariah Governance Regulations of 2023. Our assessment led us to the following conclusions:

- the transactions, the documentations and the procedures adopted have been in accordance with principles of Shariah;
- the business affairs have been carried out in accordance with rules and principles of Shariah;
- Further, the Shariah non-compliant income earned by the company during the period has been purified from the company's income.

The Company has an equity investment in one company whose core business does not violate Shariah principles. However, to comply with clause 4 and 5 of the Shariah governance regulation 2023, we recommend that the Company should also obtain a Shariah Certificate from SECP for this specific company.

Conclusion:

Based on the Review of SCIL's operations, transactions, related documentation, processes, policies, legal agreements, and management's representation, in our opinion, the affairs of SCIL have been carried out in accordance with the rules and principles of Shariah, and therefore, we are of the view that Sitara Chemical Industries Limited is a Shariah Compliant Company.

In the end, we pray to Allah Almighty to grant us success and help us at every step, keep us away from every hindrance and difficulty, and give financial success to Sitara Chemical Industries Limited.

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, 8th Floor Ibrahim Residency, C.P & Berar Society, Karachi.

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PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2024

NUMBER OF SHAREHOLDERS	SHAREHOLDINGS		TOTAL NUMBER OF SHARES
	FROM	TO	
916	1	100	23,695
452	101	500	110,883
156	501	1000	111,332
116	1001	5000	276,312
25	5001	10000	185,514
12	10001	15000	149,531
2	15001	20000	39,907
3	20001	25000	73,896
3	25001	30000	77,904
3	30001	35000	91,949
1	35001	40000	40,000
2	40001	45000	82,619
3	45001	50000	145,565
2	50001	55000	101,509
1	55001	60000	59,364
2	65001	70000	130,764
1	80001	85000	82,750
1	85001	90000	85,966
1	95001	100000	100,000
1	110001	115000	112,775
2	120001	125000	246,064
2	145001	150000	299,584
1	265001	270000	266,246
1	310001	315000	313,400
1	325001	330000	330,000
1	330001	335000	333,840
1	370001	375000	373,346
1	585001	590000	588,417
1	760001	765000	763,922
1	2190001	2195000	2,194,950
1	13635001	13640000	13,637,402
1716			21,429,406

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2024

	Number	Share Held	Percentage
NIT & ICP			
National Bank of Pakistan - Trustee Department			
Investment Corporation of Pakistan	2	51,306	0.24
Directors, CEO & their Spouse and Minor Children			
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
Bank, Development Finance Institutions, Non Banking Finance Institutions.	6	2,201,356	10.27
Insurance Companies	2	316,246	1.47
Mutual Funds	5	749,224	3.50
Modarabas	1	151	0.00
General Public (Local)	1615	2,069,644	9.66
General Public (Foreign)	41	161,869	0.76
Associated Companies, Undertaking and Related Parties	1	763,922	3.56
Joint Stock Companies, others, etc.	21	651,741	3.04
Others	15	492,102	2.30
	1,716	21,429,406	100.00

Detail of purchase/sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Financial Officer and their spouses/minor children during 2023-2024.

Mrs. Zomia Anees (Director's Spouse) Sold 40,700 shares during the year.

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	2,194,950

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (“AGM”/“meeting”) of the shareholders of Sitara Chemical Industries Limited (the “Company”) will be held on Thursday, 24th day of October, 2024 at 3:00 p.m at ICAP Auditorium, Institute of Chartered Accountant of Pakistan, Chartered Accountants Avenue, Block 8 Clifton, Karachi in person and via video-link, to transact the following business:

ORDINARY BUSINESS

- i. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2024 together with the Reports of Directors and Auditors thereon and Chairman’s review report.

In accordance with Section 223 of the Companies Act, 2017, and pursuant to S.R.O. 389(i)/2023 dated March 21, 2023, the financial statements of the Company have been uploaded on the website of the Company which can be downloaded from the following web link and QR enabled code:

<https://www.sitara.com.pk/wp-content/uploads/2024/10/SCIL-AR-2024.pdf>



- ii. To approve payment of Cash Dividend at the rate of 100% (Rs. 10/- per share) as recommended by the Board of Directors.
- iii. To appoint Auditors and to fix their remuneration for the year ending June 30, 2025. The shareholders are hereby given notice that the Board of Directors recommends, based on the recommendation of Board Audit Committee, re-appointment of M/s. Yousuf Adil Chartered Accountants, as auditors of the Company.
- iv. To transact any other ordinary business with the permission of the Chair.

SPECIAL BUSINESS

- v. To consider and approve the remuneration of Chief Executive and Executive Director(s) of the Company

The following resolution is proposed to be passed:

“RESOLVED THAT the Board of Directors be and is hereby authorized to determine and approve the monthly remuneration, perks and benefits, and their annual revision for holding of office of Chief Executive Officer and of Executive Director(s)”

- vi. To consider and, if deemed fit, pass the ordinary resolution provided in the statement of material facts annexed to this notice circulated to the shareholders

NOTICE OF ANNUAL GENERAL MEETING

under Section 183(3)(a) of the Companies Act, 2017, for sale of Company's freehold land (Investment Property).

Attached to this notice circulated to the shareholders is a statement of material facts under Section 134 of the Companies Act, 2017 along with draft ordinary resolutions proposed to be passed.

By Order of the Board

KARACHI

September 26, 2024

Mazhar Ali Khan

Company Secretary

NOTES:

CLOSURE OF SHARE TRANSFER BOOKS

The Members Register and Share Transfer Books of the Company will remain closed from October 18, 2024 to October 24, 2024 (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 by the close of business on October 17, 2024 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.

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.

NOTICE OF ANNUAL GENERAL 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

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:

Filer of Income Tax Returns	15.00%
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

NOTICE OF ANNUAL GENERAL MEETING

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.

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.

NOTICE OF ANNUAL GENERAL MEETING

ELECTRONIC CIRCULATION OF ANNUAL REPORTS VIA EMAIL:

Pursuant to the provision of Companies Act, 2017, annual reports are being sent to the shareholders electronically via Email.

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) and send at the Company's address.

Participation in the AGM

The Company has made arrangements for participation of shareholders in the AGM 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.agm@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.

PLACEMENT OF FINANCIAL STATEMENTS:

The audited financial statements of the Company for the year ended June 30, 2024 have been placed at the Company's website: www.sitara.com.pk.

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

Statement of Material Facts

This statement sets out the material facts pertaining to the special business to be transacted at the annual general meeting of Sitara Chemical industries Limited to be held on October 24, 2024.

The information required under Section 134 of the Companies Act, 2017 read with S.R.O. 423 (I)/2018 dated 03 April, 2018 is as under:

Agenda item No. VII

a) Description/Name of asset;	Agricultural Land (Investment property)
b) Acquisition date of the asset;	Land was acquired on different dates over the period from year 2003-2004 to 2021-2022. The details are available on Fixed Asset Register which has been kept for inspection of members.
c) Cost;	Rs. 2,851,114,523/-

NOTICE OF ANNUAL GENERAL MEETING

d) Revalued amount and date of revaluation (if applicable);	Not Applicable - No revaluation surplus/deficit is recognized in books of accounts.
e) Book value;	Rs. 2,845,965,564/-
f) Approximate current market price/fair value;	As per valuation conducted by M/s Hamid Mukhtar & Co, (Pvt.) Limited as of June 30, 2024 is Rs. 3,540,309,000/-
g) In case of sale, if the expected sale price is lower than book value or fair value, then the reasons thereof;	The sale price would depend on the actual sale. The management believes that the sale price would be higher than the book value/fair value.
h) In case of lease of assets, tenure, lease rentals, increment rate; mode/basis of determination of lease rentals; and other important terms and conditions of the lease;	Not Applicable

i)	Additional information in case of disposal of land:	
(i)	Location;	Chak 193 RB, Chak 194 RB, Chak 200 RB, and Chak 266 RB, Off Sheikhpura Road, Faisalabad.
(ii)	Nature of land (e.g. commercial, agriculture, etc); and	Agricultural Land
(iii)	Area proposed to be sold.	Total Area to be sold: 3,302 Kanal
(iv)	The proposed manner of disposal of the said assets.	<p>a) The land would be sold by calling quotations from prospective buyer(s) directly and through newspaper advertisement.</p> <p>b) That the land may be sold on payment terms in cash or partly in cash and partly in the shape of files of commercial and/or residential plots (In case the buyer intend to develop the land as a residential society) on terms & conditions as may be agreed with the buyer.</p> <p>c) That the land may also be sold to any prospective buyer(s) on joint venture basis for carrying out development and sale of land/plots etc. on terms and conditions as may be agreed between the parties.</p> <p>The terms and conditions would be got approved by the Board of Directors.</p>
iii)	In case the company has identified a buyer, who is a related party the fact shall be disclosed in the statement of material facts.	No such buyer is identified by company

iv)	<p>Purpose of the sale, lease or disposal of assets along with following details:</p> <p>a) Utilization of the proceeds received from the transaction.</p> <p>b) Effect on operational capacity of the company, if any; and</p> <p>c) Quantitative and qualitative benefits expected to accrue to the members.</p>	<p>a) Proceeds will be used towards the establishment of alternate energy resources to save energy cost and / or for repayment of company loans to save financial cost The sale proceeds may be full in cash or partly in cash and partly in kind in the form of plot files if prospective buyer would develop land/society on this land.</p> <p>b) The sale of land has no effect on the operational capacity of the company.</p> <p>c) The establishment of cheaper energy resources or repayment of loans is expected to bring more operational efficiency and profit available for distribution by saving energy & markup costs. It will ultimately add value in net worth of the company and add value to the shareholders.</p> <p>d) In case of consideration received partly in the form of plot files, the same will be held till society/land is developed which would be beneficial for the company and the shareholders.</p>
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The directors of the company have no personal interests, directly or indirectly, in the resolutions except to the extent of their respective shareholding as mentioned in the pattern of shareholding attached to the directors' report for the year ended June 30, 2024.

The following resolution is proposed to be passed as ordinary resolution:

RESOLVED THAT the consent of shareholders of Sitara Chemical Industries Limited (the "Company") be and is hereby accorded to the disposal and sale of Company's freehold agriculture land (investment property) located in the vicinity of Faisalabad, comprising of 3302 Kanal subject to requisite approval(s) for cash consideration and /or partly in cash and partly in the form of plot files and as per details given in statement of material facts.

RESOLVED FURTHER THAT approval be and is hereby accorded for utilization of the proceeds from the disposal of freehold agriculture land to pay loan and /or establishment of alternate energy source as may be approved and recommended by the Board of Directors of the Company.

RESOLVED FURTHER that, as part and parcel of the foregoing consent, Board of Directors be and is hereby authorized and empowered for sale of company's freehold agriculture land on behalf of the Company.

RESOLVED FURTHER that the Board of Directors be and are hereby authorized to sell the agriculture land and may delegate all or any of its powers in this regard to the chief executive or any other officer of the Company 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 agriculture 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 sale of land;
- 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 land sale.

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

Auditor's Reports & Financial Statements 2024



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, 2024, 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 material accounting policy information 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, 2024 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
<p>1. Revenue Recognition</p> <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 5.19).</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"> • Obtained an understanding and assessed design and implementation of controls over recognition of revenue; • Assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with the accounting standards; • Reviewed the sales / sales return transactions recorded just before and after the year-end and selected on sample basis the transactions to inspect the supporting documents such as invoices, delivery notes, customer acknowledgements and credit notes (if any) to confirm that the revenue was recognized in the correct period based on delivery dates. • 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 • Reviewed the adequacy of disclosures as required under applicable financial reporting framework.

2. Valuation of stock in trade	
<p>Refer to note 13 to the financial statements and note 5.6 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, 2024, the carrying amount of the Company's stock in trade is 9.46% amounting to Rs 3,674.75 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"> • Obtained an understanding of procedures followed by the Company with respect to valuation of stock in trade; • 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; • On a sample basis, verified supporting documents for purchases of raw materials and the production costs as per accounting policy; • 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; • 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; • 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; • For valuation of goods in transit, verified the supporting documents on sample basis; and • We applied appropriate sampling technique to the closing stock and selected items for valuation testing, ensuring they represented major products. We obtained cost sheets detailing unit costs, including raw materials, fuel, power, and fixed overheads. We compared these costs with prior year data, adjusting for quantities and rates, and verified that any discrepancies were within acceptable thresholds. • Assessed the adequacy of disclosures related to valuation of stock in trade in the financial statements.

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, 2024

UDIN: AR2024101800gOM7LjUI

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, 2024, 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, 2024.



Chartered Accountants

Engagement Partner:
Muhammad Sufyan

Place: Lahore
Date: September 26, 2024
UDIN: CR202410180Uu6xoWmSL

INDEPENDENT ASSURANCE REPORT ON COMPLIANCE WITH THE SHARIAH GOVERNANCE REGULATIONS, 2023

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, 2023 (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, 2023 to June 30, 2024.

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, 2023 to June 30, 2024) 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, 2024.

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, 2023 to June 30, 2024 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, 2023 to June 30, 2024 are in compliance with the Shariah principles (criteria specified in paragraph 2 above), in all material respects.

Yousuf Adil

Chartered Accountants

Engagement Partner:
Muhammad Sufyan

Place: Lahore
Date: September 26, 2024

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	6	22,972,725,937	18,458,821,584
Intangible assets	7	6,787,155	7,541,283
Investment property	8	3,427,127,458	3,320,667,107
Long term investments	9	20,038,687	25,038,687
Long term loans, advances and receivables	10	225,440,500	1,304,369,913
Long term deposits	11	125,134,179	125,534,179
		26,777,253,916	23,241,972,753
<i>Current assets</i>			
Stores, spare parts and loose tools	12	1,590,505,516	1,669,634,281
Stock in trade	13	3,674,746,751	3,581,645,734
Trade debts	14	3,158,902,678	2,233,137,051
Loans, advances and receivables	15	1,556,334,613	1,473,914,598
Trade deposits, prepayments and other receivables	16	59,620,692	31,561,117
Prepaid levies		14,368,016	9,394,372
Advance income tax		2,454,203,037	1,642,228,350
Other financial assets	17	864,458,541	721,965,518
Cash and bank balances	18	360,475,765	334,318,954
		13,733,615,609	11,697,799,975
<i>Total assets</i>		40,510,869,525	34,939,772,728

The annexed notes from 1 to 51 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, 2024

	Note	2024 Rupees	2023 Rupees
EQUITY AND LIABILITIES			
<i>Share capital and reserves</i>			
Share capital	19	214,294,070	214,294,070
Reserves	20	1,491,865,246	1,347,569,311
Unappropriated profit		12,464,377,427	11,927,300,495
Surplus on revaluation of property, plant and equipment	21	3,893,550,016	3,115,074,247
Total equity		18,064,086,759	16,604,238,123
LIABILITIES			
<i>Non-current liabilities</i>			
Long term financing	22	2,937,311,929	2,348,978,512
Deferred taxation	23	3,692,635,660	3,087,151,951
Deferred liabilities	24	240,145,871	262,220,610
		6,870,093,460	5,698,351,073
<i>Current liabilities</i>			
Trade and other payables	25	3,210,244,848	3,921,071,029
Profit / financial charges payable	26	966,092,698	464,660,305
Short term borrowings	27	9,980,651,390	7,035,129,376
Provision for taxation		614,033,982	390,591,277
Unclaimed dividend		28,135,772	26,390,514
Current portion of long term financing	22	777,530,616	799,341,031
		15,576,689,306	12,637,183,532
Total equity and liabilities		40,510,869,525	34,939,772,728
<i>Contingencies and commitments</i>	28		

The annexed notes from 1 to 51 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, 2024

	Note	2024 Rupees	2023 Rupees
Revenue from contracts with customers - net	29	31,111,879,733	27,492,638,538
Cost of sales	30	(26,192,619,872)	(23,013,063,337)
Gross profit		4,919,259,861	4,479,575,201
Distribution cost	31	(573,592,640)	(646,383,513)
Administrative expenses	32	(1,131,694,578)	(980,607,083)
Impairment loss on financial assets	14.2	(10,114,622)	(964,718)
Other expenses	33	(68,572,999)	(94,572,380)
Finance cost	34	(2,348,697,881)	(1,611,679,465)
		(4,132,672,720)	(3,334,207,159)
		786,587,141	1,145,368,042
Other income	35	355,293,508	330,554,524
Profit before income tax and final tax		1,141,880,649	1,475,922,566
Final tax		(57,806,602)	(33,416,404)
Profit before tax		1,084,074,047	1,442,506,162
Provision for taxation	36	(498,566,401)	(449,154,711)
Profit for the year		585,507,646	993,351,451
Earnings per share - basic and diluted	37	27.32	46.35

The annexed notes from 1 to 51 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, 2024

	Note	2024 Rupees	2023 Rupees
Profit for the year		585,507,646	993,351,451
<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 on re-measurement of post retirement benefits obligation	24.2	(5,641,595)	(715,321)
Related tax impact		2,200,222	107,298
Gain on sale of investments measured at FVTOCI		2,628,534	233,841
Gain/(loss) on re-measurement of equity instruments as at FVTOCI		170,716,205	(28,762,303)
Related tax impact		(25,607,431)	4,314,345
Surplus on revaluation of property, plant and equipment		1,401,243,688	-
Deferred tax impact of surplus on revaluation		(456,904,573)	-
Impact of change in tax rate on revaluation surplus		-	(231,236,597)
Total items that will not be reclassified to profit or (loss)		1,088,635,050	(256,058,737)
Total comprehensive income for the year		1,674,142,696	737,292,714

The annexed notes from 1 to 51 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, 2024

	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	Unappropriated profit	
Balance as at July 01, 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	16,038,380,657
Profit for the year	-	-	-	-	-	-	993,351,451	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	737,292,714
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)	(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	16,604,238,123
Profit for the year	-	-	-	-	-	-	585,507,646	585,507,646
Other comprehensive income	-	-	147,737,308	(3,441,373)	944,339,115	-	-	1,088,635,050
Total comprehensive income	-	-	147,737,308	(3,441,373)	944,339,115	-	585,507,646	1,674,142,696
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	-	-	-	(165,863,346)	-	165,863,346	-
Transactions with owners	-	-	-	-	-	-	-	-
Final dividend for the year ended June 30, 2023 @ Rs. 10 per share	-	-	-	-	-	-	(214,294,060)	(214,294,060)
Balance as at June 30, 2024	214,294,070	97,490,410	177,828,853	(8,454,017)	3,893,550,016	1,225,000,000	12,464,377,427	18,064,086,759

The annexed notes from 1 to 51 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, 2024

A. CASH FLOWS FROM OPERATING ACTIVITIES	Note	2024 Rupees	2023 Rupees
Profit before taxation		1,084,074,047	1,442,506,162
Adjustments for:			
Depreciation on property, plant and equipment		1,339,821,434	1,337,600,706
Depreciation on investment property		9,593,285	4,122,476
Amortization on intangible assets		754,128	837,920
Finance cost		2,348,697,881	1,611,679,465
Amortization of deferred grant		(75,086,332)	(68,762,371)
Remeasurement gain on short term investments measured at FVTPL		(10,402)	(1,108)
Gain on disposal of property, plant and equipment		(1,433,507)	(16,499,379)
Gain on disposal of investment property		(12,526,000)	-
Gain on sale of investments measured at FVTPL		(1,995,315)	(583,915)
Loss on disposal of long term investment measured at FVTPL		1,000,000	-
Exchange loss/(gain)		77,677	(4,886,453)
Provision for employee benefits		45,601,450	24,442,046
Impairment loss on financial assets		10,114,622	964,718
Unwinding of discount on deferred consideration		(47,207,878)	(72,843,812)
Markup on bank deposits		(47,955,085)	(23,769,232)
Dividend income		(98,438,249)	(74,919,035)
Final tax and minimum tax differential		57,806,602	33,416,404
Operating cash flows before changes in working capital		4,612,888,358	4,193,304,592
Working capital changes	44	(1,934,409,916)	(258,473,030)
Cash generated from operations		2,678,478,442	3,934,831,562
Finance cost paid		(1,772,179,156)	(1,319,690,923)
Employee benefits paid		(20,663,135)	(10,805,941)
Levies paid		(62,780,246)	(7,702,310)
Taxes paid		(494,989,264)	(363,096,378)
		(2,350,611,801)	(1,701,295,552)
Net cash generated from operating activities		327,866,641	2,233,536,010



Muhammad Adrees
Chief Executive Officer



Zakir Hussain
Chief Financial Officer



Ahmad Hassan
Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

B. CASH FLOWS FROM INVESTING ACTIVITIES	Note	2024 Rupees	2023 Rupees
Additions to property, plant and equipment including capital work in progress		(4,214,882,362)	(2,313,759,772)
Proceeds from disposal of property, plant and equipment		71,274,192	23,466,689
Purchase of investment property		(3,840,000)	(65,597,560)
Proceeds from disposal of investment property		52,500,000	-
Proceeds from disposal of long term investment		4,000,000	-
Purchase of other financial assets		(1,716,978,345)	(1,132,713,976)
Proceeds from disposal of other financial assets		1,812,007,150	1,049,810,177
Realization of long term loans and advances - net		373,717,426	(537,947,014)
Long term deposits received / (paid)		400,000	(1,157,850)
Dividend received		25,295,461	15,794,440
Profit received on bank deposits		47,955,085	23,769,232
Net cash used in investing activities		(3,548,551,393)	(2,938,335,634)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,215,064,870	1,486,138,150
Repayment of long term financing		(701,196,518)	(794,826,830)
Proceeds from short term borrowings		22,211,258,402	17,992,829,819
Repayment of short term borrowings		(19,265,736,389)	(17,797,523,760)
Dividend paid		(212,548,802)	(170,189,110)
Net cash generated from financing activities		3,246,841,563	716,428,269
Net increase in cash and cash equivalents (A+B+C)		26,156,811	11,628,645
Cash and cash equivalents at beginning of the year		334,318,954	322,690,309
Cash and cash equivalents at end of the year	18	360,475,765	334,318,954

The annexed notes from 1 to 51 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, 2024

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 These 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, 2024

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, 2024*

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. 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*

Standards or Interpretations

Effective from annual period beginning on or after:

Amendments to IAS 1 ‘Presentation of Financial Statements’ and IFRS practice statement 2 - Disclosure of accounting policies	January 1, 2023
Amendments to IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ - Definition of accounting estimates	January 1, 2023
Amendments to ‘IAS 12 Income Taxes’ - deferred tax related to assets and liabilities arising from a single transaction.	January 1, 2023
Amendments to IAS 12 ‘ Income taxes’ - International Tax Reform – Pillar Two Model Rules	January 1, 2023

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, 2024

Standards or Interpretations

Effective from annual period beginning on or after:

Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 - Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026

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

Other than the aforesaid amendments, 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 18 - Presentation and Disclosures in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures

3. ADOPTION OF NEW ACCOUNTING POLICY

3.1 Accounting for minimum taxes and final taxes

During May 2024, The Institute of Chartered Accountants of Pakistan (ICAP) issued a guide 'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the Guide) to provide guidance on accounting of minimum tax and final tax, as mentioned in the Income Tax Ordinance, 2001, under the requirements of relevant IFRS Accounting Standards and provide appropriate approaches to account for minimum taxes and final taxes in compliance with the requirements of IFRS Accounting Standards.

In view of the clarifications from ICAP, it has been established that minimum tax and final taxes do not meet the criteria of income tax expense as per IAS 12 (as these are not based on taxable profits), hence, it should be accounted for under IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

The Guide issued by ICAP provides approaches to account for minimum and final regime taxes according to the facts and circumstances as applicable to the Company. Accordingly, the Company has adopted the following approach:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

The Company first designates the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21 "Levies"/IAS 37" Provisions, Contingent Liabilities and Contingent Assets".

Therefore, the effective rate of income tax is equal to the enacted rate of income tax and the deferred tax will be calculated at such rate.

Similarly, any amount deducted as final taxes will be classified as a levy in the statement of profit or loss and there would be no deferred tax liability / (asset) recognised in case of final taxes.

Super tax charged to entities as per provisions of Income Tax Ordinance, 2001, will be classified as either 'Income Tax' or 'levy' in accordance with guidance provided in the guide [i.e. if super tax calculation is based on taxable profits as defined in IAS 12, then, such super tax shall be recognised as 'income tax' otherwise such super tax shall qualify for recognition as 'levy' as per IFRIC 21 / IAS 37].

Advance taxes paid under any section of the Income Tax Ordinance, 2001, except minimum taxes paid under section 113, which are termed as levy as per the above guide will be classified as 'prepaid levies'.

The above changes have been accounted for in these financial statements as per the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The adoption of this policy did not result any material differences except for reclassifications which are presented as below:

	Current Classification	Previous Classification
	----- Rupees -----	
<i>Effect on statement of financial position:</i>		
As at June 30, 2023		
Prepaid levies	9,394,372	-
Advance income tax	1,642,228,350	1,651,622,722
	<u>1,651,622,722</u>	<u>1,651,622,722</u>
<i>Effect on statement of profit or loss:</i>		
For the year ended June 30, 2023		
Final tax and minimum tax differential		
Final tax	33,416,404	-
Provision for taxation		
Current - for the year	446,589,967	480,006,371
Deferred tax	91,979,838	91,979,838
	<u>538,569,805</u>	<u>571,986,209</u>
	<u>571,986,209</u>	<u>571,986,209</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

3.2 *Significant Accounting Policy to Material Accounting Policy Information*

During the year, the Company adopted the Disclosure of Accounting Policies (Amendments to IAS 1) from January 01, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

4. **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.

5. **MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented, unless otherwise stated.

5.1 *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

5.2 *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 material.

5.3 *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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

5.4 *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

5.5 *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.

5.6 *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.

5.7 *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.

5.8 *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.

5.9 *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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

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.

5.10 *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.

5.11 *Employee retirement benefits*

Defined contribution plan - Chemical division

The Company operates an approved funded contributory provident fund scheme for all its

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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, 2024 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.

5.12 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.

5.13 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.

5.14 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

5.15 Levy

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- (a) those outflows of resources that are within the scope of other standards.
- (b) fines or other penalties that are imposed for breaches of the legislation.

In these financial statements, levy includes revenue taxes, if any, final taxes and super taxes which are based on other than taxable profits. The corresponding advance tax paid, except for minimum taxes under section 113, which are treated as levy are recognised in prepaid assets as 'prepaid assets'

Revenue taxes

Revenue taxes includes amount representing :

- a) minimum tax paid under section 113 over income tax determined on income streams taxable at general rate of taxation and;
- b) minimum tax withheld / collected / paid or computed over tax liability computed on (related income tax streams taxable at general rate of tax), is not adjustable against tax liability of subsequent tax years.

Amount over revenue taxes shall be treated as current income tax expense falling under the scope of IAS 12.

Final Taxes

Final taxes includes tax charged / withheld / paid on certain income streams under various provisions of Income Tax Ordinance, 2001 (Ordinance). Final tax is charged / computed under the Ordinance, without reference to income chargeable to tax at the general rate of tax and final tax computed / withheld or paid for a tax year is construed as final tax liability for the related stream of Income under the Ordinance.

Final tax paid is considered to be full and final discharge of the tax liability for the Company for a tax year related to that income stream.

5.16 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.

NOTES TO THE FINANCIAL STATEMENTS

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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.

5.17 *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.

5.18 *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.

5.19 *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 right to receive payment has been established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

5.20 *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.

5.21 *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.

5.22 *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.

5.23 *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.

5.24 *Earnings per share*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

6. PROPERTY, PLANT AND EQUIPMENT

	2023	2024
	Rupees	Rupees
Operating assets	16,998,641,215	19,760,226,259
Capital work-in-progress	1,315,327,760	3,125,953,254
Capital stores	144,852,609	86,546,424
	18,458,821,584	22,972,725,937

6.1 Operating assets - as at June 30, 2024

Description	Cost / revalued amount			Accumulated depreciation			Book value as at June 30, 2024	Dep. Rate (%)	
	At July 01, 2023	Revaluation Adjustments	Additions / (disposals) / (write off)	At July 01, 2023	Charge for the year / (on disposals)	Revaluation Adjustments			At June 30, 2024
	Rupees								
Freehold land	1,300,874,500	229,693,500	(5,500,000)	1,525,068,000	-	-	-	1,525,068,000	-
Building on freehold land:									
Mill	2,486,388,426	(334,709,682)	127,353,603	2,275,401,000	182,279,526	(876,373,163)	-	2,275,401,000	10
			(3,631,347)		(2,329,680)				
Head office	12,238,041	-	-	12,238,041	86,529	-	11,404,411	833,630	10
Plant and machinery	15,693,152,305	(3,745,701,598)	2,459,329,927	14,307,196,976	959,100,055	(4,375,588,305)	-	14,307,196,976	7.5
			(99,583,658)		(58,314,015)				
Grid station and electric installation	262,225,181	-	13,020,622	271,760,703	6,274,884	-	199,147,304	72,613,399	10
			(3,485,100)		(3,306,804)				
Containers and cylinders	94,873,326	-	-	93,980,675	4,304,312	-	55,294,409	38,686,266	10
			(892,651)		(840,635)				
Factory equipment	286,191,503	-	9,807,302	295,125,508	17,340,756	-	132,842,614	162,282,894	10
			(873,297)		(707,227)				
Electric equipment	1,767,241,942	-	118,695,394	1,882,248,460	116,426,596	-	773,972,128	1,108,276,332	10
			(3,688,876)		(2,083,474)				
Office equipment	100,710,823	-	5,955,403	103,389,460	5,420,089	-	52,528,009	50,861,451	10
			(3,276,766)		(2,392,041)				
Furniture and fittings	83,752,289	-	2,093,913	85,685,743	5,213,834	-	37,111,944	48,573,799	10
			(160,459)		(149,323)				
Vehicles	370,716,478	-	33,747,311	365,539,756	43,374,853	-	195,107,244	170,432,512	20
			(38,924,033)		(20,052,303)				
	22,458,364,814	(3,850,717,780)	2,770,003,475	21,217,634,322	1,339,821,434	(5,251,961,468)	1,457,408,063	19,760,226,259	
			(160,016,187)		(90,175,502)				

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

6.3 Capital work-in-progress

2024

Description	At July 01, 2023	Additions	Transfers	At June 30, 2024
Rupees				
Civil	338,749,042	375,847,849	(82,607,928)	631,988,963
Mechanical	976,578,718	3,494,293,496	(1,976,907,923)	2,493,964,291
	1,315,327,760	3,870,141,345	(2,059,515,851)	3,125,953,254

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

6.3.1 The amount of borrowing costs capitalized during the year ended June 30, 2024 was Rs. 380.44 million (2023: Rs. 87.85 million). The rate used to determine the amount of borrowing costs eligible for capitalization was 3 months KIBOR + 1% (2023: 3 months KIBOR + 1%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

2024

Particulars of assets	Sold to	Cost / Revalued amount	Accumulated depreciation	Book value	Sales proceeds	Gain / (loss)	Relationship with the purchaser	Mode of disposal
Rupees								
Residence House (Building) - Haseeb Shahheed Colony (16m-04s)	Muhammad Saeed Abid and Fayz Ahmed	3,023,289	(1,792,710)	1,230,579	12,850,000	6,119,421	Third party	Negotiation
Land -Haseeb Shahheed Colony (16m-04s)		5,500,000	-	5,500,000				
Toyota Yaris Ativ	Aziz Fatima Medical and Dental College	3,433,750	(838,585)	2,595,165	4,500,000	1,904,835	Third party	Negotiation
Car Kia Carnival GLS	Muhammad Tahir	9,973,000	(4,304,555)	5,668,445	6,500,000	831,555	Third party	Negotiation
Toyota Corolla Altis	Pracha Construction Company	2,320,380	(1,679,019)	641,361	3,800,000	3,158,639	Third party	Negotiation
Suzuki cultus VXL 1000 cc	Muhammad Imran	1,569,390	(1,019,420)	549,970	2,125,000	1,575,030	Third party	Negotiation
Proton X70 Awd Executive								
CBU Black	Shoukat Hayat	5,102,100	(2,054,445)	3,047,655	6,500,000	3,452,345	Third party	Negotiation
Toyota Yaris	Tariq Ata Ullah	2,702,190	(1,047,249)	1,654,941	3,500,000	1,845,059	Third party	Negotiation
Toyota Yaris	Aziz Fatima Medical and Dental College	2,702,190	(1,047,249)	1,654,941	3,400,000	1,745,059	Third party	Negotiation
Toyota Vitz 1000 cc	Claimed from Adanjee insurance	2,770,000	(1,026,747)	1,743,253	2,800,000	1,056,747	Third party	Negotiation
		39,096,289	(14,809,979)	24,286,310	45,975,000	21,688,690		

2023

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

6.5 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)	
		2024	2023	2024	2023
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
Chak# 193 - RB, Faisalabad	Land for appreciation	239,904	-	-	-
Chak# 194 - RB, Faisalabad	Land for appreciation	36,546	-	-	-
Chak# 61 - RB, Faisalabad	Land for appreciation	13,600	-	-	-
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
Plot No. B-IV 266 Muslim Town, Rawalpindi	Commercial plaza	3,788	3,788	3,788	3,788
Residence house - Haseeb Shaheed Colony	Residential house	-	4,359	-	4,355

6.6 The Company had revalued its freehold land, building and plant & machinery at June 30, 2024. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

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 impact of inflation, exchange rate fluctuation and functional obsolescence for the imported content i.e., 70% of the total Reinstatement Value of each asset is considered during valuation. Regarding inflation, an inflation factor at the rate of 55% was developed by using inflation figures from the World Bank published data for the following countries: Japan, Italy and China. For exchange rate, average exchange rate derived from USD(\$) and Euro(€) against Pakistani Rupee (PKR). A composite factor of inflation and currency devaluation is evaluated which is multiplied by the APC of each asset item in order to evaluate the New Replacement Value of machinery equipment and Utilities. Functional obsolescence at the rate of 1% per annum is applied on NRV to arrive at Reinstatement Value (RIV) from the year 2024.

Local components:

The impact of inflation and functional obsolescence for the local content i.e., 30% of the total Reinstatement Value of each asset is considered during valuation. Regarding inflation, an inflation factor at the rate of 30% is applied to the local cost of each item. Functional obsolescence at the rate of 1% per annum is applied on NRV to arrive at Reinstatement Value (RIV) from the year 2024.

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 7.5% to 10% per annum on written down value basis to arrive at a fair present / depreciated market value of the assets.

- 6.7 Forced Sales Value (FSV) of land, buildings and machinery was Rs. 1,143.80 million, Rs. 1,706.55 million and Rs. 10,730.40 million respectively as at June 30, 2024.
- 6.8 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, 2024

- 6.9 Had there been no revaluation the cost, accumulated depreciation and book value of revalued assets as at June 30, 2024 would have been as follows:

	Cost	Accumulated depreciation	Book Value
	Rupees		
Land	351,531,037	-	351,531,037
Buildings on free hold land	2,838,146,838	1,283,256,535	1,554,890,303
Plant and machinery	16,695,605,099	6,126,935,218	10,568,669,881
2024	19,885,282,974	7,410,191,753	12,475,091,221
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

	Note	2024 Rupees	2023 Rupees
7. INTANGIBLE ASSETS			
Cost			
Cost at the beginning and end of the year		21,716,682	21,716,682
Accumulated amortization			
Balance at the beginning of the year		14,175,399	13,337,479
Amortization during the year	30	754,128	837,920
Balance at the end of the year		14,929,527	14,175,399
	7.1	6,787,155	7,541,283

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

8. INVESTMENT PROPERTY

Land	8.1	3,340,787,897	3,188,600,261
Buildings	8.2	86,339,561	95,932,846
Advance against purchase of investment property	8.3	-	36,134,000
	8.4	3,427,127,458	3,320,667,107
8.1 Land			
Balance at the beginning of the year		3,188,600,261	3,187,181,511
Addition / adjustment during the year	8.1.1	153,787,636	-
Land possession charges		-	1,418,750
Disposal / adjustment during the year		(1,600,000)	-
Balance at the end of the year		3,340,787,897	3,188,600,261

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

8.1.1 The Company acquired a plot of land measuring 53 Kanals 6 Marlas and 97 Square feet located in Chak 61 RB, 193 RB and 194 RB Faisalabad.

Note	2024 Rupees	2023 Rupees
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8.2 Buildings

Cost

Balance at the beginning of the year	151,878,635	87,699,825
Additions during the year	-	64,178,810
Balance at the end of the year	151,878,635	151,878,635

Accumulated depreciation

At the beginning of the year	55,945,789	51,823,313
Charge for the year	9,593,285	4,122,476
At the end of the year	65,539,074	55,945,789

Written down value at the end of year	86,339,561	95,932,846
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8.3 During the year, the Company disposed off 8 files at a disposal value of Rs. 52.5 million, related to properties located in Islamabad Capital Territory

8.4 The Company has invested in freehold, residential plots, land and building covering area of 3,358 kanal and 6 marlas (2023: 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 3,344 kanal & 12 marlas, Lahore 13 kanal and Rawalpindi 14 marlas.

8.5 The rental income earned by the Company from its investment property amounted to Rs. 52.9 million (2023: Rs. 47.76 million).

The Company has carried out the valuation of investment property as at June 30, 2024. Fair value of investment property is of Rs. 4,513 million (2023: Rs 4,432 million).

9. LONG TERM INVESTMENTS

Note	2024 Rupees	2023 Rupees
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Salaam Takaful Pakistan Limited - 2,999,500 shares (2023: 2,999,500 shares)	9.1	20,038,687	20,038,687
Dawood Family Takaful Limited - nil shares (2023: 500,000 shares)	9.2	-	5,000,000
		20,038,687	25,038,687

9.1 This represents investment in Salaam Takaful Pakistan Limited. The Company elected to designate the investments in equity instruments at FVTPL.

9.2 During the year, the Company sold its investment in Dawood Family Takaful due to sustained losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
10. LONG TERM LOANS, ADVANCES AND RECEIVABLES			
Deferred consideration against sale of land	10.1	-	314,840,600
Loans and advances to staff	10.2	1,982,562	1,611,195
Letter of credit, fee and margin		123,614,904	677,798,571
Suppliers and contractors		99,843,034	310,119,547
		<u>225,440,500</u>	<u>1,304,369,913</u>
10.1 Deferred consideration against sale of land			
At beginning of the year		748,350,191	1,125,506,380
Unwinding of deferred consideration receivable against sale of land	35	47,207,878	72,843,811
Receipts against sale of land		(461,000,000)	(450,000,000)
At end of the year		<u>334,558,069</u>	<u>748,350,191</u>
Less: Current portion	15	(334,558,069)	(433,509,592)
Long term portion		-	<u>314,840,599</u>

10.1.1 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 aggregating to Rs. 438 million was received as an advance and amount of Rs. 1,752 million was to be received over a period of 6 years (5 installments). During March 2020, both parties agreed to defer the consideration then outstanding by one year. During the year, the Company has received the Rs. 350 million (2023: 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 was received in this regard and balance amount of Rs. 321 million was to be received over a period of 2.5 years (4 installments). During the year, the Company has received the full and final outstanding amount of Rs. 111 million (2023: Rs. 100 million) in this regard.

	Note	2024 Rupees	2023 Rupees
10.2 Loans and advances			
<i>Considered good</i>			
<i>Secured</i>			
Staff		4,414,699	4,810,258
<i>Unsecured</i>			
Staff		4,196,633	2,726,309
	10.2.1	<u>8,611,332</u>	<u>7,536,567</u>
Current portion shown in current assets	15	(6,628,770)	(5,925,372)
		<u>1,982,562</u>	<u>1,611,195</u>

10.2.1 This represents the maximum aggregate amount due at the end of any month during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

		2024 Rupees	2023 Rupees
11. LONG TERM DEPOSITS	Note		
Security deposits for:			
Electricity		39,744,270	39,744,270
Gas		84,276,155	84,276,155
Water and sanitation		155,354	155,354
Others		958,400	1,358,400
		<u>125,134,179</u>	<u>125,534,179</u>
12. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		1,503,971,157	1,568,752,642
Spare parts		77,665,832	90,653,637
Loose tools		8,868,527	10,228,002
		<u>1,590,505,516</u>	<u>1,669,634,281</u>
13. STOCK IN TRADE			
Raw material		1,167,379,981	1,748,349,767
Packing material		86,625,682	86,998,217
Work in process		57,219,277	45,649,954
Finished goods			
- In hand		2,294,476,687	1,669,319,644
- In transit		65,247,204	27,290,128
Waste		3,797,920	4,038,024
		<u>3,674,746,751</u>	<u>3,581,645,734</u>
14. TRADE DEBTS			
Local - unsecured	14.1	3,524,881,819	2,589,001,570
Allowance for expected credit losses	14.2	(365,979,141)	(355,864,519)
		<u>3,158,902,678</u>	<u>2,233,137,051</u>

14.1 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, 2024

	Note	2024 Rupees	2023 Rupees
14.2	<i>Movement in allowance for expected credit losses</i>		
	At beginning of the year	355,864,519	354,899,801
	Charge for the year	10,114,622	964,718
	At end of the year	39.1.3 365,979,141	355,864,519
15.	LOANS, ADVANCES AND RECEIVABLES		
	Current portion of deferred consideration against sale of land	10.1 334,558,069	433,509,592
	Current portion of long term loans and advances- staff	10.2 6,628,770	5,925,372
		341,186,839	439,434,964
	Sales tax adjustable	322,292,375	27,983,287
	Advances		
	For office expenses	10,641,002	28,450,189
	Letters of credit fee, margin and expenses	113,455,089	202,362,733
	Suppliers and contractors	768,759,308	775,683,425
		892,855,399	1,006,496,347
		1,556,334,613	1,473,914,598
16.	TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
	Trade deposits	7,130,358	6,436,591
	Prepayments	3,693,407	5,690,600
	Others receivables	48,796,927	19,433,926
		59,620,692	31,561,117
17.	OTHER FINANCIAL ASSETS		
	<i>Investments measured at fair value through profit or loss (FVTPL)</i>		
	Mutual funds	17.1 515,244,384	535,293,659
	<i>Investments designated as at fair value through other comprehensive income (FVTOCI)</i>		
	Equity investments	17.2 349,214,157	186,671,859
		864,458,541	721,965,518

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

17.1 Mutual funds

Units having face value of Rs. 50 each.

2024	2023		2024	2023
No. of units			Rupees	Rupees
4,290,666	7,178,158	Meezan Rozana Amdani Fund	214,533,319	358,907,898
6,006,895	3,520,094	Meezan Daily Income Fund	300,344,773	176,004,716
5,461	4,621	Meezan Sovereign Fund	285,876	240,497
-	1,134	Meezan Cash Fund	-	79,962
360	316	Meezan Islamic Fund	29,348	17,337
984	839	Meezan Islamic Income Fund	51,067	43,249
		17.1.1	<u>515,244,383</u>	<u>535,293,659</u>

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

17.1.2 Amounts recognized in statement of profit or loss

	Note	2024 Rupees	2023 Rupees
During the year, the following gains were recognized in statement of profit or loss:			
Gain on remeasurement of investments	35	10,402	1,108
Gain on sale of investments	35	1,995,315	583,915

17.1.3 Disposals of investments measured at FVTPL

During the year, the Company sold its investments in mutual funds and equity shares having fair values of Rs. 2,153 million (2023: Rs. 1,049 million) and Rs. 12.979 million (2023: nil) respectively, at the time of sale and realized a gain of Rs. 1.679 million (2023:Rs. 0.584 million) on disposal of mutual funds and Rs. 0.320 million (2023: nil) on equity shares which is recognized in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

17.2 Equity investments

Fully paid ordinary shares of Rs. 10 each.

2024		2023		2024	2023
No. of shares				Rupees	Rupees
972,428	972,428	Meezan Bank Limited		232,789,539	83,988,606
3,220,000	3,220,000	Sitara Peroxide Limited		42,665,000	39,831,400
-	66,000	Pakistan Oilfields Limited		-	26,516,820
27,500	27,500	Engro Corporation Limited		9,149,525	7,146,975
40,000	112,000	D.G Khan Cement Company Limited		3,610,800	5,745,600
670,661	670,661	Sitara Energy Limited		7,310,205	4,453,189
43,750	43,750	National Foods Limited		7,643,563	4,305,000
-	99,997	Ittehad Chemicals Limited		-	3,898,883
58,000	34,000	Hub Power Company Limited		9,458,640	2,365,720
110,000	25,000	Engro Fertilizers Limited		18,284,200	2,063,250
45,000	45,000	Maple Leaf Cement Factory Limited		1,710,000	1,274,850
9,000	9,000	Pakistan State Oil Company Limited		1,552,860	999,090
10,000	10,000	Netsol Technologies Limited		1,357,600	748,300
45,000	45,000	Unity Foods Limited		1,356,750	703,350
45,000	45,000	Fauji Cement Company Limited		1,030,950	529,200
52,000	25,000	Treet Corporation Limited		809,120	395,750
-	6,500	Sazgar Engineering Works Limited		-	330,525
-	35,000	Aisha Steel Mills Limited		-	189,000
20,000	20,000	Pak Elektron Limited		494,200	181,000
-	25,000	Fauji Foods Limited		-	143,500
75,000	20,000	Waves Corporation Limited		526,500	123,000
16,500	16,500	Ghani Global Holdings Limited		157,080	162,855
4,000	4,000	International Industries Limited		782,840	292,960
15,000	3,250	The Searle Company Limited		856,800	124,540
-	2,500	Clover Pakistan Limited		-	31,750
-	11,550	Ghani Chemical Industries Limited		-	109,026
-	4,000	Waves Home Appliances Limited		-	17,720
153,500	-	Engro Polymer & Chemical Limited		6,895,220	-
15,000	-	Pakistan Refinery Limited		348,000	-
1,600	-	National Refinery Limited		424,765	-
				349,214,157	186,671,859

17.2.1 Movement in investments measured at FVTOCI

Balance at the beginning of the year	186,671,859	215,749,463
Acquired during the year	38,243,160	-
Disposed off / transferred during the year	(46,417,067)	(315,301)
Fair value gain / (loss)	170,716,205	(28,762,303)
Balance at the end of the year	349,214,157	186,671,859

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

17.2.2 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 the Company believes 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.

17.2.3 Amounts recognized in statement of profit or loss and statement of comprehensive income

	Note	2024 Rupees	2023 Rupees
Gain/(loss) on re-measurement of equity instruments recognized in statement of comprehensive income		170,716,205	(28,762,303)
Gain on disposal of equity instruments recognized in statement of comprehensive income		2,628,534	233,841
18. CASH AND BANK BALANCES			
Cash in hand		20,629,579	34,391,598
Cash at banks			
In current accounts		172,556,729	103,232,768
In saving accounts	18.1	167,289,457	106,694,588
		339,846,186	209,927,356
Term deposit receipts	18.2	-	90,000,000
	18.3	360,475,765	334,318,954

18.1 These are shariah compliant bank balances and carry profits at rates ranging from 10.75% to 11.54% (2023: 6.50% to 10.75%) per annum.

18.2 This represents the investment in term deposit that matured on September 18, 2023 carrying profit rates ranging from 19.25% to 19.50% (2023: 19.25% to 19.50%) per annum.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

19. SHARE CAPITAL

2024	2023		2024	2023
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
<u>60,000,000</u>	<u>60,000,000</u>		<u>600,000,000</u>	<u>600,000,000</u>
2024	2023		2024	2023
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
<u>21,429,407</u>	<u>21,429,407</u>		<u>214,294,070</u>	<u>214,294,070</u>

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

19.2 Number of shares held by associated companies or related parties are 763,922 (2023: 596,736)

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

19.4 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.

20.	RESERVES	Note	2024 Rupees	2023 Rupees
	<i>Capital</i>			
	Share premium	20.1	97,490,410	97,490,410
	<i>Revenue</i>			
	General reserve	20.2	1,225,000,000	1,225,000,000
	<i>Other</i>			
	Reserve on re-measurement of equity instruments at FVTOCI	20.3	177,828,853	30,091,545
	Reserve on re-measurement of post retirement benefits net of tax		(8,454,017)	(5,012,644)
			<u>1,491,865,246</u>	<u>1,347,569,311</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- 20.1** 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.
- 20.2** 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.
- 20.3** This reserve represents the unrealized surplus on remeasurement of equity instruments as at FVTOCI.

21. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	2024 Rupees	2023 Rupees
Opening balance	4,503,238,192	4,797,786,738
Addition during the year	1,401,243,688	-
Transferred to unappropriated profit on account of		
Incremental depreciation - net of deferred tax	(165,863,346)	(179,674,613)
Related deferred tax liability due to incremental depreciation	(106,043,779)	(114,873,933)
	(271,907,125)	(294,548,546)
Closing balance	5,632,574,755	4,503,238,192
<i>Related deferred tax liability</i>		
Opening balance	(1,388,163,945)	(1,271,801,281)
Addition during the year	(456,904,573)	-
Impact of change in tax rate	-	(231,236,597)
Deferred tax on incremental depreciation	106,043,779	114,873,933
	(1,739,024,739)	(1,388,163,945)
Closing balance	3,893,550,016	3,115,074,247

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

22.	LONG TERM FINANCING	Note	2024 Rupees	2023 Rupees
	<i>From banking companies and other financial institutions - secured</i>			
	Diminishing Musharka (from financial institutions - secured)	22.1	2,937,311,929	2,348,978,512

22.1 Diminishing Musharka (from financial institutions - secured)

Description	Profit	Security	Repayment	2024	2023
Habib Bank Limited-Soap Noodle Plant	SBP Rate plus 1.00% per annum payable on quarterly basis.	First Joint Pari Passu Charge of Rs. 574 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. Availed a total 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.	197,280,929	266,978,836
Askari Bank Limited - Soap Noodle Plant Rs.1000(M)	SBP Rate plus 1.00% per annum payable on quarterly basis.	First Joint Pari Passu Charge of Rs. 1,250 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. Availed total 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.	355,005,653	587,785,702
Dubai Islamic Bank Soap Noodle Plant Rs.500(M)	SBP Rate plus 1.1% per annum payable on quarterly basis.	First Joint Pari Passu charge of Rs. 534 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. 400 million. Facility is repayable in 10 equal half yearly installments including 01 year grace period commencing from March 09, 2020 and ending on October 21 2028.	211,562,516	226,429,560

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Description	Profit	Security	Repayment	2024	2023
Meezan Bank Limited	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 total amount of Rs. 261.81 million till June 30, 2024. Facility is repayable in 24 equal quarterly with the grace period of eighteen months.	261,809,500	131,062,000
The Bank of Punjab	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. 1,750 million. Availed a total amount of Rs. 959.60 million till June 30, 2024. Facility is repayable in 24 equal quarterly with the grace period of eighteen months.	959,597,985	346,830,000
The Bank of Khyber	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. 500 million. Availed a total amount till June 30, 2023 Rs. 78.79 million commencing from September 26, 2022. Facility is repayable in 24 equal quarterly installment with the grace period of eighteen months.	78,789,401	78,789,401
Askari Bank Limited	Three months KIBOR plus 1.10% 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 total amount of Rs. 642.55 million till June 30, 2024, commencing from November 30, 2022. Facility is repayable in 24 equal quarterly Installment with the grace period of eighteen months.	642,546,597	347,615,626
Bank Alfalah Limited	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. 1000 million Availed amount till June 30, 2024 Rs. 135.48 million commencing from January 03 2024. Facility is repayable in 20 equal quarterly with the grace period of eighteen months.	135,437,414	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Description	Profit	Security	Repayment	2024	2023
Meezan Bank Limited	Three months KIBOR plus 1.00% per annum payable on quarterly basis.	Rs.667M 1st exclusive hypothecation charge with 25% margin over plant & machinery of Membrane Unit 1 (M-I) Plant.	This Diminishing Musharka facility was sanctioned for amount of Rs. 498.97 million. Facility is repayable in 05 years inclusive of grace period of 18 months. The repayment started from April 11, 2020 and ended on July 11, 2023.	-	35,640,918
Meezan Bank Limited	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 ended on June 27, 2024.	-	54,687,500
Soneri Bank limited	Three months KIBOR plus 1.00% per annum payable on quarterly basis.	Specific charge Rs.467 million over brand new plant and equipment imported from China i.e complete electrolyzer with all accessories & essential attachments either in tranist or installed or to be installed at unit-M3 located at 28/32 KM Sheikhupura road, Faisalabad.	This Diminishing Musharka finance facility was sanctioned for an amount of Rs. 247.50 million availed till June 30, 2023 Rs. 247.50 million, commencing from May 15, 2023 .Facility is repayable in 12 equal quarterly Installment.	216,562,500	247,500,000
Meezan Bank Limited	Three months KIBOR plus 1.00% per annum payable on quarterly basis.	Joint Pari Passu 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 total amount of Rs. 600 million till June 30, 2022. Facility is repayable in 16 equal quarterly installments commencing from March 13, 2023 and ending on December 13, 2027. Remaining Rs. 300 Million was availed on January 18, 2023 which is repayable in 16 equal quarterly installments commencing from April 19, 2024 and ending on Jan 19, 2028.	656,250,050	825,000,000
				3,714,842,545	3,148,319,543
Less: Current portion				(777,530,616)	(799,341,031)
				2,937,311,929	2,348,978,512

22.1.1 Effective rate of profit for the year is ranging from 21.24% to 25% (2023: 13.04% to 23.23%) per annum.

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

Maturity	2024 Rupees	2023 Rupees
6 months or less	388,765,308	389,995,441
6 - 12 months	388,765,308	409,345,590
1 - 5 years	2,937,311,929	2,348,978,512
	3,714,842,545	3,148,319,543

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

22.4 Markup paid on these Islamic mode facilities amounted to Rs. 270.4 million (2023:Rs. 223.8 million)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

23. DEFERRED TAXATION	Note	2024 Rupees	2023 Rupees
Deferred taxation	23.1	3,692,635,660	3,087,151,951
23.1 Deferred taxation			
<i>This comprises the following:</i>			
Deferred tax liability on taxable temporary differences arising in respect of:			
Tax depreciation allowance		2,455,810,238	2,016,427,950
Surplus on revaluation of property, plant and equipment		1,739,024,739	1,388,163,945
Intangible assets		2,646,990	2,684,062
Other financial asset		30,917,704	5,310,273
		4,228,399,671	3,412,586,230
Deferred tax asset on deductible temporary differences arising in respect of:			
Provision for employee benefits		(36,953,451)	(24,147,294)
Trade debts		(142,731,865)	(138,787,162)
Investment property		(25,560,241)	(21,818,858)
Long term receivables		(6,890,103)	(25,301,175)
Unused tax credits		(323,628,351)	(115,379,791)
		(535,764,011)	(325,434,280)
		3,692,635,660	3,087,151,950

23.1.1 Movement in temporary differences for the year

	Balance as at July 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2024
	Rupees			
<i>Taxable temporary difference</i>				
Tax depreciation allowance	2,016,427,950	439,382,288	-	2,455,810,238
Surplus on revaluation of property, plant and equipment	1,388,163,945	(106,043,779)	456,904,573	1,739,024,739
Intangible assets	2,684,062	(37,072)	-	2,646,990
Other financial asset	5,310,273	-	25,607,431	30,917,704
	-			-
<i>Deductible temporary difference</i>				
Provision for employee benefits	(24,147,294)	(10,605,935)	(2,200,222)	(36,953,451)
Allowance for expected credit losses	(138,787,162)	(3,944,703)	-	(142,731,865)
Investment property	(21,818,858)	(3,741,383)	-	(25,560,241)
Long term receivables	(25,301,175)	18,411,072	-	(6,890,103)
Unused tax credits	(115,379,791)	(208,248,560)	-	(323,628,351)
	3,087,151,950	125,171,928	480,311,782	3,692,635,660

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	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>				
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
Intangible	95,812	2,588,250	-	2,684,062
Other financial asset	9,583,352	(4,273,079)	-	5,310,273
<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)
Investment property	-	(21,818,858)	-	(21,818,858)
Deferred receivables	-	(25,301,175)	-	(25,301,175)
Unused tax credits	(49,235,276)	(66,144,515)	-	(115,379,791)
	2,768,074,561	87,948,090	231,129,299	3,087,151,950

	Notes	2024 Rupees	2023 Rupees
24. DEFERRED LIABILITIES			
Deferred grant	24.1	145,393,432	198,048,081
Gratuity payable	24.2	94,752,439	64,172,529
		240,145,871	262,220,610
24.1 Deferred grant			
At beginning of the year		198,048,081	868,331
Deferred grant recognized on subsidized rate long term loan		22,431,683	265,942,121
Amortization of deferred grant		(75,086,332)	(68,762,371)
At the end of the year		145,393,432	198,048,081
24.2 Staff retirement benefits - gratuity			
Movement in liability			
At beginning of the year		64,172,529	49,821,103
Charge for the year		45,601,450	24,442,046
Remeasurement loss recognized in other comprehensive income		5,641,595	715,321
Benefits paid during the year		(20,663,135)	(10,805,941)
At the end of the year		94,752,439	64,172,529
24.2.1 Movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation as at July 01		64,172,529	49,821,103
Current service cost		23,704,693	18,835,129
Past service cost (due to change in salary definition)		13,424,075	-
Interest cost		8,472,682	5,606,917
Benefits paid		(20,663,135)	(10,805,941)
Remeasurement loss from changes in financial assumptions		5,641,595	715,321
Present value of defined benefit obligation as at June 30		94,752,439	64,172,529

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
24.2.2 Expense recognized in profit and loss account is as follows		
Current service cost	23,704,693	18,835,129
Past service cost (due to change in salary definition)	13,424,075	-
Interest cost	8,472,682	5,606,917
	45,601,450	24,442,046
24.2.3 Charge for the year has been allocated as follows:		
Cost of sales	31,921,013	17,109,431
Administrative expenses	13,680,437	7,332,615
	45,601,450	24,442,046
24.2.4 Total remeasurement chargeable to statement of other comprehensive income:		
Actuarial loss on remeasurement of defined benefit obligation	5,641,595	715,321
	5,641,595	715,321

24.2.5 Projected unit credit method, based on the following significant assumptions, is used for valuation of gratuity:

	2024	2023
Discount rate	14.75%	16.25%
Expected rate of salary increase	34.80%	19.38%
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%	(3,800,552)	4,183,078
Salary growth	1%	4,636,973	(4,279,997)

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, 2024

	2024	2023
24.2.7 Maturity profile of the defined benefit obligation		
24.2.7.1 Weighted average duration of the benefit (Years)	4.29	3.98
24.2.7.2 Distribution of timing of benefit payments (time in years)	2024 Rupees	2023 Rupees
1	23,254,860	19,320,944
2	15,522,292	11,039,067
3	17,010,136	8,846,785
4	13,037,413	10,928,846
5	12,060,480	7,719,464
6 to 10	54,698,459	37,945,072
11 and above	136,764,710	109,849,305

24.2.8 Risk associated with defined benefit plans

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.

Salary increase risks

The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risks

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

25. TRADE AND OTHER PAYABLES	2024 Rupees	2023 Rupees
Creditors	1,314,639,757	989,384,981
Accrued liabilities	756,082,653	1,763,984,594
Advances from customers	25.1 143,482,134	233,425,348
Provision for gas infrastructure development cess	25.2 406,057,978	406,057,978
Gas infrastructure development cess liability - current portion	272,537,494	272,537,494
Payable to Provident fund- related party	25.3 3,035,150	-
Retentions / security deposits	25.4 284,134,088	203,336,831
Withholding tax	3,287,752	4,226,551
Workers' profit participation fund	25.5 2,942,158	16,679,610
Workers' welfare fund	21,332,956	30,107,577
Others	2,712,728	1,330,065
	3,210,244,848	3,921,071,029

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- 25.1 During the year, the Company has made sales against all prior year advances from customers.
- 25.2 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) 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 previous year ended June 30, 2023, all remaining unwinding was recorded in profit or loss account and the GIDC liability was classified under current liabilities in the financial statements till the further decision of SCP.

Further, the Company has also filed a writ petition in SHC dated August 16, 2021 to suspend the recovery of arrears of cess calculated at enhanced captive rates. SHC 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 SHC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

25.3 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. 3.14 million (2023: Rs. 2.68 million).

25.4 As per the requirements of section 217 of the Companies Act, 2017 deposits of Rs. 154.79 million (2023: Rs. 127.29 million) are utilized for the purpose of business as per the written agreements and deposits of Rs. 1.17 million (2023: Rs. 1.17 million) are kept in separate bank account.

25.5	<i>Movement in workers' profit participation fund</i>	Note	2024 Rupees	2023 Rupees
	At beginning of the year		16,679,610	(2,443,454)
	Amount paid to workers on behalf of the fund		(64,232,503)	(59,401,685)
			(47,552,893)	(61,845,139)
	Allocation for the year	33	50,495,051	78,524,749
	At end of the year		2,942,158	16,679,610
26.	PROFIT / FINANCIAL CHARGES PAYABLE			
	Long term financing		510,721,164	139,523,685
	Murabaha financing / short term borrowings		455,371,534	325,136,620
			966,092,698	464,660,305
27.	SHORT TERM BORROWINGS			
	Secured			
	From banking companies - Islamic financing facilities	27.1	9,980,651,390	7,035,129,376
27.1	<i>Break up of the short term borrowings</i>			
	Meezan Bank Limited		1,288,963,360	876,447,952
	The Bank of Punjab		699,994,680	599,968,400
	Dubai Islamic Bank		950,000,000	550,000,000
	Habib Bank Limited		999,936,670	649,966,838
	Askari Bank Limited		1,000,000,000	700,000,000
	Bank Alfalah Limited		500,000,000	500,000,000
	The Bank of Khyber		651,756,680	629,359,752
	Faysal Bank Limited		500,000,000	450,000,000
	Habib Metropolitan Bank Limited		350,000,000	300,000,000
	Soneri Bank Limited		500,000,000	379,386,434
	Standard Chartered Bank (Pakistan) Limited		1,000,000,000	700,000,000
	MCB Islamic Bank Limited		190,000,000	150,000,000
	United Bank Limited		300,000,000	300,000,000
	BankIslami Pakistan Limited		250,000,000	250,000,000
	Al Baraka Bank (Pakistan) Limited		750,000,000	-
	National Bank of Pakistan		50,000,000	-
			9,980,651,390	7,035,129,376

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

27.2 The aggregate unavailed facilities from banking companies aggregate to Rs. 2,019 million (2023: Rs. 2,305 million). These are subject to profit margin ranging from 17.65% to 25.41% (2023: 11.08% to 23.06%) per annum and are secured against joint pari-passu charge over present and future current assets of the Company.

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.

		2024	2023
		Rupees	Rupees
28.2	Commitments		
	Guarantees issued by banks on behalf of the Company	259,890,810	232,040,856
	Outstanding letters of credit for plant and machinery	2,348,262,866	1,885,067,856
	Outstanding letters of credit for stores, spare parts and raw material	1,211,259,492	-
29.	REVENUE FROM CONTRACTS WITH CUSTOMERS - NET		
	Chemical	31,133,746,986	28,898,119,154
	Textile	5,795,489,133	3,959,958,619
		36,929,236,119	32,858,077,773
	Less:		
	Commission and discount	(782,568,732)	(648,702,757)
	Sales tax	(5,034,787,654)	(4,716,736,478)
	Revenue from contracts with customers - net	31,111,879,733	27,492,638,538
29.1	All revenue earned by the Company is shariah compliant.		
30.	COST OF SALES		
	Raw material consumed	8,864,938,010	6,489,828,806
	Fuel and power	14,557,540,637	13,295,353,651
	Salaries, wages and benefits	1,102,413,049	806,295,765
	Stores and spares	878,837,206	704,180,040
	Repair and maintenance	95,377,265	75,467,072
	Vehicle running and maintenance	6,261,058	5,310,704
	Travelling and conveyance	57,502,011	47,895,825
	Insurance	51,083,357	40,150,447
	Depreciation	1,250,202,013	1,256,762,223
	Amortization	754,128	837,920
	Others	2,154,476	5,840,904
		26,867,063,210	22,727,923,357
	Work in process		
	Opening stock	45,649,954	40,928,802
	Closing stock	(57,219,277)	(45,649,954)
		(11,569,323)	(4,721,152)
	Cost of goods manufactured	26,855,493,887	22,723,202,205
	Finished stocks		
	Opening stock - including waste	1,700,647,796	1,990,508,928
	Closing stock - including waste	(2,363,521,811)	(1,700,647,796)
		(662,874,015)	289,861,132
		26,192,619,872	23,013,063,337

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

		2024 Rupees	2023 Rupees	
30.1	Raw material consumed			
	Opening stock	1,835,347,984	2,293,078,328	
	Purchases	8,283,595,689	6,032,098,462	
		10,118,943,673	8,325,176,790	
	Closing stock	(1,254,005,663)	(1,835,347,984)	
		8,864,938,010	6,489,828,806	
30.2	Salaries, wages and benefits include Rs. 31.92 million (2023: Rs. 17.11 million) in respect of gratuity and Rs. 9.55 million (2023: Rs. 8.13 million) in respect of provident fund.			
31.	DISTRIBUTION COST	Note	2024 Rupees	
			2023 Rupees	
	Salaries, wages and benefits	31.1	38,340,486	38,975,355
	Freight, octroi and insurance		513,925,007	591,093,887
	Advertisement		2,131,132	1,945,201
	Vehicles running and maintenance		6,997,521	6,234,216
	Travelling and conveyance		8,482,931	4,595,946
	Postage and telephone		1,585,164	1,666,963
	Printing and stationery		726,526	813,891
	Others		1,403,873	1,058,054
			573,592,640	646,383,513
31.1	Salaries, wages and benefits include Rs. 1.19 million (2023: Rs. 1.13 million) in respect of provident fund.			
32.	ADMINISTRATIVE EXPENSES	Note	2024 Rupees	
			2023 Rupees	
	Directors' remuneration	41	75,261,785	70,890,260
	Salaries, wages and benefits	32.1	554,176,596	442,708,286
	Postage and telephone		6,009,063	5,287,601
	Vehicles running and maintenance		56,158,577	51,729,666
	Printing and stationery		5,438,306	1,625,299
	Electricity		23,280,723	23,330,885
	Rent, rates and taxes		6,007,028	4,750,296
	Travelling and conveyance		64,507,568	68,301,833
	Advertisement		24,191,262	25,873,330
	Books and periodicals		494,935	2,456,381
	Fees and subscription		21,297,157	18,991,131
	Legal and professional	32.2	8,846,898	11,274,747
	Repairs and maintenance		19,677,557	25,347,047
	Auditors' remuneration	32.3	3,500,000	3,500,000
	Entertainment		24,485,515	22,506,425
	Donations	32.4	111,641,674	92,061,312
	Insurance		6,134,454	5,687,602
	Depreciation	6.2	89,619,421	80,838,483
	Depreciation on investment property	8.2	9,593,285	4,122,476
	Others		21,372,774	19,324,023
			1,131,694,578	980,607,083

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32.1 Salaries, wages and benefits include Rs. 13.68 million (2023: Rs. 7.33 million) in respect of gratuity and Rs. 6.46 million (2023: Rs. 5.87 million) in respect of provident fund.

32.2 Legal and professional includes Rs. 0.60 million (2023: Rs. 0.60 million) paid to Shariah Advisor.

32.3	<i>Auditors' remuneration</i>	2024 Rupees	2023 Rupees
	Annual statutory audit	1,970,000	1,970,000
	Half yearly, Code of Corporate Governance and Shariah compliance reviews	880,000	880,000
	Out of pocket expenses	150,000	150,000
	Tax advisory services	500,000	500,000
		<u>3,500,000</u>	<u>3,500,000</u>

32.4 It includes Rs. 7.16 million (2023: Rs. 11.6 million) to Sheikh Foundation and Rs. 80.22 million (2023: Rs. 60.5 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.

33.	<i>OTHER EXPENSES</i>	Note	2024 Rupees	2023 Rupees
	Workers' profit participation fund	25.5	50,495,051	78,524,749
	Workers' welfare fund		17,000,271	16,047,631
	Loss on disposal of long term investment measured at FVTPL	9.2	1,000,000	-
	Exchange loss		77,677	-
			<u>68,572,999</u>	<u>94,572,380</u>

34.	<i>FINANCE COST</i>		2024	2023
	Long term financing		336,454,607	291,280,110
	Murabaha financing / short term borrowings		2,004,935,069	1,311,270,683
	Bank charges and commission		7,308,205	9,128,672
			<u>2,348,697,881</u>	<u>1,611,679,465</u>

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35. OTHER INCOME	Note	2024 Rupees	2023 Rupees
<i>Income from financial assets</i>			
Markup on bank deposits	35.1	47,955,085	23,769,232
Dividend income	35.2	98,438,249	74,919,035
Exchange gain	35.3	-	4,886,453
Gain on sale of investments measured at FVTPL		1,995,315	583,915
Remeasurement gain on short term investments measured at FVTPL		10,402	1,108
Unwinding of deferred consideration receivable against sale of land		47,207,878	72,843,812
		<u>195,606,929</u>	<u>177,003,555</u>
<i>Income from other than financial assets</i>			
Gain on disposal of property, plant and equipment		1,433,507	16,499,379
Gain on disposal of investment property		12,526,000	-
Sale of scrap and waste		12,270,379	17,458,109
Rent income		52,898,722	47,764,916
Amortization of deferred grant	24.1	75,086,332	68,762,371
Others		5,471,639	3,066,194
		<u>159,686,579</u>	<u>153,550,969</u>
		<u>355,293,508</u>	<u>330,554,524</u>

35.1 This represents profit earned from shariah compliant bank deposits and bank balances.

35.2 This represents dividend income from mutual funds measured at FVTPL of Rs. 73.14 million (2023: Rs. 59.12 million) and from equity shariah compliant investments measured at FVTOCI of Rs. 25.30 million (2023: Rs. 15.79 million). The dividend income from the investments measured at FVTOCI only relates to the investments held at the reporting date.

35.3 This represents exchange gain earned from actual currency and is shariah compliant.

36. PROVISION FOR TAXATION	2024 Rupees	2023 Rupees
Current		
for the year	373,394,473	446,589,967
for prior year	-	(89,415,094)
	<u>373,394,473</u>	<u>357,174,873</u>
Deferred	125,171,928	91,979,838
	<u>498,566,401</u>	<u>449,154,711</u>

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36.1	Numerical reconciliation between the applicable and effective tax rate		2024 %	2023 %
	Applicable tax rate		29.00	29.00
	Super tax		10.00	10.00
	Prior year adjustments		-	(6.20)
	Effect of FTR income		1.74	1.42
	Effect of tax credits		1.16	0.64
	Effect of change in tax base		11.37	-
	Effect of exempt/inadmissible incomes as per tax laws		(3.75)	(2.42)
	Income taxed at different rates		(2.18)	(1.25)
	Others		(1.35)	(0.05)
	Effective tax rate		45.99	31.14
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:			
			2024 Rupees	2023 Rupees
	Profit for the year	Rupees	585,507,646	993,351,451
	Weighted average number of ordinary shares outstanding during the year	Number	21,429,407	21,429,407
	Earnings per share	Rupees	27.32	46.35
38.	RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES			
38.1	Long term finance			
	Balance at the beginning of the period		3,148,319,543	2,655,056,304
	Availed during the year		1,215,064,870	1,486,138,150
	Repaid during the year		(701,196,518)	(794,826,830)
	Present value adjustment against subsidized rate long term loan		52,654,650	(198,048,081)
	Balance at the end of the period		3,714,842,545	3,148,319,543
38.2	Short term finance			
	Balance at the beginning of the period		7,035,129,376	6,839,823,317
	Availed during the year		22,211,258,402	17,992,829,819
	Repaid during the year		(19,265,736,389)	(17,797,523,760)
	Balance at the end of the period		9,980,651,389	7,035,129,376
38.3	Unclaimed dividend			
	Balance at the beginning of the period		26,390,514	25,144,376
	Announced during the year		184,274,870	171,435,248
	Paid during the year		(182,529,612)	(170,189,110)
	Balance at the end of the period		28,135,772	26,390,514

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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

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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.

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:

	2024 Rupees	2023 Rupees
<i>Financial assets at amortized cost:</i>		
Trade debts	3,158,902,678	2,233,137,051
Long term deposits	125,134,179	125,534,179
Loans and advances	558,016,007	1,743,804,877
Trade deposits and other receivables	55,927,285	25,870,517
Bank balances	339,846,186	209,927,356
	<u>4,237,826,335</u>	<u>4,338,273,980</u>
<i>Financial assets at fair value:</i>		
Investments measured at fair value through profit or loss (FVTPL)	<u>515,244,384</u>	<u>560,332,346</u>

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

	2024 Rupees	2023 Rupees
Chemical	2,210,367,530	1,556,527,127
Textile	948,535,148	676,609,924
	<u>3,158,902,678</u>	<u>2,233,137,051</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:

	2024 Percentage	2023	Gross 2024	Impairment 2024	Gross 2023	Impairment 2023
			Rupees			
Not past due	-	-	2,395,283,986	-	1,324,909,137	-
Past due 0-180 days	8		852,216,439	88,597,747	992,252,365	84,024,450
Past due 181-360 days	100		50,886,211	50,886,211	12,493,324	12,493,324
Over 360 days	100		226,495,183	226,495,183	259,346,744	259,346,745
			<u>3,524,881,819</u>	<u>365,979,141</u>	<u>2,589,001,570</u>	<u>355,864,519</u>

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

	2024 Rupees	2023 Rupees
Balance at July 01,	355,864,519	354,899,801
Charge for the period	10,114,622	964,718
Balance at June 30,	<u>365,979,141</u>	<u>355,864,519</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.

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

	Carrying amount	
	2024 Rupees	2023 Rupees
<i>Trade and other payables</i>		
Maturity up to one year	2,357,569,226	2,829,573,300
<i>Short term borrowings</i>		
Maturity up to one year	9,980,651,390	7,035,129,376
<i>Unclaimed dividend</i>		
Maturity up to one year	28,135,772	26,390,514
<i>Profit / financial charges payable</i>		
Maturity up to one year	966,092,698	464,660,305
<i>Long term financing</i>		
Maturity up to one year	1,113,985,223	1,090,621,141
Maturity after one year and up to five years	2,937,311,929	2,348,978,512
Maturity after five years	-	-
	<u>5,017,389,850</u>	<u>3,904,259,958</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.

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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:

	2024 CNY	2023 CNY
Retentions / security deposits	1,922,613	937,860

Commitments outstanding at year end amounted to Rs. 3560 million (2023: Rs. 1885.06 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:

<i>Rupees per CNY</i>	2024	2023
Average rate	39.26	35.49
Reporting date rate	38.53	39.98

Sensitivity analysis

A 10 percent weakening of the Pak Rupee against the CNY at June 30, 2024 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, 2023.

	2024 Rupees	2023 Rupees
Decrease in profit and loss account	7,407,828	3,749,564

A 10 percent strengthening of the Pak Rupee against the CNY at June 30, 2024 would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

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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. 20.04 million (2023: Rs. 25.04 million).

At the reporting date, the exposure to listed equity securities at fair value was Rs. 349.21 million (2023: Rs. 186.67 million). An increase of 25% on the PSX market index would have an impact of approximately Rs. 87.30 million (2023: 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.

	2024 %	2023 %	2024 Rupees	2023 Rupees
<i>Floating rate instruments</i>				
<i>Financial assets</i>				
Bank balances	10.75% to 11.54%	6.50% to 10.75%	167,289,457	52,137,195
<i>Floating rate instruments</i>				
<i>Financial liabilities</i>				
Short term borrowings	17.65% to 25.41%	11.08% to 23.06%	(9,980,651,390)	(6,839,823,317)
Long term financing	21.24% to 25%	13.04% to 23.23%	(4,051,297,152)	(3,016,968,516)
			<u>(13,864,657,061)</u>	<u>(9,804,652,615)</u>

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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
2024	%	Rupees
Bank balances		1,672,895
Short term borrowings	1%	(99,806,514)
Long term financing		(40,512,972)
		<u>(140,319,486)</u>
2023		
Bank balances		-
Short term borrowings	1%	68,398,233
Long term financing		(30,169,685)
		<u>38,228,548</u>

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 fair value as at June 30, 2024</i>				
Quoted equity securities - FVTOCI	864,458,541	-	-	864,458,541
Un-quoted equity securities - FVTPL	-	20,038,687	-	20,038,687
Total	<u>864,458,541</u>	<u>20,038,687</u>	<u>864,458,541</u>	<u>884,497,228</u>
<i>Equity instruments at fair value as at June 30, 2023</i>				
Quoted equity securities - FVTOCI	721,965,518	-	-	721,965,518
Un-quoted equity securities - FVTPL	-	25,038,687	-	25,038,687
Total	<u>721,965,518</u>	<u>25,038,687</u>	<u>721,965,518</u>	<u>747,004,205</u>

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.

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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, 2024 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.

	2024 Rupees	2023 Rupees
Total borrowings	13,695,493,935	9,494,879,621
Less: Cash and bank balances	360,475,765	322,690,309
Net debt	<u>13,335,018,170</u>	<u>9,172,189,312</u>
Total equity including revaluation surplus	18,064,086,759	16,038,380,657
Total capital	<u>31,399,104,929</u>	<u>25,210,569,969</u>
Gearing ratio	42.47%	36.38%

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40. FINANCIAL INSTRUMENTS BY CATEGORIES

Financial assets as per statement of financial position	2024			2023		
	Amortised cost	Fair value through P&L	Fair value through OCI	Amortised cost	Fair value through P&L	Fair value through OCI
	Rupees					
Long term loans and receivables	225,440,500	-	-	1,304,369,913	-	-
Long term deposits	125,134,179	-	-	125,534,179	-	-
Trade debts	3,158,902,678	-	-	2,233,137,051	-	-
Loans and receivables	1,556,334,613	-	-	1,473,914,598	-	-
Trade deposits, prepayments and other receivables	59,620,692	-	-	31,561,117	-	-
Other financial assets	-	515,244,384	349,214,157	-	535,293,659	186,671,859
Cash and bank balances	360,475,765	-	-	334,318,954	-	-
	<u>5,485,908,427</u>	<u>515,244,384</u>	<u>349,214,157</u>	<u>5,502,835,812</u>	<u>535,293,659</u>	<u>186,671,859</u>

Financial liabilities as per statement of financial position - at amortised cost	2024	2023
Long term financing	3,714,842,545	3,148,319,543
Short term borrowings	9,980,651,390	7,035,129,376
Unclaimed dividend	28,135,772	26,390,514
Trade and other payables	3,210,244,848	3,921,071,029
Profit / financial charges payable	966,092,698	464,660,305
	<u>17,899,967,253</u>	<u>14,595,570,767</u>

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41. 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:

	2024			2023		
	Chief Executive	Executive Directors	Executives	Chief Executive	Executive Directors	Executive
	Rupees					
Remuneration	24,000,000	7,200,000	102,348,231	24,000,000	7,200,000	74,585,071
Perquisites						
House rent	9,600,000	2,880,000	28,650,413	9,600,000	2,880,000	21,133,070
Utilities	2,400,000	720,000	10,188,864	2,400,000	720,000	7,453,575
Medical allowance	489,009	-	10,189,219	808,930	-	7,453,815
Provident fund	-	-	5,100,477	-	-	3,860,478
Special allowance	-	-	472,109	-	-	332,460
Fuel allowance	4,910,135	-	-	2,637,563	-	-
Income tax	18,013,380	5,049,261	-	17,644,231	2,999,536	-
	59,412,524	15,849,261	156,949,313	57,090,724	13,799,536	114,818,469
Number of persons	1	1	55	1	1	37

41.1 The Chief Executive, certain Directors and Executives are provided with free use of Company maintained cars and telephone etc. having value amounting to Rs.5.86 million (2023: Rs 6.69 million).

41.2 The Company has five (5) non-executive directors who have been paid meeting fee amounting to Rs.960,000 (2023: Rs. 935,000) during the year.

42. 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:

		2024 Rupees	2023 Rupees
42.1	Transactions with related parties		
	<i>Relationship with the Company</i>		
	<i>Nature of transactions</i>		
	Associated undertakings		
	Sale of goods	203,410	498,000
	Purchases		
	Donation	61,716,073	53,515,562
	Key management personnel		
	Remuneration to Executives	232,211,098	185,708,729
	Payable to Provident fund		
	- related party	3,035,150	-
	Employers Contribution		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

42.1.1 The maximum amount of sale to related party during the year was Rs. 0.17 million (2023: 0.11 million).

42.2 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

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

42.3 *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 41 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

43. *PLANT CAPACITY AND PRODUCTION*

<i>Chemical Division</i>	<i>Designed capacity</i>		<i>Actual production</i>		<i>Reason of variation</i>
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	
----- Tons -----					
Caustic soda	207,900	207,900	124,513	137,235	Demand based production
Sodium hypochlorite	66,000	66,000	46,960	49,229	Demand based production
Liquid chlorine	14,850	14,850	7,300	10,966	Demand based production
Bleaching powder	7,920	7,920	6,255	6,028	Demand based production
Hydrochloric acid	363,000	363,000	148,332	167,828	Demand based production
Calcium Chloride pills	13,200	13,200	6,322	9,544	Demand based production
Oleo Chemicals	34,000	34,000	8,788	6,479	Demand based production

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
<i>Textile Division</i>		
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)	10,022,597	7,639,537
44. WORKING CAPITAL CHANGES		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(7,417,659)	(686,431,856)
Stock in trade	(93,101,017)	742,870,324
Trade debts	(935,957,926)	(841,795,880)
Sales tax refundable	(294,309,088)	(1,527,080)
Loans and advances	103,545,731	348,152,205
Trade deposits and short-term prepayments	(28,059,575)	(2,938,421)
	<u>(1,255,299,534)</u>	<u>(441,670,708)</u>
<i>Increase in current liabilities</i>		
Trade and other payables	(679,110,382)	183,197,678
	<u>(1,934,409,916)</u>	<u>(258,473,030)</u>

45. 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.

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

	2024	2023
Total number of employees as at June 30	2,728	2,629
Average number of employees during the year	2,740	2,433

47. CORRESPONDING FIGURES

Corresponding figures have been reclassified, wherever necessary for the purpose of comparison and better presentation. The major reclassification made during the year relates to an amount of Rs. 128 million reclassified from "Long term deposits" to "Trade and other payables - Retentions / security deposits." This change has been made based on substance over form of the deposits and accurately reflect their nature for the overall clarity of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

48. OPERATING RESULTS

	Chemical		Textile		Total	
	2024	2023	2024	2023	2024	2023
----- Rupees -----						
Revenue from contracts with customers:						
<i>Local</i>						
Caustic soda	22,199,018,971	20,205,865,996	-	-	22,199,018,971	20,205,865,996
Sodium hypochlorite	2,020,994,723	1,824,643,472	-	-	2,020,994,723	1,824,643,472
Oleochemical	3,562,684,141	3,227,445,547	-	-	3,562,684,141	3,227,445,547
Bleaching powder	471,738,252	400,085,045	-	-	471,738,252	400,085,045
Liquid chlorine	416,126,070	487,233,468	-	-	416,126,070	487,233,468
Hydrochloric acid	1,027,649,574	1,041,722,317	-	-	1,027,649,574	1,041,722,317
Magnesium chloride and others	1,001,857,732	770,398,357	-	-	1,001,857,732	770,398,357
Yarn	-	-	4,815,600,066	2,563,616,599	4,815,600,066	2,563,616,599
Waste	-	-	50,304,985	17,966,995	50,304,985	17,966,995
Fabrics	-	-	487,900,042	508,587,647	487,900,042	508,587,647
<i>Export</i>						
Caustic soda flakes	32,922,743	224,950,365	-	-	32,922,743	224,950,365
Others	357,381,515	689,246,999	-	-	357,381,515	689,246,999
<i>Trading</i>						
Cotton	-	-	396,144,862	618,894,886	396,144,862	618,894,886
Others	43,373,265	26,527,590	45,539,178	250,892,490	88,912,443	277,420,080
	31,133,746,986	28,898,119,156	5,795,489,133	3,959,958,617	36,929,236,119	32,858,077,773
Less:						
Commission and discount	755,980,519	633,783,727	26,588,213	14,919,030	782,568,732	648,702,757
Sales tax	4,492,128,442	4,152,013,260	542,659,212	564,723,218	5,034,787,654	4,716,736,478
Revenue from contracts with customers - net	25,885,638,025	24,112,322,169	5,226,241,708	3,380,316,369	31,111,879,733	27,492,638,538
Cost of sales	(21,293,373,493)	(19,871,751,871)	(4,899,246,379)	(3,141,311,466)	(26,192,619,872)	(23,013,063,337)
Gross profit	4,592,264,532	4,240,570,298	326,995,329	239,004,903	4,919,259,861	4,479,575,201
Other income	241,528,765	246,001,775	113,764,743	84,552,749	355,293,508	330,554,524
Distribution cost	(563,762,270)	(640,767,166)	(9,830,370)	(5,616,347)	(573,592,640)	(646,383,513)
Impairment loss on financial assets	7,421,278	(36,194,446)	(17,535,900)	35,229,728	(10,114,622)	(964,718)
Administrative expenses	(922,560,457)	(812,921,522)	(205,634,120)	(164,185,561)	(1,128,194,577)	(977,107,083)
Finance cost	(2,346,389,124)	(1,607,756,264)	(2,308,758)	(3,923,201)	(2,348,697,882)	(1,611,679,465)
	(3,583,761,808)	(2,851,637,623)	(121,544,405)	(53,942,632)	(3,705,306,213)	(2,905,580,255)
Reportable segments profit before tax	1,008,502,723	1,388,932,675	326,995,329	185,062,271	1,213,953,647	1,573,994,946
Unallocated income / (expenses)					(3,500,000)	(3,500,000)
Administrative expenses Other operating income / (expenses)					(68,572,999)	(94,572,380)
Profit before income tax, minimum tax differential and final taxes					1,141,880,648	1,475,922,566
Minimum tax and final taxes differential					(57,806,602)	(33,416,404)
Profit before tax					1,084,074,046	1,442,506,162
Provision for taxation					(498,566,401)	(449,154,711)
Profit for the year					585,507,645	993,351,451
Other information						
Segment assets	33,674,638,247	26,135,812,824	4,045,367,859	3,037,248,653	37,720,006,106	29,173,061,477
Unallocated corporate assets					2,790,863,419	5,766,711,251
					40,510,869,525	34,939,772,728
Segment liabilities	17,857,656,612	14,633,804,354	254,320,758	197,596,448	18,111,977,370	14,831,400,802
Unallocated corporate liabilities					4,334,805,396	3,504,133,803
					22,446,782,766	18,335,534,605
Capital expenditure	4,441,649,956	2,225,367,094	138,979,013	88,392,676	4,580,628,969	2,313,759,770
Depreciation	1,236,935,036	1,242,701,668	102,886,398	94,899,038	1,339,821,434	1,337,600,706

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

48.1 *Inter-segment pricing / sales*

There is no purchase and sale between the segments.

48.2 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.

48.3 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.

49. *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 (2023: Rs. 214.29 million) at Rs.10.00 (2023: Rs. 10.00) 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.

50. *DATE OF AUTHORIZATION FOR ISSUE*

These financial statements were authorized for issue on September 26, 2024 by the Board of Directors of the Company.

51. *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

Ballot paper for voting through post for the Special Business at the Annual General Meeting to be held on October 24, 2024 at 03:00 P.M. at the ICAP Auditorium, Institute of Chartered Accountants of Pakistan Chartered Accountants Avenue, Block 8, Clifton, Karachi.

Website : www.sitara.com.pk

Folio / CDS Account Number		
Name of Shareholder / Proxy Holder		
Registered Address		
Number of shares Held		
CNIC/Passport No. (in case of foreigner) (copy to be attached)		
Additional information and enclosures (in case of representative of body corporate, corporation, and federal Government)		
Name of Authorized Signatory		
CNIC/Passport No. (in case of foreigner) of Authorized Signatory (copy to be attached)		
Instructions For Poll		
1. Please indicate your vote by ticking (√) the relevant box.		
2. In case if both the boxes are marked as (√), you poll shall be treated as “Rejected” .		
I/we hereby exercise my/our vote in respect of the above resolution through ballot by conveying my/our assent or dissent to the resolution by placing tick (√) mark in the appropriate box below:		
Resolution	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
<u>Agenda Item No.7:</u>		
<p>RESOLVED THAT the consent of shareholders of Sitara Chemical Industries Limited (the “Company”) be and is hereby accorded to the disposal and sale of Company’s freehold agriculture land (investment property) located in the vicinity of Faisalabad, comprising of 3302 Kanal subject to requisite approval(s) for cash consideration and /or partly in cash and partly in the form of plot files and as per details given in statement of material facts.</p> <p>RESOLVED FURTHER THAT approval be and is hereby accorded for utilization of the proceeds from the disposal of Freehold Agricultural Land to pay loan and /or establishment of alternate energy source as may be approved and recommended by the Board of Directors of the Company.</p> <p>RESOLVED FURTHER that, as part and parcel of the foregoing consent, Board of Directors be and is hereby authorized and empowered for sale of company’s freehold agriculture land on behalf of the Company.</p> <p>RESOLVED FURTHER that the Board of Directors be and are hereby authorized to sell the agriculture land and may delegate all or any of its powers in this regard to the chief executive or any other officer of the Company 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 agriculture land (investment property) and the transaction contemplated by it, which shall include, but not be limited to:-</p> <p>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 sale of land;</p> <p>b) selling the assets to any individual, firm / partnership, bank or private / public limited company or organization or to any other person and, for</p>		

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 land sale.

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

NOTES:

1. Dully filled ballot paper should be sent to the Chairman of **Sitara Chemical Industries Limited** registered office at **601-602, Business Centre, Mumtaz Hassan Road, Off: I.I. Chundrigar Road, Karachi-74000** attention to the Company Secretary or email at corporate@sitara.com.pk
2. Copy of CNIC/ Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Ballot paper should reach the Chairman within business hours by or before **October 23, 2023**. Any postal ballot received after this date, will not be considered for voting.
4. Signature on ballot paper should match with signature on CNIC/ Passport (in case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written poll paper will be rejected.
6. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution, / Power of Attorney, / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member.
7. Ballot Paper form has also been placed on the website of the company at: www.sitara.com.pk
Members may download the ballot paper from the website or use an original/photocopy published in newspapers.

Shareholder / Proxy holder Signature/Authorized Signatory

(In case of corporate entity, please affix company stamp)

Place

Date

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 Thursday, October 24, 2024 at 3:00 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 _____ 2024

Witness:

Witness:

1. Signature _____
Name _____
Address _____

CNIC or _____
Passport No. _____

2. Signature _____
Name _____
Address _____

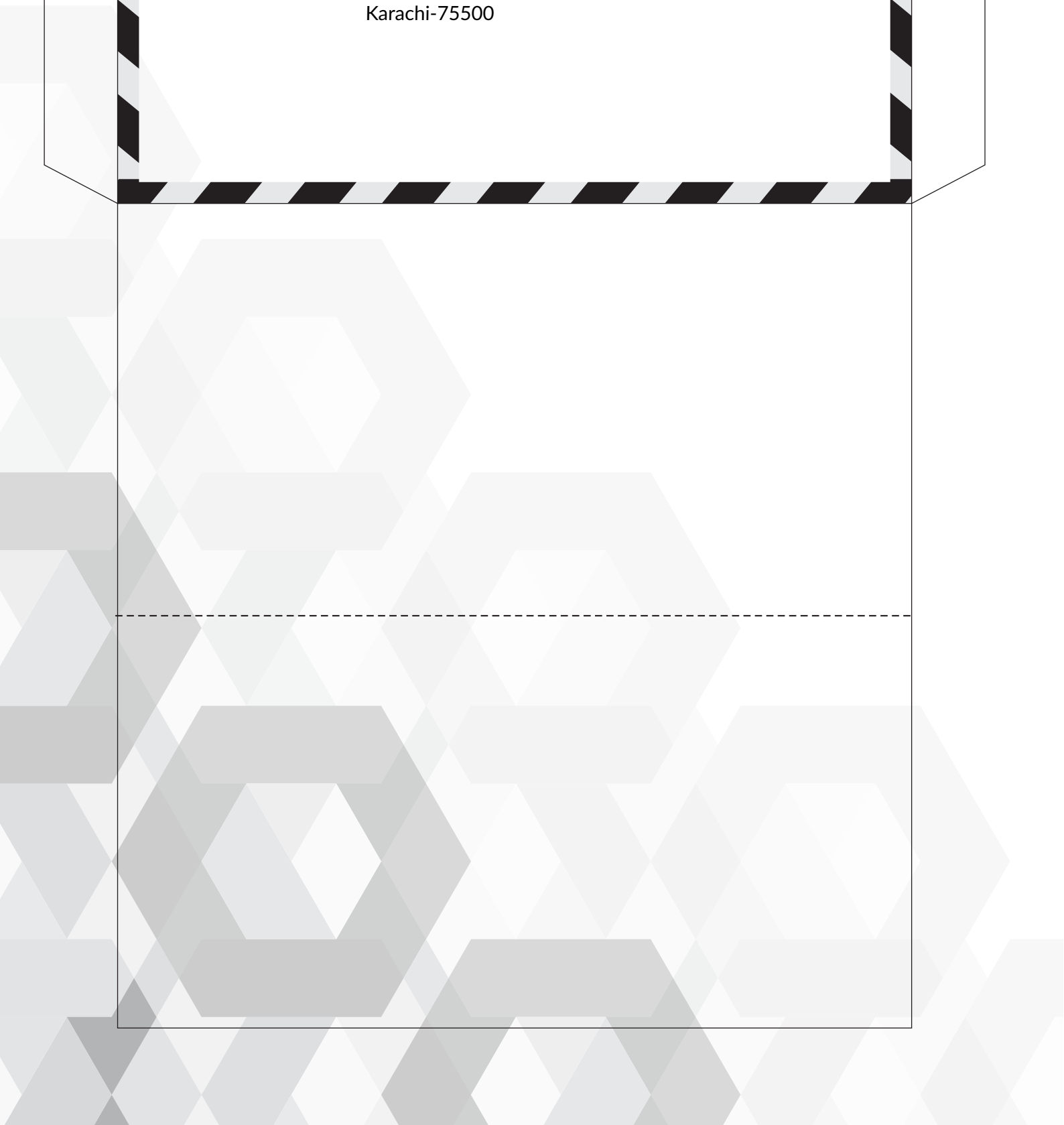
CNIC or _____
Passport _____

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

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ستارہ کیمیکل انڈسٹریز لمیٹڈ

پراکسی فارم

اجلاس عام

میں رہم _____ ستارہ کیمیکل انڈسٹریز لمیٹڈ کے ممبر ممبران رجسٹرڈ فولیو نمبر رشرکاء 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 24 اکتوبر 2024 بروز جمعرات کو سہ پہر 3:00 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 2024

گواہان:

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

۱۔ 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۔

۲۔ اگر کوئی رکن اجلاس عام 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، فیروز کراچی - 75500 کو اجلاس کے منعقد ہونے سے 48 گھنٹے قبل بھجوائیں۔

۳۔ CDC اکاؤنٹ ہولڈرز/ Corporate Entity مندرجہ بالا کے علاوہ مندرجہ ذیل شقوں پر عمل کریں:

(a) پراکسی فارم میں دو گواہان کے دستخط نیز ان کے پتے اور شناختی کارڈ نمبر کا اندراج بھی لازمی ہے۔

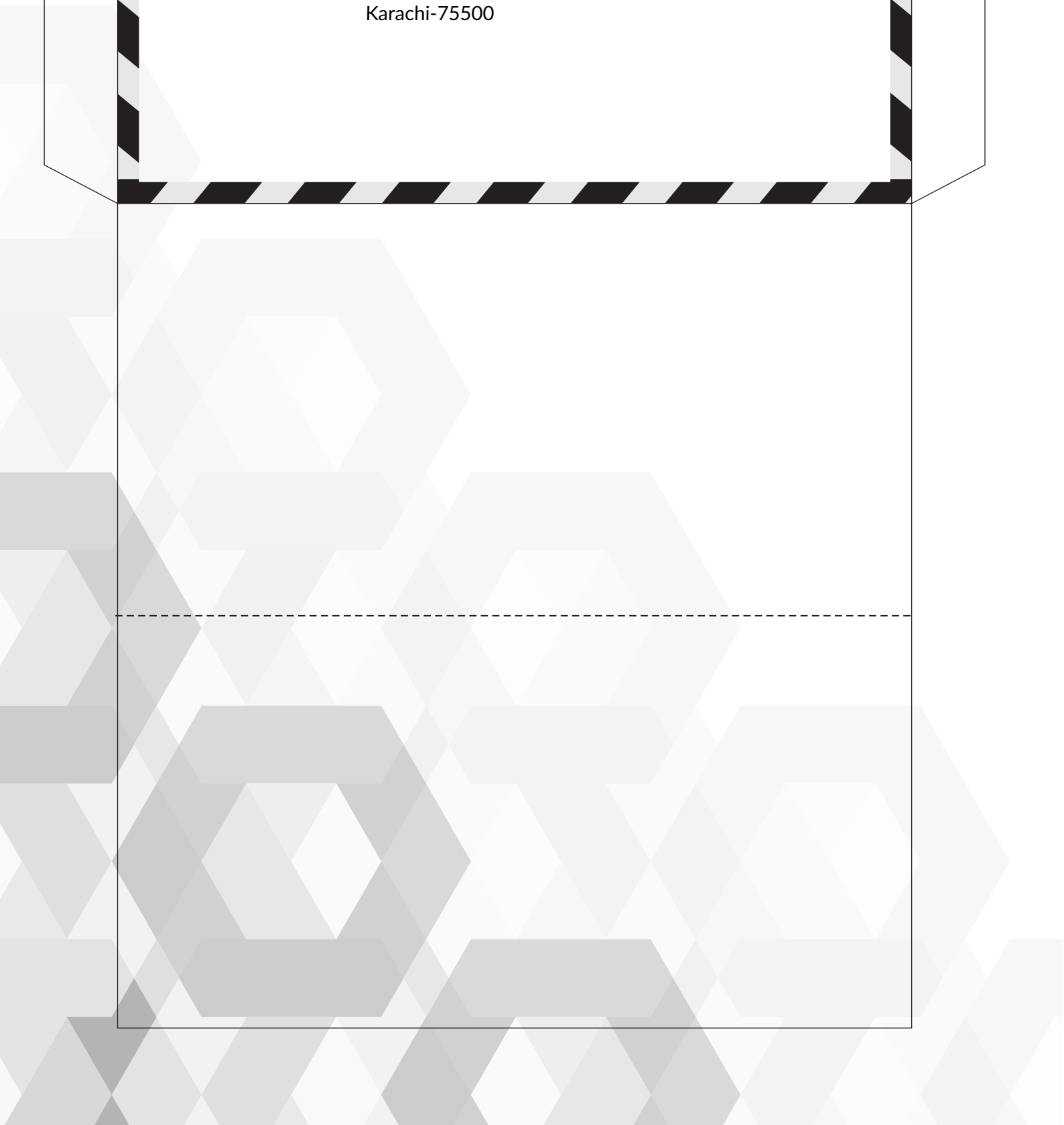
(b) رکن اور پراکسی کے تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی نقول کی فراہمی

(c) 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

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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 : Circularization of Annual Audited Accounts

In accordance with Section 223 of the Companies Act, 2017, and pursuant to S.R.O. 389(i)/2023 dated March 21, 2023, the financial statements of the Company have been uploaded on the website of the Company which can be downloaded from the following web link and QR enabled code:

<https://www.sitara.com.pk/wp-content/uploads/2024/10/SCIL-AR-2024.pdf>



Shareholders who wish to receive the hardcopy of Financial Statements shall have to fill the below details and send us to Company address.

Name of the Members/Shareholders _____

CNIC NO. _____

Folio / CDC Account Number _____

Mailing Address _____

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 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

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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 _____

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 No. (Copy attached)



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

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Sitara Chemical Industries Limited

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



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